



NatWest
Group

NatWest Holdings Group

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Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NatWest Holdings Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability-related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Holdings Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: NatWest Holdings Group's credit risk; its regulatory capital position and related requirements, its financial position, profitability and financial performance, its liquidity and funding risk and non-traded market risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments such as artificial intelligence, interest and exchange rate fluctuations, general economic and political conditions and uncertainties, the exposure to third party risk, operational risk, pension risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational risk and the impact of climate and sustainability-related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Holdings Group's actual results are discussed in NatWest Holdings Limited's 2025 Annual Report and Accounts, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Holdings Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Attestation statement

We confirm that the 2025 Pillar 3 Report meets the relevant requirements for Pillar 3 disclosures and has been prepared in line with the internal control agreed by the NatWest Group Board.

As set out in the Compliance report of the 2025 NatWest Group Annual Report and Accounts, the NatWest Group Board is responsible for the system of internal controls that is designed to maintain effective and efficient operations, compliant with applicable laws and regulations. The system of internal control is designed to manage risk or mitigate it to an acceptable residual level rather than eliminate it entirely. Systems of internal control can only provide reasonable and not absolute assurance against misstatement, fraud or loss.

The 2025 Pillar 3 Report was approved by the Group Chief Financial Officer, under delegated authority from the NatWest Group Board, on 12 February 2026.

Katie Murray
Group Chief Financial Officer
Executive Director, NatWest Group Board

Sean Pilcher
Interim Group Chief Risk Officer
Member, Executive Committee

Disclosure framework

As of the date of this report, NatWest Holdings Limited (“NWH Ltd”) is regulated under the UK Capital Requirements Regulation (CRR) and the associated onshored binding technical standards that were created by the European Union (Withdrawal) Act 2018. The CRR has subsequently been amended by a number of statutory instruments and is currently split across primary legislation and the PRA rulebook.

NWH Ltd is a wholly owned subsidiary of NatWest Group plc (“NWG plc”) and its ring-fenced bank (RFB) sub-group. NatWest Group plc is ‘the ultimate holding company’.

The Pillar 3 disclosures made by NWH Ltd and its consolidated subsidiaries (together “NatWest Holdings Group” or “NWH Group”) are designed to comply with the Disclosure (CRR) Part of the PRA Rulebook.

Under the PRA disclosure framework, UK large subsidiaries of NatWest Group plc are also required to complete a reduced set of disclosures depending on their listed/non-listed status. NatWest Group plc primarily determines its large subsidiaries, in accordance with the UK CRR requirements, as those designated as an O-SII firm by the PRA or with a value of total assets equal to or greater than €30 billion.

NWH Ltd’s large subsidiaries as at 31 December 2025 were:

- National Westminster Bank Plc (NWB Plc)
- The Royal Bank of Scotland plc (RBS plc)
- Coutts & Company (Coutts & Co)

Disclosure roadmap

Based on current disclosure rules, all the information required under Title I (General Principles), Titles II (Technical Criteria on Transparency & Disclosure) and III (Qualifying Requirements for the Use of Particular Instruments or Methodologies) in the Disclosure (CRR) Part of the PRA Rulebook is contained in this document. The detailed capital instruments disclosure (UK CCA) is provided in a supplement which is published in the same location alongside this report.

The CRR roadmap included in Appendix 1 of this document details how regulatory disclosure requirements have been met.

It is noted that this document should be read in conjunction with the 2025 NWH Group ARA. The Pillar 3 disclosures provide information over and above that contained in the 2025 NWH Group Annual Report and Accounts (ARA) in accordance with the current disclosure requirements.

The NWH Group Pillar 3 and ARA are published in the same location.

Disclosure framework continued

Presentation of information

The consolidated disclosures for NWH Group in this document are calculated under the UK CRR rules as described above.

The following Pillar 3 templates were not applicable to NWH Group at 31 December 2025. The table below references the excluded templates together with a summary of the reason for exclusion:

PRA template reference	Template name	Reasons for exclusion
UK CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Published as supplement alongside this report
UK CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met
UK CQ2	Quality of forbearance	Threshold for disclosure not met
UK CQ6	Collateral valuation - loans and advances	Threshold for disclosure not met
UK CQ7	Collateral obtained by taking possession and execution processes	No reportable exposures
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	No reportable exposures
UK CCR5	Composition of collateral for CCR exposures	Threshold for disclosure not met
UK CCR7	RWA flow statements of CCR exposures under the IMM	No reportable exposures
UK SEC2	Securitisation exposures in the trading book	No reportable exposures
UK INS1	Insurance participations	No reportable exposures
UK INS2	Financial conglomerates information on own funds and capital adequacy ratio	No reportable exposures
UK MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models	The entity does not have IMA permission for market risk
UK MR2-A	Market risk under the internal Model Approach (IMA)	No reportable exposures
UK MR2-B	RWA flow statements of market risk exposures under the IMA	No reportable exposures
UK MR3	IMA values for trading portfolios	No reportable exposures
UK MR4	Comparison of VaR estimates with gains/losses	No reportable exposures
UK CR10.3	Specialised lending: Object Finance (slotting approach)	No reportable exposures
UK CR10.4	Specialised lending: Commodities Finance (slotting approach)	No reportable exposures
UK CR9.1	IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	No reportable exposures

The Pillar 3 disclosures for NWH Ltd's large subsidiaries are provided in separate documents alongside the respective entity's annual financial statements. These are also published in the same location and are available on the NatWest Group website, located at: investors.natwestgroup.com/reports-archive/2025.

Where applicable, the liquidity disclosures in this supplement are completed for the consolidated NWH Group and the UK Domestic Liquidity Subgroup (UK DoLSub). The UK DoLSub waiver allows NWB Plc, RBS plc and Coutts & Co to manage liquidity as a single sub-group rather than at an entity level.

Where appropriate, certain narrative disclosures required at a large subsidiary level are available only in this report.

Within this document row and column references are based on those prescribed in the PRA templates. Any rows or columns that are not applicable have not been shown however explanations have been added as appropriate. Certain fixed format disclosure tables include bespoke requirements for comparatives. Where a comparative is not prescribed, the comparative period provided is December 2024.

In this report, in line with the regulatory framework, the term credit risk excludes counterparty credit risk, unless specifically indicated otherwise.

The Pillar 3 disclosures in this document are presented in pounds sterling ('£').

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reports-archive/2025.

Independent review

The information presented in this Pillar 3 Report is not required to be, and has not been, subject to external audit.

Internal Audit includes within the scope of its assurance work, the modelling and management of the organisation's capital and liquidity risks. Internal Audit is independent from the risk management function, and therefore from those responsible for the development and independent validation activity. Any material gaps in control identified by Internal Audit are escalated through standard reporting and action plans agreed.

Capital, liquidity and funding framework

Basel framework

The Basel framework is based on three pillars:

- **Pillar 1** - Minimum capital requirements: defines rules for the determination of the capital requirement relating to credit, counterparty credit, market and operational risk;
- **Pillar 2** - Supervisory review process: requires banks to undertake an internal capital adequacy assessment process for risks not included in Pillar 1; and
- **Pillar 3** - Market discipline: requires individual banks to disclose key information which allows investors and other market participants to understand their risk profiles.

Pillar 1 - Minimum capital requirements

The CRR determines minimum capital requirements predominantly by calculating RWAs for credit, counterparty credit, market and operational risks. Various RWA calculation approaches are available to banks, with differing levels of sophistication.

NatWest Group uses the following approaches to calculate RWAs:

- **Credit risk:** The advanced internal ratings based (IRB) approach is used for most exposures. The standardised (STD) approach is used for exposures in certain portfolios.
- **Counterparty credit risk:** The exposure amount is calculated using either the standardised approach for counterparty credit risk (SA-CCR) or the internal model method (IMM) for derivative transactions dependent on product type. The financial collateral comprehensive method using supervisory volatility adjustments is used for securities financing transactions. The resultant Exposure at Default (EAD) is risk-weighted as for credit risk.
- **Market risk:** The internal model approach (IMA) is predominantly used for market risk in the trading book. Some positions are capitalised under the standardised approach.
- **Operational risk:** The standardised approach is used.

The minimum capital requirement is calculated as a percentage of RWAs depending on the capital ratio being calculated. On top of the minimum capital requirement, a number of buffers are required to address capital conservation, countercyclical and systemic importance. Further details on the constituents of capital and the various buffers can be found in the detailed quantitative capital disclosures provided in this document

Pillar 2 - Supervisory review process

Pillar 2 comprises (i) the internal capital adequacy assessment process (ICAAP) for NWH Group and its key subsidiaries and (ii) a supervisory review and evaluation process which is undertaken annually and focuses on the amounts, types and distribution of capital that NatWest Group considers adequate to cover the risks to which it is or may be exposed.

NWH Group undertakes a risk assessment to ensure all material risks are identified, adequately managed and capitalised where appropriate.

Within Pillar 2A, NWH Group assesses credit concentration risk, certain aspects of traded market risk that are not fully captured in Pillar 1, interest rate risk in the banking book (IRRBB), pension risk and operational risk to compensate for shortcomings of the Pillar 1 standardised approach. NWH Group uses economic capital models to estimate Pillar 2A capital charges for operational and credit concentration risk.

Pillar 3 - Market discipline

NWH Group is committed to delivering risk and capital disclosures that ensure stakeholders understand the risks faced by NWH Group and how they are measured and capitalised. The Pillar 3 disclosures are designed to encourage and promote market transparency and stability; they represent a component of NWH Group's broader disclosure framework.

Certain of NWH Group's subsidiaries in Europe publish capital and RWA data externally through an appropriate mechanism (such as websites and annual reports), thereby satisfying the supervisory requirements for disclosures in the EU member states.

It is possible that disclosures made by other banks, especially outside the UK, are not directly comparable with those in this report. Notes are included with the data tables to ensure transparency regarding the approaches used for the disclosures. At EU and global levels, different definitions and assumptions adopted by other banks can make direct comparison difficult.

Capital

Capital consists of reserves and own-funds instruments that 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 to count as capital.

Capital adequacy risk is the risk that there is or will be insufficient capital and other loss-absorbing debt instruments to operate effectively including meeting minimum regulatory requirements, operating within Board-approved Group risk appetite and supporting its strategic goals.

Capital management is the process by which NWH Group ensures that it has sufficient capital and other loss-absorbing instruments to operate effectively, including meeting minimum regulatory requirements, operating within Board-approved risk appetite, maintaining its credit rating and supporting its strategic goals. Capital management is critical in supporting NWH Group's business and is enacted through an end to end framework across NWH Group, its businesses and the legal entities through which it operates.

NWH Group manages capital having regard to its regulatory requirements. For large subsidiaries, regulatory capital is monitored and reported on an individual regulated legal entity basis, as relevant in each jurisdiction. NWH Group regulatory capital is monitored and reported on a consolidated basis.

Determination of capital sufficiency

In determining whether NWH Group holds sufficient capital and other loss-absorbing debt instruments, NWH Group assesses the amount and type of capital under a number of different bases:

Going concern vs. gone concern view

Going concern: This determination of capital sufficiency is made on the basis that there is sufficient capital to absorb losses and remain a viable going concern. NWH Group is considered a going concern if it can operate in the foreseeable future to carry out its objectives and commitments without the need or intention on the part of management to liquidate.

Gone concern: This determination of capital sufficiency is made on the basis that there is sufficient capital and other loss-absorbing instruments to enable an orderly resolution in the event of failure. Gone concern would apply if NWH Group had been deemed to fail, or likely to fail by the Bank of England (BoE).

Capital, liquidity and funding framework continued

Spot vs. forward-looking view

Spot view: This determination of capital sufficiency is made on the basis of prevailing actual positions and exposures.

Forward-looking view: This determination of capital sufficiency is made on the basis of positions, balance and exposures under a forward-looking view of the balance sheet in line with NWH Group's planning horizons and parameters. This analysis examines both base and stress views.

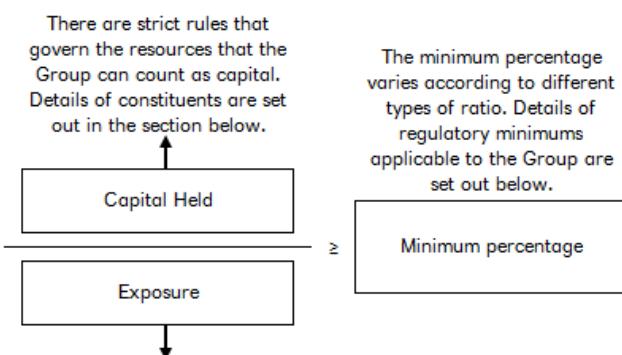
Regulatory vs. risk appetite view

Regulatory requirements: This determination of capital sufficiency is an assessment of whether NWH Group has sufficient capital and other loss-absorbing debt instruments to meet the requirements of prudential regulation.

Risk appetite: This determination of capital sufficiency is an assessment of whether NWH Group has sufficient capital and other loss-absorbing debt instruments to meet risk appetite limits. NWH Group's risk appetite framework establishes quantitative and qualitative targets and limits within which NWH Group operates to achieve its strategic objectives.

Capital sufficiency: going concern view

The regulatory requirement for going concern capital typically takes the form of a ratio of capital compared to a defined exposure amount having to exceed a minimum percentage:



There are two types of capital ratios based on different exposure types:

Ratio	Exposure type	Description
Capital adequacy ratio	Risk-weighted assets	Assesses capital held against both size and inherent riskiness of on and off-balance sheet exposures.
Leverage ratio	Leverage exposure	Assesses capital held against the size of on and off-balance sheet exposure (largely based on accounting value with some adjustments).

Constituents of capital held

The determination of which instruments and financial resources are eligible to be counted as capital is laid down by applicable regulation.

Capital is categorised by the CRR under two tiers (Tier 1 and Tier 2) according to the ability to absorb losses, degree of permanency and the ranking of absorbing losses. There are three broad categories of capital across these two tiers

- **CET1 capital.** Common Equity Tier (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. CET1 capital absorbs losses before other types of capital and any loss-absorbing instruments.
- **AT1 capital.** This is loss-absorbing capital that ranks behind CET1 capital but before Tier 2 capital. It must be capable of absorbing losses on a going concern basis. These instruments are either written down or converted into CET1 capital when a pre-specified CET1 ratio is reached. Coupons on Additional Tier 1 (AT1) issuances are discretionary and may be cancelled at the discretion of the issuer at any time. AT1 capital may not be called, redeemed or repurchased for five years from issuance.
- **Tier 2 capital.** Tier 2 capital is supplementary capital and provides loss absorption on a gone concern basis. Tier 2 capital absorbs losses after CET1 and AT1 capital. It typically consists of subordinated debt which must have a minimum of five years to maturity at all times to be fully recognised for regulatory purposes.

In addition to capital, other specific loss-absorbing instruments including senior notes issued by NatWest Group may be used to cover certain gone concern capital requirements which is referred to as minimum requirement for own funds and eligible liabilities (MREL). In order for liabilities to be eligible for MREL, a number of conditions must be met including the BoE being able to apply its stabilisation powers to them.

Capital, liquidity and funding framework continued

Capital adequacy

NHW Group has to hold a minimum amount and quality of capital to satisfy capital adequacy regulatory requirements.

Risk-weighted assets (RWAs)

Capital adequacy ratios compare the amount of capital held to RWAs. RWAs are a measure of NWH Group's assets and off-balance sheet exposures that capture both the size and risks inherent in those positions.

RWAs are grouped into four categories:

Risk	Description
Credit	Risk of loss from a borrower failing to repay amounts due by the due date.
Counterparty credit	The risk that a counterparty to a transaction could default before the final settlement of the transaction's cash flows, being related to derivatives, repurchase agreements and similar transactions. In contrast to non-counterparty credit risk, the exposure to counterparty credit risk varies by reference to a market factor (e.g. interest rate, exchange rate, asset price).
Market	Risk of loss arising from fluctuations in market prices.
Operational	Risk of loss from inadequate or failed internal processes, people and systems or from external events.

Capital adequacy ratios

Regulation defines a minimum percentage of capital compared to RWAs. The percentage comprises system-wide requirements that apply to all banks and a component where the percentage is specific to NWH Group. This is summarised as follows:

Type	Name	Description
System-wide	Pillar 1	Standard minimum percentages applicable to all banks. Must be held at all times.
	Capital conservation, countercyclical and Systemic buffers	Includes capital to absorb losses in times of stress, capital built up in response to credit conditions in the macro economic environment and for institutions of systemic importance.
Bank-specific	Pillar 2A	Captures risks that apply to individual banks that are either not adequately captured or not captured at all under Pillar 1. For example, pension risk is not captured in Pillar 1; therefore, capital that may need to be held against the risk is assessed under Pillar 2A. Must be held at all times.
	PRA buffer	Captures forward-looking risks and potential losses under a severe stress scenario. The PRA buffer is a capital buffer that is designed to ensure that NatWest Group can continue to meet minimum requirements (Pillar 1 and Pillar 2A) during a stressed period. The buffer also accommodates add-ons which may be applied by the regulator to cover Group Risk (subsidiary/sub-group capital requirements in excess of their share of NatWest Group) and Risk Management and Governance scalars (which may be levied where Risk Management and Governance deficiencies have been identified by the regulator).

Capital, liquidity and funding framework continued

Leverage ratios

NWH Group has to hold a minimum amount and quality of capital to satisfy leverage ratio regulatory requirements. Unlike capital adequacy ratios, leverage ratio requirements do not consider the riskiness of NWH Group's positions.

The leverage exposure is broadly aligned to the accounting value of NWH Group's on and off-balance sheet exposures but subject to certain adjustments for derivatives, securities financing transactions and off-balance sheet exposures.

In common with capital adequacy ratios, the leverage ratio requirement for NWH Group consists of a minimum requirement and a leverage ratio buffer.

MREL: capital sufficiency under the gone concern view

NWH Group is required to hold sufficient capital and other loss-absorbing instruments such that, in the event of failure, there can be an orderly resolution that minimises any adverse impact on financial stability whilst preventing public funds being exposed to loss.

Internal MREL

In order that there is sufficient loss-absorbing capacity pre-positioned across NatWest Group, the proceeds of externally issued MREL will be allocated to material operating subsidiaries in the form of capital or other subordinated claims. This ensures that internal MREL will absorb losses before operating liabilities within operating subsidiaries.

The framework requires that ring-fence bank sub-groups, such as NWH Group, meet MREL requirements equivalent of up to 90% of the equivalent NWH Group requirement, whilst other material legal entities are required to meet 75% of the equivalent NWH Group requirement. The BoE published its revised MREL Policy Statement in December 2021, effective 1 January 2022. The framework remains unchanged for internal MREL.

UK ring-fence bank sub-groups are required to meet an internal MREL equivalent to 90% of the higher of:

- two times the sum of Pillar 1 and Pillar 2A, i.e. 2x (Pillar 1 plus Pillar 2A); or
- if subject to a leverage ratio requirement, two times the applicable requirement.

MREL may consist of capital and other loss-absorbing instruments. To qualify as eligible for MREL, liabilities have to comply with a number of strict conditions as set by the BoE including the ability for the BoE to apply its stabilisation powers to those liabilities. In addition, liabilities must have an effective remaining maturity (taking account of any rights of early repayment to investors) of greater than one year.

Liquidity and funding

Definition

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

Funding consists of on-balance sheet liabilities that are used to fund assets and off-balance sheet activities. 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.

Regulatory oversight and liquidity framework

NatWest Group operates across different jurisdictions and is subject to a number of regulatory regimes, with the key metrics being:

Ratio	Profile type	Description
Liquidity Coverage Ratio (LCR)	Liquidity profile	Coverage of 30 calendar days net outflows in stress. The binding LCR minimum requirement is 100%.
Net Stable Funding Ratio (NSFR)	Structural funding profile	Helps maintain a stable funding profile in relation to the composition of assets and off-balance sheet activities. The binding LCR minimum requirement is 100%.

The principal regulator, the PRA, implements the CRR liquidity regime in the UK. To comply with the regulatory framework, NatWest Group undertakes the following:

Activity	Description
Individual Liquidity Adequacy Assessment Process (ILAAP)	This is NatWest Group's annual assessment of its key liquidity and funding vulnerabilities including control frameworks to measure and manage the risks.
Liquidity Supervisory Review and Evaluation Process (L-SREP)	An annual exercise with the PRA that involves a comprehensive review of the NatWest Group ILAAP, liquidity policies and risk management framework. This results in the setting of the Individual Liquidity Guidance, which influences the size of the liquidity portfolio.

Asset encumbrance

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, credit card receivables and personal loans display many of these features.

Prudential regulation changes that may impact capital requirements

NWH Group faces numerous changes in prudential regulation that may impact the minimum amount of capital it must hold and consequently may increase funding costs and reduce return on equity.

Regulatory changes are actively monitored by NWH Group, including engagement with industry associations and regulators and participation in quantitative impact studies. Monitoring the changing regulatory landscape forms a fundamental part of capital planning and management of its business.

NatWest Group believes that its strategy to focus on simpler, lower-risk activities within a more resilient recovery and resolution framework will enable it to manage the impact of these.

UK and EU implementation of Basel framework

The Basel framework is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision (BCBS). The Basel III standards are minimum requirements which apply to internationally active banks and ensure a global level playing field on financial regulation. Individual jurisdictions must decide how to implement the standards.

UK Basel III reforms

On 20 January 2026, the PRA published its final Basel 3.1 rules in relation to PS17/23 and PS9/24, re-affirming that implementation of the reforms will take place on 1 January 2027. For Market Risk, the PRA decided to delay the FRTB-IMA implementation until 1 January 2028, giving firms the option to use their existing IMA permissions until then. The policy statement included amendments to certain FRTB ASA (Alternative Standardised Approach) requirements, including a permissions regime for the residual risk add-on (RRAO). The policy statement also made minor amendments, corrections and clarifications to the calculation of Credit Risk and Operational Risk RWAs.

In 2025, the PRA also confirmed in PS7/25 its approach to Pillar 2A lending adjustments for Basel 3.1, ensuring that the removal of SME and infrastructure support factors from Pillar 1 RWAs does not raise overall capital requirements.

EU Basel III reforms

Equivalent changes in the EU capital rules relating to the Basel III standards are implemented in the EU by the latest Banking Package (CRR III/ CRD VI) which entered into force on 9 July 2024.

The EU CRR III rules became effective on 1 January 2025, except for the Market Risk FTRB rules which will be implemented on 1 January 2027. In November 2025, the European Commission issued a consultation for targeted amendments to the FRTB framework. The impact of these changes will be limited to NatWest Group's EU subsidiaries.

The CRD VI requirements must be incorporated into the national legislation of EU member states by early 2026. Among other changes, the directive introduces new prudential capital and liquidity standards for third-country branches, which will apply from 11 January 2027. These changes will only affect NatWest Group's EU third-country branches where certain conditions are met. NatWest Group continues to evaluate its EU operating model, making adaptations as necessary.

Other developments in 2025

UK Capital Requirements review

In December 2025, the Financial Policy Committee (FPC) published its updated assessment of the appropriate level and structure of capital requirements for the UK banking sector, alongside a broader review of the capital framework. The Committee noted that the system-wide benchmark Tier 1 capital requirement is now considered to be around 13% of RWAs, compared with the earlier benchmark of approximately 14%. The UK countercyclical capital buffer rate was maintained at its neutral setting of 2%.

At the same time, the FPC launched a broader consultation on capital requirements, open until 2 April 2026. The consultation covers several areas, including the ensuring the leverage ratio continues to operate as intended; improving the usability and effectiveness of capital buffers; and assessing the calibration and interaction of domestic-exposure-based requirements to ensure they remain proportionate and free from unintended overlaps.

O-SII buffers

In July 2025, the PRA re issued its 2024 O SII buffer rates to incorporate the FPC's revised approach to O SII buffer thresholds, which now includes indexation. NatWest Group plc remains on the PRA's O SII list, and the O SII buffer for its ring fenced sub group, NatWest Holdings Group, was maintained at 1.5%.

Leverage ratio requirements

In November 2025, PRA published final policy in PS22/25 which increases the retail deposit threshold for the application of the minimum leverage ratio requirements (3.25% and applicable buffers) from £50billion to £75billion. This policy took effect on 1 January 2026.

PRA Step-in risk framework implementation

In April 2025, the PRA finalised its policy for the identification and management of step-in risk for UK banks, aligning to the BCBS guidelines. Step-in risk is deemed a Pillar 2 risk and must be assessed as part of the firm's ICAAP. The PRA expects governance, monitoring and controls to be embedded within the existing risk management framework. The requirements took effect on 1 January 2026.

MREL requirements

In July 2025, the Bank of England published final policy changes relating to its approach to setting to setting a minimum requirement for own funds and eligible liabilities (MREL). The revised rules introduce a requirement to use the full accounting value for measuring eligible liabilities towards MREL resources. The policy changes took effect on 1 January 2026.

Prudential treatment of non-UK Covered bonds

HMT is considering the introduction of an Overseas Prudential Requirements Regime (OPRR) that could be used to designate equivalency for non-UK covered bonds. Pending finalisation of this approach, the PRA do not expect firms to alter their approach to inclusion of non-UK covered bonds including for new issuances, in Level 2 HQLA (High Quality Liquid Assets) under the Liquidity Coverage Ratio (LCR) Part of the PRA Rulebook.

Summary of future changes to prudential regulation in UK that may impact NatWest Group

The table below covers expected future changes to prudential regulation in the UK which may impact NatWest Group at a consolidated level. Certain entities within the group will be exposed to changes in prudential regulation from other legislative bodies and/or local supervisory authorities where NatWest Group's entities are authorised (e.g. the EU and Jersey) on a solo basis and these changes may be different in substance, scope and

timing from those highlighted below. In addition to the future changes shown in the table below, the model changes required under CRD IV are still under development and subject to PRA approval. In line with all firms with permissions to use the IRB approach, NatWest Group is currently undertaking a programme of model and rating system development, to align with new regulations which came into force on 1 January 2022. The final CRD IV model outcomes may lead to changes in RWAs in 2026 and beyond.

Area of development	Key changes	Status /Implementation date
Basel III reforms		
PRA BASEL 3.1 Implementation	<p>Output floor – CET1% calculation</p> <ul style="list-style-type: none"> The output floor will apply at the highest level of consolidation for UK groups (e.g., NatWest Group) and at the sub-consolidated level for ring-fenced sub-groups (e.g., NatWest Holdings Group). It will apply to the full capital stack, including capital buffers. A transitional period applies, with the floor set at 60% from 1 January 2027, increasing to 72.5% from 1 January 2030. <p>Credit Risk RWAs (STD, IRB, FIRB)</p> <ul style="list-style-type: none"> Significant revisions to the standardised credit risk approach, including changes to unrated corporates, SMEs, specialised lending, mortgages and equity exposures. Restrictions to the IRB framework, requiring the standardised approach for central government and equity exposures and FIRB for financial institutions and large corporates, alongside new input floors and other modelling updates. Removal of the SME and infrastructure supporting factors from both IRB and standardised approaches. Amending the credit risk mitigation framework, withdrawing certain internal modelling approaches, removing the double-default treatment and introducing a new risk-weight substitution method for some exposures. <p>Market Risk RWAs</p> <ul style="list-style-type: none"> Implementing new modelled and standardised approaches under the FRTB framework, including the Alternative Standardised Approach (ASA) for which a residual-risk add-on permissions regime has been confirmed. Revision of the banking-trading book boundary. A one-year deferral of FRTB-IMA to 1 January 2028, with existing IMA permissions remaining in place until that date. Policy changes to the capitalisation of FX risk are also being introduced. <p>CVA/ Counterparty Credit Risk RWAs</p> <ul style="list-style-type: none"> Removal of the modelled CVA approach and introducing two new methodologies: SA-CVA and BA-CVA. Implementing a new standardised CVA framework aligned with Basel standards, including the removal of exemptions previously applied to sovereigns, non-financial counterparties and pension funds. Reducing the SA-CCR alpha factor from 1.4 to 1 for non-financial counterparties and pension funds. <p>Operational Risk RWAs</p> <ul style="list-style-type: none"> Implementation of a new standardised approach. Internal Loss Multiplier (ILM) set to 1. Changes to the income requirements in scope of the business indicator. <p>Disclosures & Reporting</p> <ul style="list-style-type: none"> Implementation of new and updated templates, reflecting revised requirements in the capital framework as outlined above. 	<p>Status: Final rules published in PS1/26</p> <p>Implementation date: 1 January 2027, except for FRTB-IMA rules which will apply from 1 January 2028</p>

Prudential regulation changes that may impact capital requirements continued

Area of development	Key changes	Status /Implementation date
Pillar 2A reforms		
Streamlining the Pillar 2A capital framework and the capital communications process	<ul style="list-style-type: none"> Finalisation of rules to streamline firm-specific capital communications, by simplifying both the content and the processes for setting Pillar 2A requirements, systemic buffers and the Additional Leverage Ratio Buffer (ALRB). Minor clarifications for IRRBB and pension obligation risk within Pillar 2A, with no impact on capital requirements and no change to the PRA's underlying approaches to these risks. 	<p>Status: Final policy for capital communications published in PS2/25. Near-final rules for IRRBB and Pension risk published in PS18/25.</p> <p>Implementation dates: PS2/25: 31 March 2025 PS18/25: 1 July 2026</p>
Pillar 2 methodologies review	<p>Phase 1</p> <ul style="list-style-type: none"> Policy proposals under CP12/25 to update the Pillar 2A framework to address Basel 3.1 impacts. Introduction of Pillar 2A lending adjustments for Basel 3.1 under PS7/25 (May 2025), compensating for the removal of SME and infrastructure support factors. <p>Phase 2</p> <ul style="list-style-type: none"> It will involve a deeper review of individual Pillar 2A methodologies to refine expectations, improve effectiveness, and identify further burden-reduction opportunities. 	<p>Status: Awaiting final rules; PRA consultation under CP12/25 closed in September 2025.</p> <p>Implementation dates: Phase 1: 1 July 2026, for the changes to pension obligation risk, market risk and counterparty credit risk. Phase 2: 1 January 2027, for the changes to credit risk and operational risk including P2A lending adjustments.</p>
UK CRR restatements		
PRA restatements of assimilated law – 2026 & 2027 implementations	<p>2026 implementation</p> <ul style="list-style-type: none"> Restatement of capital definitions, making no substantive changes. Clarification of supervisory expectations for the inclusion of interim profits in CET1 capital and the conditions for reducing AT1 and T2 instruments. Existing ECAI mappings are to be onshored. Supervisory expectations for synthetic risk transfer (SRT) securitisations are further clarified. <p>2027 implementation</p> <ul style="list-style-type: none"> Substantive revisions to the securitisation capital framework, including changes to the SEC-SA calculation. Updating of the capital treatment for exposures under the Mortgage Guarantee Scheme 	<p>Status: Final policy published in PS12/25</p> <p>Implementation date: 1 January 2026</p> <p>Status: Near final rules published in PS19/25; final rules expected in Q1 2026.</p> <p>Implementation date: 1 January 2027</p>

Prudential regulation changes that may impact capital requirements continued

Area of development	Key changes	Status /Implementation date
MREL reforms		
Bank of England - Amendments to the approach to setting a minimum requirement for own funds and eligible liabilities	<ul style="list-style-type: none"> Policy updates to setting the minimum requirement for own funds and eligible liabilities (MREL). Updated supervisory expectations for measuring non-CET1 instruments, confirming the use of accounting values for this purpose. 	<p>Status: Final MREL Statement of Policy published</p> <p>Implementation date: 1 January 2026</p>
Step-in Risk & Large Exposures reforms		
PRA framework for step-in risk	<ul style="list-style-type: none"> Implementation of the Basel guidelines for step-in risk in the PRA Rulebook. Step-in risk is deemed a Pillar 2 risk and must be assessed as part of the NatWest Group's ICAAP. 	<p>Status: Final policy published in PS5/25 and SS1/25 (April 2025)</p> <p>Implementation date: 1 January 2026</p>
PRA amendments to the Large Exposures Framework	<p>Part 1</p> <ul style="list-style-type: none"> Onshoring of the EBA guidelines for the identification requirements of Connected Clients in the Large Exposures (CRR) part of the PRA Rulebook. Stricter requirements for exposures to certain French counterparties. <p>Part 2</p> <ul style="list-style-type: none"> Further policy changes stemming from CP14/24 are expected in 2026 with respect to mandatory substitution approach, the removal of the use of IMM methods for calculating exposure values for SFTs and revised rules for intragroup permissions. 	<p>Status: Final policy for Phase 1 published in PS14/25 (July 2025)</p> <p>Implementation dates: Part 1: 1 January 2026 Part 2: Not yet confirmed</p>
Disclosure & Reporting		
New requirements in the Disclosure (CRR) part of the PRA Rulebook	<ul style="list-style-type: none"> Proposal to implement UK MREL disclosure templates, in line also with recent BoE policy changes. Proposal to implement the BCBS standard DIS26 for disclosing capital distribution constraints when those occur. Proposal to disclose the basis of disclosures provided in Pillar III reports. 	<p>Status: Awaiting final policy statement; PRA consultation under CP16/25 closed in October 2025.</p> <p>Implementation date: 31 December 2026</p>
Resolution planning: Amendments to MREL reporting	<ul style="list-style-type: none"> Proposals to implement changes to UK MREL reporting requirements, in line also with recent BoE policy changes. 	<p>Status: Awaiting final policy statement; PRA consultation under CP15/25 closed in October 2025.</p> <p>Implementation date: 31 December 2026</p>

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

NatWest Holdings Group - Key points

CET1 ratio

12.4%

(Q3 2025 – 13.7%)

The CET1 ratio decreased by 130 basis points to 12.4%. The decrease in the CET1 ratio was due to a £1.6 billion decrease in CET1 capital and a £3.5 billion increase in RWAs.

The CET1 capital decrease was mainly driven by a foreseeable ordinary dividend accrual of £3.0 billion partially offset by an attributable profit to ordinary shareholders of £1.3 billion and other movements on reserves and regulatory adjustments of £0.1 billion.

UK leverage ratio

4.8%

(Q3 2025 – 5.4%)

The leverage ratio decreased by 60 basis points to 4.8% due to a £2.8 billion decrease in Tier 1 capital and a £12.8 billion increase leverage exposure. The key drivers of the leverage exposure movement were an increase in other financial assets and other off balance sheet items.

LCR average

136%

(Q3 2025 – 138%)

The average Liquidity Coverage Ratio (LCR) decreased 2% compared to Q3 2025 from 138% to 136%. This was driven by lending growth partially offset by deposit increase.

RWAs

£160.9bn

(Q3 2025 – £157.4 bn)

Total RWAs increased by £3.5 billion to £160.9 billion mainly reflecting:

- an increase in credit risk RWAs of £2.4 billion, reflecting an increase in CRD IV model updates and a decrease driven by the benefits of RWA management actions partially offset by franchise lending growth.
- an increase in operational risk RWAs of £1.3 billion following the annual recalculation acceleration from Q1 2026 to align with market practice.
- Market Risk decrease of £0.2 billion mainly due to the movements in foreign exchange.

UK average leverage ratio

5.2%

(Q3 2025 – 5.2%)

The average leverage ratio remained static at 5.2% due to a £0.5 billion increase in 3-month average Tier 1 capital offset by a £10.9 billion increase in average leverage exposure. The key drivers of the average leverage exposure movement were an increase in other financial assets and other off balance sheet items.

NSFR average

133%

(Q3 2025 – 133%)

The average Net Stable Funding Ratio (NSFR) remained unchanged over the previous quarter, at 133%, mainly due to lending growth partially offset by deposit increase.

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures based on current PRA rules..

		31 December	30 September	30 June	31 March	31 December
		2025	2025	2025	2025	2024
		£m	£m	£m	£m	£m
Available own funds (amounts)						
1	Common equity tier 1 (CET1) capital	20,006	21,586	20,017	20,511	19,227
2	Tier 1 capital	23,687	26,453	24,384	24,936	23,152
3	Total capital	28,589	31,354	29,302	30,287	27,656
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	160,863	157,398	158,625	155,354	152,199
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	12.4	13.7	12.6	13.2	12.6
6	Tier 1 ratio (%)	14.7	16.8	15.4	16.1	15.2
7	Total capital ratio (%)	17.8	19.9	18.5	19.5	18.2
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	1.3	1.3	1.5	1.5	1.5
UK 7b	Additional AT1 SREP requirements (%)	0.5	0.5	0.5	0.5	0.5
UK 7c	Additional Tier 2 SREP requirements (%)	0.6	0.6	0.7	0.7	0.7
UK 7d	Total SREP own funds requirements (%)	10.4	10.4	10.7	10.7	10.7
Combined buffer requirement (as a percentage of risk-weighted exposure amount) (1)						
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (3)	1.9	1.8	1.8	1.8	1.8
UK 10a	Other Systemically Important Institution buffer (%)	1.5	1.5	1.5	1.5	1.5
11	Combined buffer requirement (%)	5.9	5.8	5.8	5.8	5.8
UK 11a	Overall capital requirements (%)	16.3	16.2	16.5	16.5	16.5
12	CET1 available after meeting the total SREP own funds requirements (%)	6.6	7.9	6.6	7.2	6.6
Leverage ratio						
13	Total exposure measure excluding claims on central banks	498,201	485,433	478,881	464,472	462,127
14	Leverage ratio excluding claims on central banks (%)	4.8	5.4	5.1	5.4	5.0
Additional leverage ratio disclosure requirements						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.8	5.4	5.1	5.4	5.0
UK 14b	Leverage ratio including claims on central banks (%)	4.3	4.9	4.6	4.7	4.4
UK 14c	Average leverage ratio excluding claims on central banks (%)	5.2	5.2	5.2	5.2	5.2
UK 14d	Average leverage ratio including claims on central banks (%)	4.7	4.7	4.6	4.5	4.6
UK 14e	Countercyclical leverage ratio buffer (%) (3)	0.6	0.6	0.6	0.6	0.6
Liquidity coverage ratio						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	110,991	111,896	112,582	111,965	110,348
UK 16a	Cash outflows - Total weighted value	87,472	87,036	86,146	84,923	83,494
UK 16b	Cash inflows - Total weighted value	5,913	5,973	6,177	6,140	6,096
16	Total net cash outflows (adjusted value)	81,559	81,063	79,969	78,783	77,398
17	Liquidity coverage ratio (%) (4)	136	138	141	142	143
Net stable funding ratio						
18	Total available stable funding	365,795	364,536	364,071	363,166	361,171
19	Total required stable funding	275,909	273,825	271,517	268,128	266,482
20	NSFR ratio (%) (5)	133	133	134	135	136

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

(2) NWH Group elected to take advantage of the IFRS 9 transitional capital adjustments in respect of ECL provisions, which were maintained until 31 December 2024. Prior period comparatives for CET1 capital, RWAs and leverage include the impact of those adjustments where applicable.

(3) The institution specific countercyclical capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB rate is currently being maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWH Group CCyB.

(4) The Liquidity Coverage Ratio (LCR) is calculated at the average of the preceding 12 months.

(5) The Net Stable Funding Ratio (NSFR) is calculated at the average of the preceding four quarters.

UK OV1: Overview of risk-weighted exposure amounts

The table below shows RWAs and total own funds requirements by risk type. Total own funds requirements are calculated as 8% of RWAs.

	Risk-weighted exposure amounts (RWAs)	a	b	c
		31 December	30 September	Total own funds requirements
		2025	2025	2025
		£m	£m	£m
1	Credit risk (excluding counterparty credit risk)	132,537	132,205	10,602
2	Of which: standardised approach	17,214	17,946	1,377
3	Of which: the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	11,986	13,217	959
UK 4a	Of which: equities under the simple risk-weighted approach	15	16	1
5	Of which: the advanced IRB (AIRB) approach	103,322	101,026	8,265
5a	Of which: non-credit obligation assets (1)	4,059	3,664	325
6	Counterparty credit risk	636	611	51
7	Of which: standardised approach	129	134	10
8	Of which: internal model method (IMM)	-	-	-
UK 8a	Of which: exposures to a CCP	35	34	3
UK 8b	Of which: credit valuation adjustment (CVA)	128	129	10
9	Of which: other counterparty credit risk	344	314	28
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	4,509	2,446	361
17	Of which: SEC-IRBA approach	3,916	1,916	313
18	Of which: SEC-ERBA (including IAA)	42	43	3
19	Of which: SEC-SA approach	551	487	45
UK 19a	Of which: 1,250%/deduction	-	-	-
20	Position, foreign exchange and commodities risk (market risk)	184	392	15
21	Of which: standardised approach	184	392	15
22	Of which: IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	22,997	21,744	1,840
UK 23a	Of which: basic indicator approach	-	-	-
UK 23b	Of which: standardised approach	22,997	21,744	1,840
UK 23c	Of which: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	809	916	65
29	Total	160,863	157,398	12,869

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

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

UK OVC - ICAAP information

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 approved by the NWH governing body and submitted to the PRA.

UK CR8: RWA flow statement of credit risk exposures under the IRB approach

The table below shows movements in RWAs for credit risk exposures under the internal ratings based (IRB) approach. It excludes counterparty credit risk, securitisations and non-credit obligation assets.

	a
	RWAs
	£m
1 At 31 December 2024	109,584
2 Asset size	1,085
3 Asset quality	167
4 Model updates	777
7 Foreign exchange movements	(118)
8 Other	(1,551)
9 At 31 March 2025	109,944
2 Asset size	1,864
3 Asset quality	(554)
4 Model updates	1,144
7 Foreign exchange movements	(241)
8 Other	(1,284)
9 At 30 June 2025	110,873
2 Asset size	(595)
3 Asset quality	(255)
4 Model updates	338
7 Foreign exchange movements	218
9 At 30 September 2025	110,579
2 Asset size	1,726
3 Asset quality	15
4 Model updates	4,434
7 Foreign exchange movements	(8)
8 Other	(5,497)
9 At 31 December 2025	111,249

(1) The following rows are not presented because they have zero values during the year: (5) methodology and policy and (6) acquisitions and disposals.

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- The increase in RWAs relating to asset size was primarily driven by lending growth within Commercial & Institutional and Retail Banking.
- The increase in RWAs relating to model updates was primarily driven by CRD IV model updates within Commercial & Institutional and Retail Banking.
- The decrease in RWAs in other was due to the benefits of RWA management actions within Commercial & Institutional and Retail Banking.

Annex III: Risk management – objectives and policies

UK OVA: Institution risk management approach

Risk management framework

The strategy of NatWest Group is supported by strategic priorities and bank-wide financial targets, setting out how value will be created, and sustainable financial returns delivered. All risk-taking activities should support NatWest Group's strategy: growth through better understanding of customers, leveraging simplification and better management of resources.

NWH follows NatWest Group's approach to strategy setting and aligns activities with NatWest Group's strategic principles.

Strategy is informed and shaped by an understanding of the risk profile. NWH's current strategy must also take in to account a range of threats, risks and uncertainties in the external economic, political and regulatory environment. Identifying these and understanding how they affect NWH informs risk appetite setting and risk management practices.

The NatWest Group enterprise-wide risk management framework (EWRMF)

The NatWest Group EWRMF sets out NatWest Group's approach to managing risk. It applies to all subsidiary legal entities, businesses and functions and explains how each component of the framework helps to deliver strategy in a safe and sustainable way, in line with the Group's values and the Group Chief Risk Officer's strategic vision. NatWest Group's EWRMF is owned and implemented by the NatWest Group Chief Risk Officer (CRO). It is approved annually by the NatWest Group Board.

The EWRMF sets out the requirements for how risk appetite is implemented through risk policies and standards and translated into operational procedures. This consistent approach must be followed by all principal risks, frameworks, tools and techniques to support efficient and effective consolidation and interpretation.

The objective of NatWest Group's EWRMF and its component parts is to ensure that NatWest Group's risk profile is kept within agreed risk appetite, and where breaches occur, that there is a defined process to escalate and respond appropriately.

The risk appetite framework (RAF) is a component of the EWRMF and establishes the extent of permissible risk taking to support business outcomes and provides a qualitative and quantitative set of arrangements that delegates and empowers the Executive.

Any exceptions to NatWest Group's EWRMF by any subsidiary legal entity, business or function must be approved by the Group CRO and NatWest Group Board as part of the annual EWRMF approval process. Exception requests must be approved by the relevant legal entity CRO and Board prior to submission. There is an expectation that exceptions to NatWest Group's EWRMF are kept to a minimum, whilst recognising that different regulatory requirements and expectations may exist across the jurisdictions in which NatWest Group operates.

Where existing arrangements are not aligned to the intent of the EWRMF, the approach is to describe what is in place. Where arrangements are less easily documented, the approach is to describe what is expected to be in place with any deviations requiring formal agreement via the exceptions process.

The NWH risk management framework (RMF)

The NWH RMF has been developed in line with the size, scale and complexity of the entity and with recognition of all ring-fencing requirements. It is owned by the NWH CRO and approved on an annual basis by the NWH Board.

NWH Group has opted, where possible, to align the NWH RMF to NatWest Group's EWRMF. Exceptions are proportionate with the scale, nature and complexity of the NWH Group and notified to the NatWest Group Board.

Should the adoption of NatWest Group approved risk governance arrangements conflict or contravene regulatory or legal requirements, this matter must be disclosed when identified and a proportionate variation to NatWest Group's approach determined and documented in accordance with Section 9 of the NatWest Group EWRMF and the NWH RMF.

Adequacy of the RMF

The NWH RMF is owned and implemented by the NWH Chief Risk Officer (NWH CRO) who provides an attestation of compliance with NatWest Group's EWRMF to the NatWest Group Board as part of the annual approval process. The NWH Group CRO is also the CRO for NatWest Group. The NWH RMF is reviewed and approved annually by the NWH Board.

The NWH RMF incorporates risk governance by utilising NatWest Group's three lines of defence operating model and the Risk function's mandate. It is deemed to be adequate for the scope and nature of the institution and aligned with NWH's risk profile and overall strategic objectives.

While all NWH 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 NWH CRO plays an integral role in providing the Board with advice on NWH'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 risks, which are those that could have a significant negative impact on NWH's ability to meet its strategic objectives. A complementary process operates to identify emerging risks. 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.

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. All roles below the CEO sit within one of the three lines. The CEO ensures the efficient use of resources and the effective management of risks as stipulated in the risk management framework and is therefore considered to be outside the three lines of defence principles.

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 and Transformation, Legal and Finance.

The first line of defence is empowered to take risks within the constraints of the risk management framework and risk appetite set by the 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 NatWest 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 and risk appetite set by the Board.

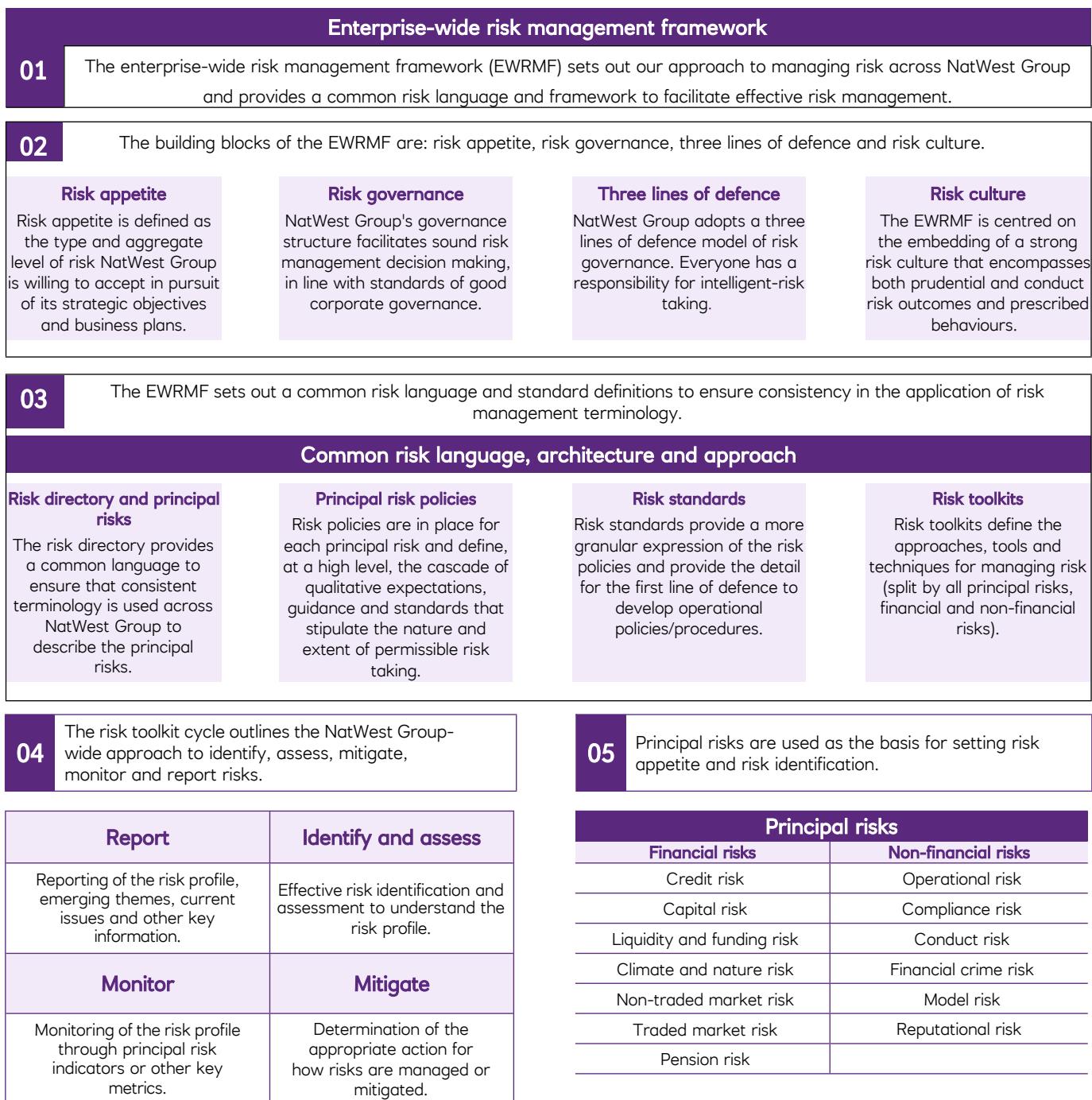
Third line of defence

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 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.

The following diagram illustrates NatWest Group's EWRMF;



Further information on the risk governance structure is provided later in this section. An outline of principal risks is contained in the Risk and Capital management section of the 2025 Annual Report and Accounts.

Note: NWH Group does not set separate risk appetites to those by NatWest Group for climate, reputational and traded market risk but applies NatWest Group EWRMF components to ensure effective management of these risks where relevant.

Risk appetite

NWH follows NatWest Group's approach to risk appetite and aligns activities with NatWest Group's RAF as a component of NatWest Group's EWRMF. The NWH risk appetite statement sets the total level of risk that NWH is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Risk appetite is allocated to principal risks, legal entities and businesses using a cascade of risk appetite measures. These measures are designed to prevent NWH from unknowingly exceeding risk capacity as market conditions change and to prevent or detect excessive risk-taking.

Risk appetite measures are:

- Expressed relative to quantitative factors such as financial metrics, risk concentrations or customer outcomes.
- Set at a level to constrain risk-taking within risk appetite.
- Specific and sensitive to the shape of actual portfolios, frequency-based and reportable.
- Initially set for each principal risk at NatWest Group level and then, where appropriate, allocated to businesses and legal entities based on strategic planning assumptions.
- Appropriate to reflect material risk concentrations at NatWest Group, legal entity and principal risk level as relevant.

Risk appetite measures take into account the interaction between principal risks within and across businesses and legal entities and their correlated or compounding impact on exposures and outcomes.

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. RAF 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 RAF is carried out annually. The review includes:

- Assessing the adequacy of the RAF when compared to internal and external expectations.
- Ensuring the RAF remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation. The Board approves the RAF at least annually.

Risk appetite limits – and their associated trigger levels – are initially set for NatWest Group. To ensure subsidiary legal entities operate within the parameters of the parent legal entity, parent entities can propose an allocation of risk appetite limits and triggers to subsidiary entities where relevant. Legal entities may also create supplementary limits where they are required to provide their Board and Executive with visibility of specific measures, aligned to the achievement of entity-specific strategic objectives.

Risk appetite is managed such that measures remain aligned with principal risks including capital, liquidity, funding and earnings stability and are calibrated to a level where full utilisation of operational limits does not result in a breach of appetite. This alignment is evaluated and tested by the application of a mix of tools, tests and limits:

- Stress-testing the current and future risk profile across a range of scenarios provides evidence that risk-taking across the range of principal risks is within overall risk appetite.
- Sensitivity analysis explores how the risk profile changes when one or more principal risks move from current levels to full utilisation of risk appetite and is used to confirm that NatWest Group will remain within overall risk appetite even if utilisation moves to the limits.
- Scenario analysis explores how the risk profile reacts to specific changes in the economic environment and is a useful supplement to stress testing.
- Where a direct linkage is possible, measures are used to calibrate risk appetite with capital, liquidity, funding and earnings stability requirements.

The NWH Board approved strategy and budget is reviewed for alignment with risk appetite. These may be adjusted as required as opportunities and strategic objectives change.

Such adjustments require NWH Board approval.

Operational limits are set by each principal risk aligned to how the risk is managed on a day-to-day basis to achieve strategy and one of the primary tools used to monitor compliance with risk appetite and operational limits is a range of scenarios that are run on a regular basis. The scenarios are revised at a minimum annually or where there are significant changes in the risk environment and outlook. Any changes to the scenario portfolio require Board Risk Committee (BRC) approval.

Material transactions in 2025

During 2025, the material transactions within NatWest Group, affiliates or related parties considered to have had a material impact on the risk profile of the institution were as follows:

- On 30 May 2025, HM Treasury (HMT) ceased to be a shareholder of the company. As such no further off-market purchases under the Directed Buyback Contract with HMT have taken place.
- There were no other transactions considered to have had a material impact on the risk profile.

Relevant transactions are reviewed by the Acquisition and Disposal Committee to assess their risk profile with oversight by the risk function.

Risk governance structure

The main purposes and responsibilities of each of NWH Group's risk committees are outlined below.

NWH Board

Provides leadership of NWH Group. Sets and oversees the strategic direction of NWH Group. Considers material risks and approves, as appropriate, actions recommended by the NWH BRC.

It monitors performance against risk appetite. It reviews and approves the RMF (including the Risk Appetite Framework) and risk appetite.

NWH Board Risk Committee

Provides oversight and advice to the Board on current and future risk exposures and future risk profile, including risk appetite; considers and recommends the NatWest Holdings RMF for approval by the NWH Board. Oversees its effectiveness, including the internal controls required to manage risk. Approves key risk policies specific to NWH Group; reviews and approves the ring-fencing exceptions policy and any exceptions escalated to the committee; reviews and approves the ring-fencing arm's length policy.

NWH Executive Risk Committee (ERC)

Supports the NWH Group CRO and other accountable individuals in discharging their risk management accountabilities. Reviews, challenges and debates all material risk and control matters across NWH Group including but not limited to all principal risks.

NWH Asset & Liability Management Committee

Supports the Chief Financial Officer (CFO) in overseeing the effective balance sheet management of each of the NWH Sub-Group legal entities, ensuring that they operate within NatWest Group and NWH Group risk appetites, policies and chosen business strategy, and comply with regulatory and legal requirements (including ring-fencing requirements) on a forward-looking basis. Supports the CFO (and other accountable individuals as appropriate) in discharging their individual accountabilities in relation to treasury and balance sheet management (including funding and liquidity). This includes the NWH CFO's and NWH CRO's recommendation to the NWH BRC (or approval under their accountability) of the key assumptions scenario themes and expanded metrics to be used in both material internal and regulatory stress tests pertaining to the NWH Group and/or any member of the NWH Sub-Group.

NWH Executive Disclosure Committee

Supports the CFO in discharging their accountabilities, relating to the production and integrity of NWH Group's financial information, Pillar 3 Supplement, and other material disclosures.

The NWH Group CRO leads the NWH Group risk function. They define and deliver the risk, conduct, compliance and financial crime strategies. They define the overall risk service provision requirements to enable delivery of NatWest Group strategies, including policies, governance, frameworks, oversight and challenge, risk culture and risk reporting. They contribute to the development of strategy, transformation and culture as a member of the Executive Committee.

The Directors of Risk within the NWH Group receive delegated accountability from the NWH Group CRO to oversee business segments and functions. They primarily set operational limits in line with the delegated authority and the relevant legal entity, business or function Executive to enable the monitoring and management of principal risks at a business level in line with risk appetite.

Operational limits of significant importance to the management of principal risks within risk appetite may be approved by the relevant CEO and CRO following recommendation by the relevant ERC to ensure appropriate visibility and oversight operational limits should align to and support the risk appetite set for each principal risk to provide a comprehensive top down and bottom-up view to ensure that each business segment and legal entity is operating within the parameters set by the Board. This alignment is validated via independent review and verification.

Heads of internal control

During 2025, the following changes to the heads of internal control, risk management, compliance and internal audit took place:

- In January, Rachel Hopcroft joined the bank as Group Chief Corporate Affairs Officer.
- In February, Emma Crystal was appointed as the CEO of the Wealth Businesses, including Coutts.
- In March, Maria Kokkinou joined the bank as Group Chief People Officer.
- In July, Solange Chamberlain was appointed as CEO of the Retail Bank and Peter Norton was appointed as Group Director Strategy, Economics and Corporate Development.
- In October, Jen Tippin left the Group and James Holian was appointed to the new role of Chief Customer and Operations Officer.

Other changes to internal control, risk management, compliance and internal audit below the level of CEO-1 took place. In January 2026, Keiran Foad stepped down from his role as Group Chief Risk Officer and left the bank. Sean Pilcher was appointed as Interim Group Chief Risk Officer.

Risk 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 our strategy across all three lines of defence, enables us to support better customer outcomes, develop a stronger and more sustainable business, and deliver an improved cost base.

NatWest 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 NatWest 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 NatWest 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.

Disclosure on the scope and nature of risk disclosure and/or measurement systems

NWH's RMF ensures that NWH's principal risks are appropriately controlled and managed. It seeks to ensure a consistent approach to risk management across NWH and its subsidiaries. Risk appetite measures are in place for all principal risks, with performance against these measured on a regular basis. The NWH Group CRO provides regular reporting to the NWH Group ERC, the NWH BRC and the NWH Board. This includes an outline of performance against risk appetite measures for all principal risks and details of mitigants and management actions in place to address any areas of concern. The NWH CRO⁽¹⁾ also undertakes regular engagement with the Chair of the NWH BRC⁽²⁾, including before and after each scheduled meeting of the NWH BRC.

⁽¹⁾The NWH Group CRO also performs the role of NatWest Group CRO. ⁽²⁾ The NWH BRC Chair also chairs the NatWest Group BRC.

The effectiveness of the risk and control environment is evaluated through the Risk and Control Performance Assessment (RCPA). This assessment is conducted annually by each business area within NatWest Group using a standardised set of indicators and providing qualitative context to determine an RCPA outcome of "met," "partially met," or "not met." The indicators are used to inform 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.
- A culture of intelligent risk-taking.

The RCPA enables NatWest Group to meet its legal and regulatory obligations with regards to the monitoring, assessment and reporting of its internal risk and control environment.

NWH's risk profile is reviewed and monitored on a regular basis. Management focus covers all principal risks as well as the top and emerging risks which may impact them. Risk profile relative to risk appetite is reported regularly to senior management and the NWH Board.

Risk and control self-assessments are used across all businesses and support functions to identify and assess material operational risks, conduct risks and key controls. All risks and controls are mapped to NatWest Group's risk directory. Risk assessments are refreshed at least annually to ensure they remain relevant and that they capture any emerging risks and also ensure that these risks are reassessed.

The process is designed to confirm that risks are effectively managed in line with risk appetite. Controls are tested at the appropriate frequency to verify that they remain fit-for-purpose and operate effectively to reduce the identified risks.

Strategies and processes to manage risks

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.

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 approved by the Board Risk Committee under Board-delegated authority and submitted to the PRA.

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.

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.

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>

Risk management, mitigation, hedging and monitoring

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

Some key areas of risk mitigation are highlighted below; Mitigation techniques, as set out in the appropriate credit risk toolkits and transactional acceptance standards, are used in the management of credit portfolios across NatWest Group. These techniques mitigate credit concentrations in relation to an individual customer, a borrower group or a collection of related borrowers. Where possible, customer credit balances are netted against obligations. Mitigation tools can include structuring a security interest in a physical or financial asset, the use of credit derivatives including credit default swaps, credit-linked debt instruments and securitisation structures, and the use of guarantees and similar instruments (for example, credit insurance) from related and third parties. Counterparty credit risk is mitigated through collateralisation and netting agreements, which allow amounts owed by NatWest Group to a counterparty to be netted against amounts the counterparty

owes NatWest Group. Property is used to mitigate credit risk across a number of portfolios, in particular residential mortgage lending and commercial real estate (CRE).

Structural hedging

Key to the mitigation of NatWest Group's non-traded market risk is its structural hedging programme. NatWest Group has a significant pool of stable, non and low interest-bearing liabilities, principally comprising current accounts and savings, in addition to its equity and reserves. A proportion of these balances are hedged, either by offsetting the positions against fixed-rate assets (such as fixed-rate mortgages and UK government gilts) or by hedging positions externally using interest rate swaps, which are generally booked as cash-flow hedges of floating-rate assets, in order to reduce income volatility and provide a revenue stream in net interest income. (Further details on NatWest Group's cash-flow hedge accounting programme can be found in Note 13 in the Notes to the accounts.) Hence, the structural hedge is one component of a larger interest rate risk management programme.

After offsetting or hedging the interest rate exposure, NatWest Group attributes income to equity or products in structural hedges by reference to the relevant interest rate swap curve. Over time, this approach has provided a basis for stable income attribution for management purposes to products and interest rate returns. The programme aims to track a time series of medium-term swap rates, but the yield will be affected by changes in product volumes and NatWest Group's equity capital.

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 NatWest 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

Testing is also completed on principal NWG Risk processes – including controls within the scope of Section 404 of the Sarbanes-Oxley Act 2002.

The Testing & Monitoring Forum assesses and validates the annual plan as well as the ongoing programme of reviews.

UK OVB: Disclosure on governance arrangements

Number of directorships held by members of the Board of NatWest Holdings Limited (“NWH Ltd”) as at 31 December 2025 (1)

Name	No. of directorships
Rick Haythornthwaite	2
Paul Thwaite	1
Katie Murray	2
Francesca Barnes	3
Karin Cook	2
Josh Critchley	1
Roisin Donnelly	3
Patrick Flynn	2
Geeta Gopalan	4
Yasmin Jetha	2
Stuart Lewis	2
Mark Rennison	2
Gill Whitehead	2
Lena Wilson	2

(1) Directorships counted in line with the Capital Requirements Directive. In this table, multiple directorships in the same group of companies have been counted as one directorship.

Number of directorships “effectively held” by members of the Board as at 31 December 2025 (2):-

Name	No. of directorships
Rick Haythornthwaite	2
Paul Thwaite	2
Katie Murray	2
Francesca Barnes	4
Karin Cook	2
Josh Critchley	3
Roisin Donnelly	4
Patrick Flynn	2
Geeta Gopalan	5
Yasmin Jetha	2
Stuart Lewis	2
Mark Rennison	2
Gill Whitehead	5
Lena Wilson	2

(2) Includes directorships listed in the table above and directorships of entities which do not pursue predominantly commercial objectives or are charitable in nature. In this table, multiple directorships in the same group of companies have been counted as one directorship.

Recruitment policy

The NWH Ltd Nominations Committee (the committee) supports the Chair in keeping the composition of the Board and its committees under regular review.

The committee reviews and recommends to the Board a skills matrix which is used to map the skills and experience of individual directors and ensure that the Board’s collective skill set remains

appropriately balanced and aligned to current and future strategic priorities.

In December 2025, the committee, in conjunction with the Group Nominations and Governance Committee (Group N&G and together, the committees), reviewed and the Board approved, an updated version of the Board skills matrix for NatWest Group plc and the NWH Sub Group (NWH Ltd, National Westminster Bank Plc (NWB Plc) and The Royal Bank of Scotland plc (RBS plc)).

The Board skills assessment was refreshed following a review of the 6 critical and 10 general skills identified in 2024 as priorities for the Board over a 3 to 5 year period. Using the BoardOutlook 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. 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.

Board recruitment continued to be a principal area of focus during 2025 with the committee supporting comprehensive candidate searches with diversity and inclusion considerations factored into all search criteria.

During the search processes conducted in 2025, the 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 committee. After a detailed search, the committee, in conjunction with Group N&G, recommended Josh Critchley and Albert Hitchcock for appointment to the Board as non-executive directors. Mr Critchley joined the Board on 3 November 2025 and Mr Hitchcock will join the Board on 23 February 2026. Separately, the committees also recommended Karin Cook for appointment to the Board of NWH Ltd as a double independent non-executive director, with effect from 5 May 2025. Gill Whitehead joined the Board on 8 January 2025.

The committee, in conjunction with Group N&G, continues to oversee further recruitment activity in respect of the Board of NWH Ltd.

Policy on diversity

The Board operates a boardroom inclusion policy which reflects NatWest Group’s values, its inclusion guidelines and relevant legal or voluntary code requirements. The boardroom inclusion policy aims to promote diversity and inclusion in the composition of the Boards and Board committees of NatWest Group plc, NWH Ltd, NWB Plc and RBS plc and in the nominations and appointments process. A copy of the policy is available at natwestgroup.com.

The boardroom inclusion policy ensures that the Board and the committees follow 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 made 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.

UK OVB: Disclosure on governance arrangements continued

As at 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;
- the FTSE Women Leaders Review recommendation (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) by having a woman Senior Independent Director and a woman Finance Director; and
- 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.

Board Risk Committee

The NWH Ltd Board has an established Board Risk Committee. Group and NWH BRC meetings are held concurrently with NWH BRC agenda items clearly identified and visible. Eight scheduled meetings were held during 2025.

Description on the information flow on risk to the management body.

NWH Group's RMF ensures that NWH Group's principal risks are appropriately controlled and managed. It seeks to ensure a consistent approach to risk management across NWH Group and its subsidiaries.

Risk appetite measures are in place for all principal risks, with performance against these measured on a regular basis.

The NWH Group CRO provides regular reporting to the NWH Group Executive Risk Committee, the NWH Board Risk Committee and the NWH Board. This includes an outline of performance against risk appetite measures for all principal risks and details of mitigants and management actions in place to address any areas of concern.

Outside of formal meetings, the Chair of the NWH Board Risk Committee (BRC)⁽¹⁾ meets regularly with the NWH Group CRO⁽²⁾ and other members of senior management to discuss key risk priorities and issues.

(1) The NWH BRC Chair also chairs the NatWest Group BRC.

(2) The NWH Group CRO also performs the role of NatWest Group CRO.

Annex V: Scope of application

UK LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The table below shows both the NWH Group's consolidated balance sheet as at 31 December 2025 on an accounting consolidated basis and under the regulatory scope of consolidation. The differences between the accounting scope of consolidation and the regulatory scope of consolidation are further explained in template UK LI3. Detailed information relating to the consolidated balance sheet is available in NWH Group's ARA.

31 December 2025	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Carrying value of items:			Not subject to capital requirements or subject to deduction from capital
				£m	£m	£m	
Assets							
Cash and balances at central banks	56,187	56,199	56,199	-	-	-	-
Trading assets	-	-	-	-	-	-	-
Derivatives	420	420	-	-	420	420	-
Settlement balances	-	-	-	-	-	-	-
Loans to banks - amortised cost	4,946	5,105	1,832	-	3,273	-	-
Loans to customers - amortised cost	379,574	379,570	349,107	1,113	29,350	-	-
Other financial assets	52,910	52,466	46,800	5,666	-	-	-
Intangible assets	6,935	6,935	-	-	-	-	6,935
Other assets	6,679	6,701	5,972	-	-	-	729
Assets of disposal groups	-	-	-	-	-	-	-
Amounts due from holding company and fellow subsidiaries	235	235	235	-	-	-	-
Total assets	507,886	507,631	460,145	6,779	33,043	420	7,664
Liabilities							
Bank deposits	33,881	35,123	-	-	21,759	-	13,364
Customer deposits	403,468	403,630	-	-	603	-	403,027
Settlement balances	-	-	-	-	-	-	-
Trading liabilities	-	-	-	-	-	-	-
Derivatives	265	265	-	-	265	265	-
Other financial liabilities	5,333	3,670	-	-	-	-	3,670
Subordinated liabilities	122	119	-	-	-	-	119
Notes in circulation	3,164	3,164	-	-	-	-	3,164
Other liabilities	3,495	3,502	-	-	-	-	3,502
Liabilities of disposal groups	-	-	-	-	-	-	-
Amounts due to holding company and fellow subsidiaries	23,664	23,664	-	-	-	-	23,664
Total liabilities	473,392	473,137	-	-	22,627	265	450,510

(1) The table provides the breakdown of how the amounts reported in the consolidated regulatory balance sheet correspond to regulatory risk framework categories. Certain items included in these columns are subject to more than one risk framework and therefore the sum of all the risk framework categories may not equal the value reported in the "Carrying values under scope of regulatory consolidation" column.

UK LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The table below provides information on the main sources of differences between the financial statements' carrying value amounts and the exposure amounts considered for regulatory purposes for NWH Group.

	31 December 2025		a	b	c	d	e
			Items subject to:				
			Total (1)	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
			£m	£m	£m	£m	£m
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)		499,967	460,145	6,779	33,043	420
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)		(22,627)	-	-	(22,627)	(265)
3	Total net amount under regulatory scope of consolidation		477,340	460,145	6,779	10,416	155
4	Off-balance sheet amounts		154,794	154,393	401	-	-
5	Differences in valuations		-	-	-	-	-
6	Differences due to different netting rules, other than those already included above		(15,409)	(8,571)	-	(6,838)	-
7	Differences due to consideration of provisions		2,978	2,978	-	-	-
8	Differences due to the use of credit risk mitigation techniques (CRMs)		-	-	-	-	-
9	Differences due to credit conversion factors		(79,630)	(79,630)	-	-	-
10	Differences due to Securitisation with risk transfer		(7,122)	(24,948)	17,826	-	-
11	Other differences		(5,712)	(5,750)	56	(18)	-
12	Exposure amounts considered for regulatory purposes		527,239	498,617	25,062	3,560	184

(1) The Total column above (column a) represents the sum of columns b, c and d.

(2) For Market Risk the exposure is only considered for positions treated under the standardised approach. The remaining exposure is considered under the internally developed market risk models.

UK LI3: Outline of the differences in the scopes of consolidation (entity by entity)

The table below provides information on NWH Group entities which are treated differently under the accounting and regulatory scope of consolidation.

Name of the entity	Method of accounting consolidation	Full consolidation	Method of regulatory consolidation			Neither consolidated nor deducted	Deducted	Description of the entity
			Proportional consolidation	Equity method	Neither consolidated nor deducted			
CLS Group Holdings AG	Investment Accounting				X			Financial institution
DV3 Realisation Co Limited	Investment Accounting				X			Other / non financial
Gatehouse Way Developments Ltd	Full consolidation				X			Other / non financial
German Biogas Holdco Limited	Full consolidation				X			Financial institution
GWNW City Developments Limited	Equity Accounting - Joint Venture				X			Other / non financial
KUC Properties Limited	Full consolidation				X			Other / non financial
Land Options (West) Limited	Full consolidation				X			Other / non financial
London Rail Leasing Limited	Equity Accounting - Joint Venture			X				Financial institution
Natwest Covered Bonds (LM) Limited	Investment Accounting			X				Financial institution
Natwest Property Investments Limited	Full consolidation				X			Other / non financial
Nightingale 2024-1 Limited	Full consolidation				X			Financial institution
Nightingale 2024-2 Limited	Full consolidation				X			Financial institution
Nightingale 2024-3 Limited	Full consolidation				X			Financial institution
Nightingale 2025-1 Limited	Full consolidation				X			Financial institution
Nightingale 2025-2 Limited	Full consolidation				X			Financial institution
Nightingale 2025-3 Limited	Full consolidation				X			Financial institution
Nightingale 2025-4 Limited	Full consolidation				X			Financial institution
Nightingale 2025-5	Full consolidation				X			Financial institution
Nightingale CRE 2018-1 Limited	Full consolidation				X			Financial institution
Nightingale LF 2021-1 Ltd,	Full consolidation				X			Financial institution
Nightingale Project Finance 2019 1 Limited	Full consolidation				X			Financial institution
Nightingale Project Finance II 2023-1 Limited	Full consolidation				X			Financial institution
Nightingale Securities 2017-1 Limited	Full consolidation				X			Financial institution
Nightingale UK Corp 2020 2 Ltd	Full consolidation				X			Financial institution
Oaxaca Limited	Investment Accounting				X			Other / non financial
Pharos Estates Limited	Equity Accounting - Associate				X			Other / non financial
Pollinate Networks Limited	Equity Accounting - Associate				X			Other / non financial
Ulster Bank Pension Trustees (RI) Limited	Full consolidation				X			Other / non financial
Ulster Bank Pension Trustees Limited	Full consolidation				X			Other / non financial
Walton Lake Developments Ltd	Full consolidation				X			Other / non financial

UK LIA: Explanations of differences between accounting and regulatory exposure amounts

NWH Ltd is the parent entity of the ring-fenced bank (RFB) subgroup established to meet the requirements of ring-fencing legislation and PRA rules. The PRA has exercised the discretion contained in the CRR to require the ring-fenced bodies to meet prudential requirements on a sub-consolidated basis, in respect of its RFB sub-group. Therefore, NWH Group is subject to consolidated regulatory requirements in addition to the application of requirements at an individual bank level and on a consolidated basis for NatWest Group. Inclusion of an entity in the statutory consolidation is driven by NWH Ltd's ability to exercise control over that entity.

The regulatory consolidation applies a comparable test, but consolidation is restricted to certain categories of entities. In accordance with PRA rules, non-financial and certain structured entities are excluded from the regulatory sub-consolidation.

Where NWH Ltd does not have control of an entity but has significant influence or more than 20% of the voting rights or capital of that entity, then it must be included in the regulatory sub-consolidation on a pro-rata basis, unless it falls into one of the excluded categories or NatWest Group has agreed a different treatment with the PRA. Where NatWest Group has joint control, such entities will only be included in the statutory consolidation on a pro-rata basis. Entities where NatWest Group has significant influence will be equity accounted in the statutory consolidation.

Both the statutory and regulatory consolidated amounts are shown in table UK LI1 above.

The regulatory consolidation amounts are subject to a number of adjustments in order to reach the regulatory exposure amount which is shown in table UK LI2 above. The main regulatory adjustments relate to:

- Off-balance sheet amounts which principally consist of undrawn credit facilities after the application of credit conversion factors (CCF)
- Differences due to different netting rules which reflects the effects of master netting agreements in addition to the netting permitted under International Accounting Standards (IAS) framework
- Differences due to consideration of provisions which relates to the impairment loss provisions on loans and advances and securities, and credit valuation adjustments on derivatives
- Other differences which include regulatory consolidation differences, the IFRS 9 transition adjustment and adjustments due to exposures being calculated by prescribed risk factors which are not considered in financial statement carrying values.

UK LIB: Other qualitative information on the scope of application

All NatWest Group companies are subject to policies, governance and controls set centrally. Aside from regulatory requirements, there are no current or foreseen material, practical or legal impediments to the transfer of capital or prompt repayments of liabilities when due. Entities outside the scope of consolidation are appropriately capitalised.

UK PV1⁽¹⁾: Prudent valuation adjustments (PVA)

Prudential valuation is a regulatory provision that requires additional valuation adjustments (AVAs) of fair-valued financial instruments. The purpose of these adjustments is to achieve an appropriate degree of certainty that the valuation is sufficiently prudent. Prudential valuation adjustments (PVAs) result in a deduction to CET1 capital.

	31 December 2025										
	a	b	c	d	e	UK e1	UK e2	f	g	h	
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core in approach the trading book	Of which: Total core in approach the banking book	
1 Market price uncertainty		-	8	-	14	-	-	-	11	-	11
4 Concentrated positions		-	-	-	-	-	-	-	-	-	-
6 Model risk		-	1	-	11	-	-	-	6	-	6
7 Operational risk		-	-	-	1	-	-	-	2	-	2
10 Future administrative costs		-	-	-	1	-	-	-	1	-	1
12 Total additional valuation adjustments (AVAs)									20	-	20

	31 December 2024										
	a	b	c	d	e	UK e1	UK e2	f	g	h	
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core in approach the trading book	Of which: Total core in approach the banking book	
1 Market price uncertainty	1	12	-	12	-	-	-	-	13	-	13
4 Concentrated positions	2	-	-	-	-	-	-	-	3	-	3
6 Model risk	-	4	-	14	-	-	-	-	9	-	9
7 Operational risk	-	1	-	1	-	-	-	-	2	-	2
10 Future administrative costs	-	-	-	1	-	-	-	-	1	-	1
12 Total additional valuation adjustments (AVAs)									28	-	28

(1) For more information regarding valuation methodologies of modelled and non-modelled products, the independent price verification process and the control and governance framework, please refer to the 2025 NatWest Group ARA Financial instruments – valuation (Note 10).

Annex VII: Capital

UK CC1: Composition of regulatory own funds

The table below sets out the capital resources on a transitional basis. Regulatory adjustments comprise deductions from own funds and prudential filters. The table also includes a cross reference to the corresponding rows in template UK CC2 to facilitate full reconciliation of accounting and regulatory own funds.

		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2025 £m	31 December 2024 £m
CET1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts of which: ordinary shares Of which: share premium		3,263 3,263 (a)	3,263 3,263 -
2	Retained earnings		36,368	(b) 35,770
3	Accumulated other comprehensive income (and other reserves)		(12,020)	(c) (12,580)
UK-3a	Funds for general banking risk		-	-
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		-	-
5	Minority interests (amount allowed in consolidated CET1)		-	-
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		163	(b) 353
6	CET1 capital before regulatory adjustments		27,774	26,806
CET1 capital: regulatory adjustments				
7	(-) Additional value adjustments		(20)	(28)
8	(-) Intangible assets (net of related tax liability)		(6,879)	(d) (6,980)
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)		(671)	(e) (1,001)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		292	(i) 793
12	(-) Negative amounts resulting from the calculation of expected loss amounts		(79)	-
13	(-) Any increase in equity that results from securitised assets		-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		-	-
15	(-) Defined-benefit pension fund assets (1)		(411)	(f) & (g) (401)
16	(-) Direct, indirect and synthetic holdings by an institution of own CET1 instruments		-	-
17	(-) Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution		-	-
18	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)		-	-
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)		-	-
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		-	-
UK-20b	(-) of which: qualifying holdings outside the financial sector		-	-
UK-20c	(-) of which: securitisation positions		-	-
UK-20d	(-) of which: free deliveries		-	-

UK CC1: Composition of regulatory own funds continued

		Source based on reference number/letters of the balance sheet under the regulatory scope	31 December 2025	31 December 2024
			£m	£m
CET1 capital: regulatory adjustments				
21	(-) Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		-	-
22	(-) Amount exceeding the 17.65% threshold		-	-
23	(-) of which: <i>direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>		-	-
25	(-) of which: <i>deferred tax assets arising from temporary differences</i>		-	-
UK-25a	(-) Losses for the current financial year		-	(b)
UK-25b	(-) Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses		-	-
27	(-) Qualifying AT1 deductions that exceed the AT1 items of the institution		-	-
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)		-	38
28	Total regulatory adjustments to CET1		(7,768)	(7,579)
29	CET1 capital		20,006	19,227
AT1 capital: instruments				
30	Capital instruments and the related share premium accounts	3,681	(h)	3,925
31	of which: <i>classified as equity under applicable accounting standards</i>	3,681		3,925
32	of which: <i>classified as liabilities under applicable accounting standards</i>	-		-
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	(j)	-
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-		-
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-		-
34	Qualifying T1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	(j)	-
35	of which: <i>instruments issued by subsidiaries subject to phase out</i>	-		-
36	AT1 capital before regulatory adjustments	3,681		3,925
AT1 capital: regulatory adjustments				
37	(-) Direct, indirect and synthetic holdings by an institution of own AT1 instruments	-		-
38	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution	-		-
39	(-) Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	-		-
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	-		-

UK CC1: Composition of regulatory own funds continued

		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2025 £m	31 December 2024 £m
AT1 capital: regulatory adjustments				
42	(-) Qualifying T2 deductions that exceed the T2 items of the institution		-	-
42a	Other regulatory adjustments to AT1 capital		-	-
43	Total regulatory adjustments to AT1 capital		-	-
44	AT1 capital		3,681	3,925
45	T1 capital (T1 = CET1 + AT1)		23,687	23,152
T2 capital: instruments				
46	Capital instruments and the related share premium accounts		4,902	(j) 4,504
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		-	(j) -
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		-	-
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		-	(j) -
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>		-	-
50	Credit risk adjustments		-	-
51	T2 capital before regulatory adjustments		4,902	4,504
T2 capital: regulatory adjustments				
52	(-) Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans		-	-
53	(-) Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution		-	-
54	(-) Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)		-	-
55	(-) Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)		-	-
UK-56a	(-) Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution		-	-
UK-56b	Other regulatory adjustments to T2 capital		-	-
57	Total regulatory adjustments to T2 capital		-	-
58	T2 capital		4,902	4,504
59	Total capital (TC = T1 + T2)		28,589	27,656
60	Total risk exposure amount		160,863	152,199
Capital ratios and buffers				
61	CET1 (as a percentage of total risk exposure amount)		12.4%	12.6%
62	T1 (as a percentage of total risk exposure amount)		14.7%	15.2%
63	Total capital (as a percentage of total risk exposure amount)		17.8%	18.2%

UK CC1: Composition of regulatory own funds continued

		Source based on reference number/letters of the balance sheet under the regulatory scope of consolidation	31 December 2025 £m	31 December 2024 £m
Amounts below the thresholds for deduction (before risk weighting)				
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		11.7%	11.8%
65	of which: capital conservation buffer requirement		2.5%	2.5%
66	of which: counter cyclical buffer requirement		1.9%	1.8%
67	of which: systemic risk buffer requirement			
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		1.5%	1.5%
68	CET1 available to meet buffers (as a percentage of risk exposure amount) (2)		6.6%	6.6%
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		4	4
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)		-	-
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		323	399
Applicable caps on the inclusion of provisions in T2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		215	205
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)		-	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		719	692
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements			
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements			
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

(1) Includes a prudent deduction in respect of an agreement with the pension fund to establish a legal structure to remove dividend linked contribution.

(2) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).

(3) The references (a) to (j) identify balance sheet components in table UK CC2 that are used in the calculation of regulatory capital in table UK CC1. Amounts between UK CC2 and UK CC1 are not always directly comparable due to differences in definitions and application of Capital Requirements Directive for the calculation of regulatory capital.

(4) The following lines are not presented as they are not applicable under the UK disclosure requirements: 9, 20, 24, 26, 41, 54a, 56, 69, 70, 71 and 74.

UK CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below shows the reconciliation between the accounting and regulatory consolidation with references showing the linkage between this table and UK CC1.

	As at period end 31 December 2025		
			b Under regulatory scope of consolidation as at period end £m
	a Balance sheet as in published financial statements as at period end £m		
Assets			
Cash and balances at central banks	56,187	56,199	
Derivatives	420	420	
Loans to banks - amortised cost	4,946	5,105	
Loans to customers - amortised cost	379,574	379,570	
Amounts due from holding company and fellow subsidiaries	235	235	
Other financial assets	52,910	52,465	
Intangible assets	6,935	6,935	(d)
Property, plant and equipment	3,982	3,982	
Current and deferred tax assets	1,102	1,102	
<i>of which: DTAs that rely on future profitability and do not arise from temporary differences</i>	671	671	(e)
Prepayments, accrued income and other assets	1,595	1,618	
<i>of which: defined benefit pension fund assets</i>	47	47	(f)
Total assets	507,886	507,631	
Liabilities			
Bank deposits	33,881	35,123	
Customer deposits	403,468	403,630	
Amounts due to holding company and fellow subsidiaries	23,664	23,664	(j)
Derivatives	265	265	
Other financial liabilities	5,333	3,670	
Subordinated liabilities	122	119	
Notes in circulation	3,164	3,164	
Provisions, deferred income and other liabilities	3,257	3,264	
Current and deferred tax liabilities	238	238	
<i>of which: defined benefit pension scheme assets</i>	6	6	(g)
Total liabilities	473,392	473,137	
Shareholders' Equity			
Owners' equity			
Called up share capital	3,263	3,263	(a)
Reserves	31,223	31,223	
<i> of which: amount eligible for retained earnings</i>	39,560	39,560	(b)
<i> of which: amount eligible for accumulated OCI and other reserves</i>	(12,018)	(12,018)	(c) & (i)
<i> of which: amount of other equity instruments</i>	3,681	3,681	(h)
Non-controlling interests	8	8	-
Total shareholders' equity	34,494	34,494	

(1) The references (a) to (j) identify balance sheet components in table UK CC2 that are used in the calculation of regulatory capital in table UK CC1. Amounts between tables UK CC2 and UK CC1 are not always directly comparable due to differences in definitions and application of Capital Requirements Directive for the calculation of regulatory capital.

Annex IX: Countercyclical capital buffers

UK CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

As part of the banking reforms introduced by Basel III, a countercyclical capital buffer is required to ensure banks take account of the macro-financial environment when assessing adequate capital requirements. The buffer is to help protect banks during periods of excess aggregate credit growth that have often been associated with the build-up of system wide risk. This regime is intended to help reduce the risk that the supply of credit will be constrained during a period of economic downturn which in turn could undermine the performance of the real economy and consequently result in additional credit losses in the banking system.

The table below summarises NWH Group's total exposures and own funds requirements based on country of economic operation of the customer. Where applicable, a countercyclical capital buffer rate is applied to the own funds requirement for the geographic region to capture an additional countercyclical requirement.

General credit and trading book exposures exclude those with central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions. The exposures below therefore differ from those presented in the Credit and Counterparty credit risk sections.

31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -				Own fund requirements								
	General credit exposures		Market risk		Securitisation			Relevant credit			Risk		
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures - exposure value for non-trading book	Total exposure value	Relevant credit risk	Relevant credit exposures -	Relevant credit exposures - Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Own fund requirements	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country (with existing CCyB rates) (1)													
Norway	150	234	-	-	22	406	15	-	-	15	185	0.14%	2.50%
Denmark	-	139	-	-	39	178	7	-	1	8	103	0.08%	2.50%
United Kingdom	26,765	337,473	-	-	21,188	385,426	9,321	-	291	9,612	120,154	90.25%	2.00%
Netherlands	248	1,174	-	-	684	2,106	50	-	9	59	732	0.55%	2.00%
Sweden	76	1,512	-	-	141	1,729	49	-	3	52	649	0.49%	2.00%
Bulgaria	-	1	-	-	-	1	-	-	-	-	-	-	2.00%
Ireland	164	1,525	-	-	206	1,895	59	-	5	64	802	0.60%	1.50%
Slovakia	-	1	-	-	-	1	-	-	-	-	-	-	1.50%
Czech Republic	-	2	-	-	-	2	-	-	-	-	1	-	1.25%
France	56	834	-	-	337	1,227	33	-	3	36	447	0.34%	1.00%
Belgium	49	401	-	-	37	487	21	-	1	22	277	0.21%	1.00%
Australia	2	105	-	-	18	125	2	-	-	2	22	0.02%	1.00%
Poland	-	9	-	-	11	20	-	-	-	-	5	-	1.00%
Cyprus	-	8	-	-	-	8	-	-	-	-	1	-	1.00%
Hungary	-	3	-	-	-	3	-	-	-	-	1	-	1.00%
Romania	-	1	-	-	-	1	-	-	-	-	-	-	1.00%
Lithuania	-	1	-	-	-	1	-	-	-	-	-	-	1.00%
Republic of Korea	-	1	-	-	-	1	-	-	-	-	-	-	1.00%
Germany	147	1,434	-	-	56	1,637	80	-	2	82	1,024	0.77%	0.75%
Spain	156	304	-	-	162	622	20	-	4	24	296	0.22%	0.50%
Luxembourg	114	278	-	-	58	450	18	-	1	19	239	0.18%	0.50%
Hong Kong	-	25	-	-	38	63	-	-	1	1	17	0.01%	0.50%
Chile	-	1	-	-	-	1	-	-	-	-	-	-	0.50%
Greece	-	6	-	-	-	6	-	-	-	-	1	-	0.25%
Total (countries with existing CCyB rates)	27,927	345,472	-	-	22,997	396,396	9,675	-	321	9,996	124,956	93.86%	

UK CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer continued

31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures				Market risk								
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA models	Value of trading book exposures for internal models	Securitisation exposures - for non-trading book	Relevant exposure value	Total exposure	Relevant credit risk	Relevant credit exposures -	Relevant credit exposures -	Risk weighted exposure amounts	Own fund requirements	Countercyclical buffer rate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
United States	515	12,824	-	-	989	14,328	364	-	22	386	4,825	3.62%	-
Total (Countries with zero CCyB rate and own funds requirement weights 1% and above)	515	12,824	-	-	989	14,328	364	-	22	386	4,825	3.62%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	808	6,017	-	-	1,076	7,901	251	-	18	269	3,354	2.52%	-
Total	29,250	364,313	-	-	25,062	418,625	10,290	-	361	10,651	133,135	100%	

UK CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer continued

31 December 2024	Relevant credit exposures -												Own fund requirements	Risk	Own fund requirements	Countercyclical buffer rate			
	General credit exposures				Market risk				Relevant credit										
	Exposure value	Exposure under the standardised approach	Sum of long and short positions under the IRB approach	Value of trading book for internal models	Securitisation exposures - for non-trading book	Relevant exposure value	Total exposure	Relevant credit risk	Relevant credit exposures -	Relevant credit positions in the non trading book	Total	Weighted exposure amounts	Weights %						
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%						
Breakdown by country (with existing CCyB rates) (1)																			
Norway	19	371	-	-	-	390	15	-	-	15	182	0.14%	2.50%						
Denmark	-	230	-	-	-	230	6	-	-	6	69	0.05%	2.50%						
United Kingdom	25,197	335,825	-	-	12,175	373,197	9,011	-	144	9,155	114,443	89.80%	2.00%						
Netherlands	316	1,324	-	-	296	1,936	73	-	4	77	957	0.75%	2.00%						
Sweden	76	1,435	-	-	1	1,512	50	-	-	50	631	0.49%	2.00%						
Bulgaria	-	1	-	-	-	1	-	-	-	-	-	-	2.00%						
Ireland	117	1,398	-	-	4	1,519	65	-	-	65	807	0.63%	1.50%						
Slovakia	-	1	-	-	-	1	-	-	-	-	-	-	1.50%						
Czech Republic	-	2	-	-	-	2	-	-	-	-	1	-	1.25%						
France	108	1,051	-	-	213	1,372	51	-	2	53	656	0.51%	1.00%						
Belgium	43	486	-	-	-	529	24	-	-	24	301	0.24%	1.00%						
Australia	1	138	-	-	-	139	3	-	-	3	34	0.03%	1.00%						
Cyprus	-	8	-	-	-	8	-	-	-	-	1	-	1.00%						
Romania	-	1	-	-	-	1	-	-	-	-	-	-	1.00%						
Republic of Korea	-	1	-	-	-	1	-	-	-	-	-	-	1.00%						
Lithuania	-	1	-	-	-	1	-	-	-	-	-	-	1.00%						
Germany	203	1,509	-	-	54	1,766	80	-	1	81	1,015	0.81%	0.75%						
Luxembourg	13	318	-	-	-	331	20	-	-	20	255	0.20%	0.50%						
Hong Kong	-	73	-	-	-	73	1	-	-	1	17	0.01%	0.50%						
Hungary	-	3	-	-	-	3	-	-	-	-	1	-	0.50%						
Chile	-	1	-	-	-	1	-	-	-	-	-	-	0.50%						
Total (countries with existing CCyB rates)	26,093	344,177	-	-	12,743	383,013	9,399	-	151	9,550	119,370	93.66%							

UK CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer continued

31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m
	Relevant credit exposures -												
	General credit exposures				Market risk				Own fund requirements				
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for internal models	Value of trading book exposures for SA	Securitisation exposure value for non-trading book	Total exposure value	Relevant credit risk	Relevant credit exposures -	Relevant credit Securitisation positions in the non trading book	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate	%
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Breakdown by country (with zero CCyB rates and with own funds requirement weights 1% and above)													
United States	225	11,731	-	-	44	12,000	319	-	1	320	4,004	3.14%	-
Jersey	435	1,284	-	-	-	1,719	109	-	-	109	1,362	1.07%	-
Total (Countries with zero CCyB rate and own funds requirement weights 1% and above)	660	13,015	-	-	44	13,719	428	-	1	429	5,366	4.21%	
Total (rest of the world with zero CCyB rate and below 1% requirement)	689	5,104	-	-	219	6,012	214	-	3	217	2,719	2.13%	-
Total	27,442	362,296	-	-	13,006	402,744	10,041	-	155	10,196	127,455	100.00%	

(1) This section of the table excludes countries with no exposures

UK CCyB2: Amount of institution-specific countercyclical capital buffer

	31 December 2025 £m	31 December 2024 £m
1 Total risk exposure amount	160,863	152,199
2 Institution specific countercyclical capital buffer rate	1.85%	1.85%
3 Institution specific countercyclical capital buffer requirement (1)	2,982	2,816

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

Annex XI: Leverage

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

The table below shows a reconciliation between the total assets under IFRS standards and the leverage exposure measure. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

	31 December 2025 £m	31 December 2024 £m
1 Total assets as per published financial statements (1)	507,886	489,008
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(255)	(174)
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4 (Adjustment for exemption of exposures to central banks)	(52,630)	(58,818)
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (1) of Article 429a(1) of the CRR)	-	-
6 (Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting)	(2)	-
7 Adjustment for eligible cash pooling transactions	-	-
8 Adjustment for derivative financial instruments	(887)	(1,521)
9 Adjustment for securities financing transactions (SFTs)	167	1,179
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	53,204	43,278
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(151)	(59)
UK-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-	-
12 Other adjustments	(9,131)	(10,766)
13 Total exposure measure	498,201	462,127

(1) NWH Group publishes audited financial statements on an annual basis. For further details, refer to table UK CC2.

UK LR2 - LRCom: Leverage ratio common disclosure

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

		NWH Group
	31 December 2025	31 December 2024
	£m	£m
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	473,414
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(1,666)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
5	(General credit risk adjustments to on-balance sheet items)	-
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(8,059)
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	463,689
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	364
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
9	Add-on amounts for PFE associated with SA-CCR derivatives transactions	836
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-
UK-9b	Exposure determined under the original exposure method	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-
11	Adjusted effective notional amount of written credit derivatives	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
13	Total derivative exposures	1,200
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	46,241
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(13,619)
16	Counterparty credit risk exposure for SFT assets	167
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-
UK-17	Agent transaction exposures	-
UK-17a	(Exempted CCP leg of client cleared SFT exposures)	-
18	Total securities financing transaction exposures	32,789
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	127,143
20	(Adjustments for conversion to credit equivalent amounts)	(73,939)
21	(General provisions deducted in determining Tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)	(51)
22	Off-balance sheet exposures	53,153

UK LR2 - LRCom: Leverage ratio common disclosure continued

	31 December 2025 £m	31 December 2024 £m
Excluded exposures		
UK-22a (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b (Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	-	-
UK-22g (Excluded excess collateral deposited at triparty agents)	-	-
UK-22k (Total exempted exposures)	-	-
Capital and total exposure measure		
23 Tier 1 capital (leverage)	23,687	23,152
24 Total exposure measure including claims on central banks	550,831	520,945
UK-24a (-) Claims on central banks excluded	(52,630)	(58,818)
UK-24b Total exposure measure excluding claims on central banks	498,201	462,127
Leverage ratio		
25 Leverage ratio excluding claims on central banks (%)	4.8	5.0
UK-25a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.8	5.0
UK-25b Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	4.8	5.0
UK-25c Leverage ratio including claims on central banks (%)	4.3	4.4
26 Regulatory minimum leverage ratio requirement (%)	3.25	3.25
Additional leverage ratio disclosure requirements - leverage ratio buffers		
27 Leverage ratio buffer (%)	1.125	1.125
UK-27a Of which: G-SII or O-SII additional leverage ratio buffer (%)	0.525	0.525
UK-27b Of which: countercyclical leverage ratio buffer (%)	0.6	0.6
Additional leverage ratio disclosure requirements - disclosure of mean values		
28 Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	34,262	26,940
29 Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	32,622	33,129
UK-31 Average total exposure measure excluding claims on central banks	492,838	454,342
UK-32 Average total exposure measure including claims on central banks	545,767	518,839
UK-33 Average leverage ratio excluding claims on central banks	5.2	5.2
UK-34 Average leverage ratio including claims on central banks	4.7	4.6

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

UK LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

The table below shows the breakdown of the leverage ratio exposures on a transitional basis.

	31 December 2025 £m	31 December 2024 £m
UK-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	411,059	382,044
UK-2 Trading book exposures	-	-
UK-3 Banking book exposures, of which:	411,059	382,044
UK-4 Covered bonds	3,754	3,818
UK-5 Exposures treated as sovereigns	35,920	24,965
UK-6 Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	9,166	9,461
UK-7 Institutions	3,445	3,840
UK-8 Secured by mortgages of immovable properties	244,137	235,723
UK-9 Retail exposures	24,333	22,667
UK-10 Corporate	63,499	62,698
UK-11 Exposures in default	2,460	5,607
UK-12 Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	23,345	13,265

UK LRA: Disclosure of LR qualitative information

Processes used to manage the risk of excessive leverage

The Group actively manages capital adequacy with respect to leverage through relevant Board approved Risk Appetite measures, operational limits, targets, and recovery indicators. This ensures that the Group and its entities are sufficiently capitalised to meet supervisory leverage requirements in normal business conditions and appropriate requirements for leverage under stress events. The Group embeds its strong focus on leverage in its capital planning, capital allocation, and transfer pricing processes, incentivising businesses to make appropriate decisions with regards to leverage exposure within their portfolios. The risk of excessive leverage, including vulnerabilities to contingent leverage, are assessed as part of the Internal Capital Adequacy Assessment Process (ICAAP). The Group regularly monitors leverage targets, exposure, and capacity, on an actual and forecast basis, in relevant Governance committees.

Factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The leverage ratio as at 31 December 2025 is 4.8%. The ratio decreased 20 basis points in the period since 31 December 2024. The decrease in the leverage ratio was driven by 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.

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

The tables below show the breakdown of high-quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the Liquidity Coverage Ratio for NWH Group and UK DoLSub. The weightings applied reflect the stress factors applicable under the UK LCR rules. The values presented are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table. LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). NatWest Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity. High-quality liquid assets cover both Pillar 1 and Pillar 2 risks.

Number of data points used in the calculation of averages	NWH Group								
	Total unweighted value (average)				Total weighted value (average)				
	31 December	30 September	30 June	31 March	31 December	30 September	30 June	31 March	
	2025	2025	2025	2025	2025	2025	2025	2025	
1	12	12	12	12	12	12	12	12	
	£m	£m	£m	£m	£m	£m	£m	£m	
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)								
2	Retail deposits and deposits from small business customers of which:	261,506	259,829	258,588	257,127	18,997	18,933	18,794	18,601
3	Stable deposits	142,333	141,057	140,822	140,364	7,117	7,053	7,041	7,018
4	Less stable deposits	85,588	85,817	85,019	84,032	10,886	10,926	10,840	10,706
5	Unsecured wholesale funding	125,171	124,996	124,596	123,327	57,341	56,997	56,414	55,144
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	50,490	50,464	50,336	50,751	12,310	12,304	12,271	12,375
7	<i>Non-operational deposits (all counterparties)</i>	73,037	73,021	72,577	70,607	43,387	43,182	42,460	40,800
8	Unsecured debt	1,644	1,511	1,683	1,969	1,644	1,511	1,683	1,969
9	Secured wholesale funding					385	342	27	19
10	Additional requirements	49,509	51,002	52,481	53,844	7,491	7,656	7,972	8,390
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	1,173	1,239	1,421	1,655	1,147	1,190	1,349	1,560
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	89	-	-	-	89
13	<i>Credit and liquidity facilities</i>	48,336	49,763	51,060	52,100	6,344	6,466	6,623	6,741
14	Other contractual funding obligations	1,498	1,514	1,750	1,747	118	89	99	95
15	Other contingent funding obligations	65,900	63,097	59,053	54,378	3,140	3,019	2,840	2,674
16	Total cash outflows					87,472	87,036	86,146	84,923
Cash - inflows									
17	Secured lending (e.g. reverse repos)	24,587	22,778	21,692	20,280	302	263	240	260
18	Inflows from fully performing exposures	4,464	4,602	4,951	5,034	3,279	3,392	3,638	3,708
19	Other cash inflows	10,260	10,328	10,289	10,032	2,332	2,318	2,299	2,172
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	39,311	37,708	36,932	35,346	5,913	5,973	6,177	6,140
UK-20a	Fully exempt inflows								
UK-20b	<i>Inflows subject to 90% cap</i>								
UK-20c	<i>Inflows subject to 75% cap</i>	39,311	37,708	36,932	35,346	5,913	5,973	6,177	6,140
Total adjusted value									
UK-21	Liquidity buffer					110,991	111,896	112,582	111,965
22	Total net cash outflows					81,559	81,063	79,969	78,783
23	Liquidity coverage ratio (%)					136	138	141	142

UK LIQ1: Quantitative information of LCR continued

	UK DolSub							
	Total unweighted value (average)				Total weighted value (average)			
	31 December	30 September	30 June	31 March	31 December	30 September	30 June	31 March
	2025	2025	2025	2025	2025	2025	2025	2025
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
£m	£m	£m	£m	£m	£m	£m	£m	£m
High-quality liquid assets								
1 Total high-quality liquid assets (HQLA)					110,324	111,219	111,940	111,362
Cash - outflows								
2 Retail deposits and deposits from small business customers, of which:	261,505	259,824	258,575	257,089	18,997	18,929	18,781	18,566
3 Stable deposits	142,333	141,057	140,822	140,360	7,117	7,053	7,041	7,018
4 Less stable deposits	85,588	85,817	85,019	84,031	10,886	10,926	10,840	10,706
5 Unsecured wholesale funding	126,136	126,039	125,735	124,484	58,306	58,039	57,552	56,302
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	50,490	50,464	50,336	50,751	12,310	12,303	12,271	12,375
7 Non-operational deposits (all counterparties)	74,002	74,064	73,716	71,764	44,352	44,225	43,598	41,958
8 Unsecured debt	1,644	1,511	1,683	1,969	1,644	1,511	1,683	1,969
9 Secured wholesale funding					385	342	27	19
10 Additional requirements	46,717	48,175	49,700	51,152	7,273	7,435	7,756	8,186
11 Outflows related to derivative exposures and other collateral requirements	1,185	1,255	1,420	1,631	1,158	1,207	1,348	1,536
12 Outflows related to loss of funding on debt products	-	-	-	89	-	-	-	89
13 Credit and liquidity facilities	45,532	46,920	48,280	49,432	6,115	6,228	6,408	6,561
14 Other contractual funding obligations	1,568	1,603	1,834	1,817	187	178	183	164
15 Other contingent funding obligations	63,969	61,064	56,859	52,052	3,140	3,020	2,842	2,674
16 Total cash outflows					88,288	87,943	87,141	85,911
Cash - inflows								
17 Secured lending (e.g. reverse repos)	24,587	22,778	21,692	20,279	302	263	240	260
18 Inflows from fully performing exposures	5,164	5,333	5,563	5,667	4,168	4,298	4,481	4,559
19 Other cash inflows	10,269	10,322	10,284	10,033	2,341	2,312	2,295	2,173
UK-19a (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b (Excess inflows from a related specialised credit institution)					-	-	-	-
20 Total cash inflows	40,020	38,433	37,539	35,979	6,811	6,873	7,016	6,992
UK-20a Fully exempt inflows								
UK-20b Inflows subject to 90% cap	40,020	38,433	37,539	35,979	6,811	6,873	7,016	6,992
UK-20c Inflows subject to 75% cap								
Total adjusted value								
UK-21 Liquidity buffer					110,324	111,219	111,940	111,362
22 Total net cash outflows					81,477	81,070	80,125	78,919
23 Liquidity coverage ratio (%)					135	137	140	141

UK LIQ2: Net Stable Funding Ratio (NSFR)

31 December 2025 (In £m)	NWH Group				
	a	b	c	d	e
	Unweighted value by residual maturity (average)			Weighted Value (average)	
	No maturity	< 6 months	6 months to < 1 yr	> 1 yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	33,025	-	-	4,998	38,023
2 Own funds	33,025	-	-	4,998	38,023
3 Other capital instruments	-	-	-	-	-
4 Retail Deposits		248,638	10,819	4,525	245,985
5 Stable deposits		151,649	7,344	3,312	154,355
6 Less stable deposits		96,989	3,475	1,213	91,630
7 Wholesale funding		162,057	4,971	23,026	81,653
8 Operational deposits		51,521	-	1	7,621
9 Other wholesale funding		110,536	4,971	23,025	74,032
10 Interdependent liabilities	-	-	-	-	-
11 Other liabilities	-	7,911	-	134	134
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and capital instruments not included in the above categories		7,911	-	134	134
14 Total available stable funding (ASF)					365,795
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					5,296
EU-15a Assets encumbered for more than 12 million in cover pool		-	-	-	-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-
17 Performing loans and securities:					
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	58,735	18,171	299,586	243,253	
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	24,962	4,434	563	2,780	
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21 With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk	3,130	637	4,005	4,499	
22 Performing residential mortgages, of which:					
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	25,314	8,400	91,985	98,606	
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	7,976	2,087	26,309	31,341	
25 Interdependent assets	5,329	4,700	201,701	136,120	
26 Other assets:	5,329	4,700	201,701	136,120	
27 Physical traded commodities	-	-	-	-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	3,313	227	22,956	20,977	
29 NSFR derivative assets	-	-	-	977	830
30 NSFR derivative liabilities before deduction of variation margin posted	559	-	-	-	559
31 All other assets not included in the above categories	1,756	-	-	-	88
32 Off-balance sheet items	998	227	21,980	19,500	
33 Total RSF	117,023	-	-	-	6,383
34 Net Stable Funding Ratio (%)					133

UK LIQ2: Net Stable Funding Ratio (NSFR) continued

	(In £m)	NWH Group				
		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted Value (average)
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
31 December 2024						
Available stable funding (ASF) Items						
1 Capital items and instruments		31,595	-	-	4,882	36,477
2 Own funds		31,595	-	-	4,882	36,477
3 Other capital instruments		-	-	-	-	-
4 Retail Deposits		242,862	10,868	3,628	239,691	
5 Stable deposits		147,123	6,988	2,590	148,996	
6 Less stable deposits		95,739	3,880	1,038	90,695	
7 Wholesale funding		151,774	5,103	25,329	84,811	
8 Operational deposits		50,118	-	4	6,742	
9 Other wholesale funding		101,656	5,103	25,325	78,069	
10 Interdependent liabilities		-	-	-	-	-
11 Other liabilities		-	6,767	-	192	192
12 NSFR derivative liabilities		-	-	-	-	-
13 All other liabilities and capital instruments not included in the above categories		6,767	-	192	192	
14 Total available stable funding (ASF)		6,767	-	192	192	361,171
Required stable funding (RSF) Items						
15 Total high-quality liquid assets (HQLA)						6,172
EU-15a Assets encumbered for more than 12 million in cover pool		-	-	-	-	-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-	-
17 Performing loans and securities:		55,606	15,975	287,439	234,857	
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		20,977	2,478	375	1,614	
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		3,619	708	3,706	4,323	
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		25,489	8,145	87,127	95,920	
21 With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk		8,585	2,079	25,853	31,185	
22 Performing residential mortgages, of which:		5,521	4,644	194,657	131,609	
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,521	4,644	194,657	131,609	
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	1,574	1,391	
25 Interdependent assets		-	-	-	-	-
26 Other assets:		4,505	114	22,699	20,652	
27 Physical traded commodities		-	-	-	-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	1,075	914	
29 NSFR derivative assets		799	-	-	799	
30 NSFR derivative liabilities before deduction of variation margin posted		2,866	-	-	143	
31 All other assets not included in the above categories		840	114	21,625	18,796	
32 Off-balance sheet items		96,012	-	-	4,801	
33 Total RSF		-	-	-	-	266,482
34 Net Stable Funding Ratio (%)		-	-	-	-	136

UK LIQ2: Net Stable Funding Ratio (NSFR) continued

	(In £m)	UK DoSub					
		a		b		c	
		Unweighted value by residual maturity (average)		6 months to < 1 yr		d	
		No maturity	< 6 months	yr	> 1 yr	e	
Available stable funding (ASF) Items							
1	Capital items and instruments	24,337	-	-	4,706	29,044	
2	Own funds	24,337	-	-	4,706	29,044	
3	Other capital instruments	-	-	-	-	-	
4	Retail Deposits		248,638	10,819	4,525	245,985	
5	Stable deposits		151,649	7,344	3,312	154,355	
6	Less stable deposits		96,989	3,475	1,213	91,630	
7	Wholesale funding		165,445	7,561	18,019	77,941	
8	Operational deposits		52,642	-	1	7,621	
9	Other wholesale funding		112,803	7,561	18,018	70,320	
10	Interdependent liabilities	-	-	-	-	-	
11	Other liabilities	-	11,686	-	119	119	
12	NSFR derivative liabilities	-	-	-	-	-	
13	All other liabilities and capital instruments not included in the above categories		11,686	-	119	119	
14	Total available stable funding (ASF)					353,089	
Required stable funding (RSF) Items							
15	Total high-quality liquid assets (HQLA)					5,262	
EU-15a	Assets encumbered for more than 12 million in cover pool		-	-	-	-	
16	Deposits held at other financial institutions for operational purposes		-	-	-	-	
17	Performing loans and securities:		58,021	18,222	303,262	247,503	
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		24,747	4,434	563	2,780	
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		7,590	2,244	17,902	19,645	
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		20,362	6,846	81,229	87,149	
21	With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk		6,015	1,435	21,616	25,341	
22	Performing residential mortgages, of which:		5,322	4,698	201,617	136,061	
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5,322	4,698	201,617	136,061	
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	1,951	1,868	
25	Interdependent assets	-	-	-	-	-	
26	Other assets:	-	3,263	173	17,166	15,074	
27	Physical traded commodities		-	-	-	-	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	977	830	
29	NSFR derivative assets		529	-	-	529	
30	NSFR derivative liabilities before deduction of variation margin posted		1,765	-	-	88	
31	All other assets not included in the above categories		968	173	16,189	13,626	
32	Off-balance sheet items		110,323	-	-	6,030	
33	Total RSF					273,869	
34	Net Stable Funding Ratio (%)					129	

UK LIQ2: Net Stable Funding Ratio (NSFR) continued

31 December 2024 (In £m)	UK DoLSuB				
	a	b	c	d	e
	Unweighted value by residual maturity (average)				Weighted Value (average)
	No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	19,898	-	-	4,172	24,070
2 Own funds	19,898	-	-	4,172	24,070
3 Other capital instruments	-	-	-	-	-
4 Retail Deposits	242,961	10,868	3,627	239,777	
5 Stable deposits	147,113	6,988	2,590	148,985	
6 Less stable deposits	95,848	3,880	1,037	90,792	
7 Wholesale funding	154,766	7,829	20,567	81,412	
8 Operational deposits	50,118	-	4	6,742	
9 Other wholesale funding	104,648	7,829	20,563	74,670	
10 Interdependent liabilities	-	-	-	-	-
11 Other liabilities	-	14,631	-	119	119
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and capital instruments not included in the above categories	-	14,631	-	119	119
14 Total available stable funding (ASF)					345,378
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					6,181
EU-15a Assets encumbered for more than 12 million in cover pool	-	-	-	-	-
16 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17 Performing loans and securities:					
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	54,098	15,888	289,667	237,613	
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	20,728	2,478	375	1,614	
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21 With a risk weight of less than or equal to 35% under Basel II Standardised Approach for credit risk	7,262	2,170	16,996	18,694	
22 Performing residential mortgages, of which:					
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	20,816	6,631	76,452	84,688	
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	6,752	1,416	21,179	25,263	
25 Interdependent assets	5,292	4,609	194,270	131,226	
26 Other assets:	5,292	4,609	194,270	131,226	
27 Physical traded commodities	-	-	-	-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	3,974	103	20,338	18,001	
29 NSFR derivative assets	-	-	-	-	-
30 NSFR derivative liabilities before deduction of variation margin posted	750	-	-	750	
31 All other assets not included in the above categories	2,817	-	-	141	
32 Off-balance sheet items	407	103	19,263	16,197	
33 Total RSF	88,997	-	-	4,450	
34 Net Stable Funding Ratio (%)					130

UK LIQA: Liquidity risk management

Strategies and processes in the management of the liquidity risk, including policies on funding

The Internal Liquidity Adequacy Assessment Process (ILAAP) is the key mechanism for assessing the liquidity and funding needs of NWH Group. It is used to comprehensively identify sources and potential sources of liquidity risk. The ILAAP is completed at least annually, and ensures liquidity and funding risks are identified, measured, managed, and monitored across different time horizons and stress scenarios. The annual ILAAP is approved by NatWest Holdings Limited Board and is compliant with regulatory standards. As part of the ILAAP, an annual review of stress assumptions is undertaken to ensure they remain appropriate.

On at least an annual basis NatWest Holdings Limited Board approve the liquidity and funding risk appetites, consisting of qualitative statements and supporting quantitative measures, which define the type and aggregate level of risk we are willing to accept in pursuit of our strategic objectives and business plans. The risk appetites are supported by a series of operational limits. In order to ensure our funding is managed within risk appetite, a 5-year Funding Plan is maintained, subject to at least annual refresh. This is supported by monthly rolling forecasts, which track expected performance against plan.

Structure and organisation of the liquidity risk management function

On an annual basis NatWest Group plc Board review and approve the overall approach to risk management in NatWest Group as laid out in the enterprise-wide risk management framework (EWRMF), as well as key components of liquidity management, including the liquidity and funding risk appetites, the ILAAP and Recovery Plan (bi-annually).

The structure and organisation of liquidity and funding risk management is defined within the Group Liquidity and Funding Risk Policy, which is approved by Group Board Risk Committee. It includes defined roles and responsibilities which are consistent with the Three Lines of Defence Model within the overall EWRMF, which ensures effective oversight and assurance. These are also aligned to the Senior Manager Function (SMF) requirements.

NWH Group's subject to these Group approaches.

Centralisation of liquidity management and interaction between the group's units

NWH Group manages its liquidity to ensure it is always available when and where required, taking into account regulatory, legal and other constraints. The PRA has granted a permission for NWB Plc, RBS plc and Coutts & Co to apply the requirements in the Liquidity Parts of CRR (inc LCR and NSFR) as a single liquidity sub-group (the UK DoLSub). Principal liquidity portfolios in NWH Group are maintained in the UK DoLSub (primarily in NWB Plc). All legal entities within NWH Group are managed to all relevant local regulatory requirements as well as within internally defined risk appetites. All legal entities within NWH Group are subject to the Group Liquidity and Funding Policies.

Scope and nature of liquidity risk reporting and measurement systems

Regulatory and Risk Reporting and Control has overall accountability for the accurate and timely production of external regulatory liquidity reporting and internal liquidity management reporting.

The liquidity position of NWH Group, UK DoLSub and other material subsidiaries is reported on a daily basis to those Executives with responsibility of the management and control of liquidity risk, and on a regular basis to NWH ALCo and NWH BRC. Defined escalation processes are in place for breach of any liquidity risk appetites or operational limits. Liquidity condition indicators are monitored daily and provide early warning indicators of potential stresses or increased vulnerability to stress.

Policies and processes for hedging and mitigating the liquidity risk

The Group Liquidity and Funding Risk Policy defines the requirements for the identification, assessment, management and mitigation of liquidity and funding risk. These are underpinned by a strong risk culture, risk appetites, policies, and oversight and assurance via the Three Lines of Defence model.

As a key mitigant of liquidity and funding risk, NWH Group maintain liquidity portfolios, which consists of high quality liquid assets that can be monetised in times of stress. We monitor the sufficiency of the liquidity portfolios through the risk appetites. The liquidity portfolios must be managed in line with investment mandates, which are approved at least annually by the Group Treasurer and set out the level of risk we are willing to take within the regulatory and internal framework.

Contingency funding plans

NWH Group maintains integrated liquidity contingency and Recovery plans which ensure that we maintain the capabilities and capacity to identify and respond to potential or actual threats to our liquidity and funding position.

NWH Group's Recovery Plan is regularly reviewed, tested and approved by NWH Limited Board to ensure it remains effective under a variety of scenarios in line with the requirements set out by the PRA.

Key elements of the Recovery Plan include:

- A framework to facilitate early identification, monitoring and escalation of actual or potential threats to our liquidity position.
- A range of credible actions to restore liquidity in stress together with clear implementation plans, execution timelines and valuations.
- Clear procedures and playbooks to support the operational management of a stress, including procedures relating to decision making in stress, provision of management information, communication plans, regulatory engagement, disclosure requirements and the co-ordinated response across subsidiaries of NWH Group.

Stress Testing

NWH Group manages liquidity and funding risk over various time horizons using regulatory and internal measures.

Liquidity stress testing is undertaken to ensure that we hold sufficient liquidity resources, both in terms of size and composition, in the event of a severe but plausible stress event. Stress testing is undertaken on daily basis within the Stress Outflow Coverage (SOC) metric, which complements the regulatory LCR metric. The SOC framework covers an analysis of key vulnerabilities to which we are exposed and assessed against a balanced mix of scenarios including idiosyncratic, market-wide, and combined scenarios over a three month time horizon, referencing both historic and hypothetical stress events. Scenarios, assumptions and methodologies are selected and reviewed at least annually as part of the ILAAP process. All parameters used in the calculations are subject to review and challenge from 2nd line of defence and approved by the appropriate governance committee.

UK LIQA: Liquidity risk management continued

Funding stress testing is undertaken to assess longer term pressures on funding and the stability of the funding base. Scenarios are identified to test the risks and vulnerabilities to the funding plan. The funding plan sets out NWH Group's medium-and long-term obligations to ensure they are adequately met with a range of diverse funding sources.

In addition, horizon risks are assessed on an ongoing basis, in order to proactively identify any changes in customer behaviour and to ensure effective monitoring controls are in place.

Finally, we conduct enterprise-wide stress testing of which liquidity & funding are sub-components. This broad view provides us with an understanding of the full range of impacts and highlights the interplay between risk disciplines including capital and liquidity.

Adequacy of liquidity risk management arrangements

NWH Limited Board confirm the adequacy of our liquidity risk management arrangements, including systems and controls, annually via the ILAAP document. The ILAAP details NWH Group's approach to the identification, measurement and management of liquidity and funding risk and the formulation of the funding plan and is subsequently submitted to the PRA.

Management statement on liquidity risk profile

- NWH Group maintains adequate liquidity sources and a prudent funding profile, to ensure continuity of operations and to support the planned funding and business growth strategy.
- NWH Group's liquidity & funding strategy is to ensure that there is (i) sufficient liquid reserves to cover severe but plausible stresses; (ii) there are credible recovery options to execute in the event of such stresses, (iii) a stable and diversified funding base.
- The liquidity & funding risk appetite qualitative statement supports intelligent risk-taking aligned to NWH Group's strategy and purpose. The qualitative statement articulates the nature and level of liquidity and funding risk the Group is willing to take in order to pursue strategic and business objectives.
- The qualitative statement is underpinned by quantitative limits and triggers against specific liquidity and funding risk appetite measures appetites (including regulatory measures like the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") and supporting operational limits.
- Liquidity risk is further assessed within the Internal Liquidity Adequacy Assessment Process("ILAAP") which includes a range of internally assessed stress testing scenarios.

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

LCR inputs & results over time

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

All figures included in the table represent a 12-month rolling average.

NWH Group

The average Liquidity Coverage Ratio (LCR) decreased 2% compared to Q3 2025 from 138% to 136%. This was driven by lending growth partially offset by deposit increase.

UK DoLSub

The average Liquidity Coverage Ratio (LCR) decreased 2% compared to Q3 2025 from 137% to 135%. This was driven by lending growth partially offset by deposit increase.

Concentration of funding sources

NWH Group and the DoLSub both maintain a diversified set of funding sources of which retail, SME and corporate deposits are the biggest contributors. Other sources include wholesale unsecured funding, capital (including equity and MREL-eligible bonds), central banks (TFSME), repos and covered bonds. Wholesale unsecured funding includes a range of products including deposits, commercial paper and certificates of deposit, and is accepted from various corporate counterparties and financial institutions.

Liquidity buffer composition

NWH Group

The NWH Group HQLA is primarily held in Level 1 cash and central bank Reserves (49%) and Level 1 high quality securities (44%). Level 2 securities account for 7%.

UK DoLSub

The UK DoLSub HQLA is primarily held in Level 1 cash and central bank Reserves (49%) and Level 1 high quality securities (44%). Level 2 securities account for 7%.

Derivative exposures and potential collateral calls

NWH Group and UK DoLSub actively manage its derivative exposures and potential calls with derivative outflows under stress captured within the Historical Look Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a 3-notch downgrade of the credit ratings of the entities within NWH Group are also captured.

Currency mismatch in the LCR

The LCR is calculated for euro, US dollar and sterling, which have been identified as significant currencies (having liabilities greater than, or equal to, 5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities) in accordance with the Liquidity Coverage Ratio (LCR) part of the PRA Rulebook (subject to modification). NWH Group and DoLSub manage currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.

Annex XXXV: Encumbrance

UK AE1: Encumbered and unencumbered assets

The table below provides a view of NWH Group's encumbered and unencumbered assets.

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	Of which		Of which		Of which		Of which	
	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA
	£m	£m	£m	£m	£m	£m	£m	£m
010	010	030	040	050	060	080	090	100
31 December 2025								
010 Assets of the reporting institution	42,345	16,486			455,068	82,547		
030 Equity instruments	-	-	-	-	4	-	4	-
040 Debt securities	13,100	13,100	13,100	13,100	32,378	27,540	32,378	27,540
050 of which: covered bonds	32	28	32	28	3,782	3,289	3,782	3,289
060 of which: securitisations	18	18	18	18	2,870	2,870	2,870	2,870
070 of which: issued by general governments	12,363	12,363	12,363	12,363	13,238	9,422	13,238	9,422
080 of which: issued by financial corporations	660	661	660	661	19,008	17,822	19,008	17,822
090 of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	28,267	3,442			422,478	54,117		

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	Of which		Of which		Of which		Of which	
	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA	notionally eligible	EHQLA and HQLA
	£m	£m	£m	£m	£m	£m	£m	£m
010	010	030	040	050	060	080	090	100
31 December 2024								
010 Assets of the reporting institution	43,277	13,554			441,691	92,554		
030 Equity instruments	-	-	-	-	13	-	13	-
040 Debt securities	8,502	8,502	8,502	8,502	27,038	23,210	27,038	23,210
050 of which: covered bonds	1	1	1	1	3,578	3,578	3,578	3,578
060 of which: securitisations	40	40	40	40	2,437	2,397	2,437	2,397
070 of which: issued by general governments	7,624	7,624	7,624	7,624	14,668	10,247	14,668	10,247
080 of which: issued by financial corporations	1,062	1,062	1,062	1,062	13,545	12,835	13,545	12,835
090 of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	35,310	5,016			414,369	70,239		

(1) The values in row 010 reflect the median of the sums of four quarterly end-of-period values over the previous twelve months for rows 030, 040 and 120.

UK AE2: Collateral received and own debt securities issued

The table below provides a view of encumbered collateral received and own debt securities issued.

	31 December 2025				31 December 2024			
	Unencumbered				Unencumbered			
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
	Of which		Of which		Of which		Of which	
	notionally eligible		EHQLA and HQLA		notionally eligible		EHQLA and HQLA	
	£m	£m	£m	£m	£m	£m	£m	£m
	010	030	040	060	010	030	040	060
130 Collateral received by the reporting institution	6,781	6,052	26,746	25,468	5,842	5,825	20,024	20,024
140 Loans on demand	-	-	-	-	-	-	-	-
150 Equity instruments	-	-	-	-	-	-	-	-
160 Debt securities	6,781	6,052	26,746	25,468	5,842	5,825	20,024	20,024
170 of which: covered bonds	-	-	3,133	3,019	-	-	2,484	2,484
180 of which: securitisations	-	-	357	357	-	-	455	455
190 of which: issued by general governments	6,781	6,052	22,589	21,714	5,825	5,825	16,377	16,377
200 of which: issued by financial corporations	-	-	4,141	4,034	-	-	3,566	3,566
210 of which: issued by non-financial corporations	-	-	51	51	-	-	56	56
220 Loans and advances other than loans on demand	-	-	-	-	-	-	-	-
230 Other collateral received	-	-	-	-	-	-	-	-
240 Own debt securities issued other than own covered bonds or securitisations	-	-	-	-	-	-	-	-
241 Own covered bonds and securitisationssecurities issued and not yet pledged								
250 Total assets, collateral received and own debt securities issued	47,693	21,205	-	-	50,139	19,791	-	-

(1) The total collateral received as shown in row 130 is the median of the sums of four quarterly end of period values over the previous twelve months for rows 140 to 160, 220 and 230.

(2) The total in row 250 is the median of the sums of four quarterly end-of-period values over the previous twelve months for row 010 in Template UK AE1 and rows 130 and 240 in Template UK AE2.

UK AE3: Sources of encumbrance

The table below provides a view of financial liabilities associated with encumbered assets.

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	£m	£m
	010	030
31 December 2025		
010 Carrying amount of selected financial liabilities	18,618	42,593
31 December 2024		
010 Carrying amount of selected financial liabilities	14,492	42,692

UK AE4: Accompanying narrative information

The asset encumbrance disclosures present median values, which are rolling medians over the previous quarter ends. They cannot be used in direct comparison with the Asset Encumbrance presented in the Group's Annual Accounts as this is a point in time.

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

Following the implementation of ring-fencing legislation, liquidity is no longer considered fully fungible across NWH Group and principal liquidity portfolios are maintained in the UK DoLSub (primarily in NWB Plc). All NWH Group legal entities are managed within relevant local regulatory requirements, internally defined risk appetites and are subject to the Group Liquidity and Funding Policies.

NWH Group has a regulated covered bond programme comprising residential mortgages. The covered bond pool has sufficient headroom over the four bonds it has in issue. These mature from June 2026 to March 2029.

NWH Group predominately operates its encumbrance through GBP, USD and EUR currencies.

NWH Group would not consider it normal business to encumber the assets held in 030 Equity instruments and 120 Other assets.

The cover pool total was £7.1 billion as at year end 2025 based on the latest investor report.

Row 120 "Other assets" of Template UK AE1 is predominately made up of loans and advances containing mortgages, credit cards and personal loans. Of these, some are ring fenced for the central bank secured borrowing scheme or liquidity portfolio. Other assets include derivative assets and intangible assets.

Annex XV: Credit risk quality

UK CQ1: Credit quality of forborne exposures

The table below shows gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collateral and financial guarantees received by portfolio and exposure class.

	31 December 2025	a	b	c	d	e	f	g	h	
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	£m	£m
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010	Loans and advances	3,312	2,035	1,937	1,953	(74)	(756)	3,516	1,050	
020	Central banks	-	-	-	-	-	-	-	-	
030	General governments	-	15	15	15	-	(6)	9	9	
040	Credit institutions	-	-	-	-	-	-	-	-	
050	Other financial corporations	51	66	51	66	(1)	(47)	37	16	
060	Non-financial corporations	2,457	1,125	1,111	1,105	(67)	(455)	2,199	520	
070	Households	804	829	760	767	(6)	(248)	1,271	505	
080	Debt securities	-	-	-	-	-	-	-	-	
090	Loan commitments given	631	156	152	152	(3)	-	206	20	
100	Total	3,943	2,191	2,089	2,105	(77)	(756)	3,722	1,070	

UK CQ1: Credit quality of forborne exposures continued

	31 December 2024	a		b		c		d		e		f		g		h	
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions											
		Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures		On non-performing forborne exposures		Collateral received and financial guarantees received on forborne exposures		Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures					
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	3,571	2,420	2,305	2,321	(103)	(692)					4,140				1,475	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	18	18	18	-	-	(5)	-	13				13			
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	50	51	51	51	(1)	(37)			20				12			
060	Non-financial corporations	2,674	1,045	1,004	1,005	(94)	(374)			2,323				485			
070	Households	847	1,306	1,232	1,247	(8)	(276)			1,784				965			
080	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Loan commitments given	514	82	78	78	(1)	-	-	-	183				20			
100	Total	4,085	2,502	2,383	2,399	(104)	(692)			4,323				1,495			

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CQ3: Credit quality of performing and non-performing exposures by past due days

The table below shows the gross carrying amount/nominal amount (including accrued interest) of performing and non-performing exposures according to the scope of regulatory consolidation. For the on-balance sheet exposures, the template shows the breakdown by past-due band.

	31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Of which:												
		Of which:	Of which:		Unlikely to pay	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	
		Not past due or	Past due		that are not past	Past due	Past due	Past due	Past due	Past due	Past due	Past due	Of which:	
		Performing	Non-performing		due or are past	> 90 days	> 180 days	> 1 year	> 2 years	> 5 years	> 7 years	> 7 years	Defaulted	
		exposures	exposures		due ≤ 90 days	≤ 180 days	≤ 1 year	≤ 2 years	≤ 5 years	≤ 7 years	≤ 7 years	> 7 years		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	56,497	56,497	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	382,277	381,736	541	4,965	2,473	537	574	526	699	70	86	4,572	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	4,344	4,344	-	15	-	-	-	-	15	-	-	15	
040	Credit institutions	3,729	3,729	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	34,059	34,051	8	142	88	6	-	45	1	-	2	126	
060	Non-financial corporations	106,830	106,623	207	1,782	1,119	90	114	111	295	15	38	1,759	
070	Of which: SMEs	24,708	24,617	91	829	341	64	93	99	197	12	23	813	
080	Households	233,315	232,989	326	3,026	1,266	441	460	370	388	55	46	2,672	
090	Debt securities	51,981	51,981	-	-	-	-	-	-	-	-	-	-	
100	Central banks	234	234	-	-	-	-	-	-	-	-	-	-	
110	General governments	31,269	31,269	-	-	-	-	-	-	-	-	-	-	
120	Credit institutions	12,713	12,713	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	7,765	7,765	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance sheet exposures	120,934	402											380
160	Central banks	-	-											-
170	General governments	1,168	-											-
180	Credit institutions	984	-											-
190	Other financial corporations	4,380	46											46
200	Non-financial corporations	68,803	236											227
210	Households	45,599	120											107
220	Total	611,689	490,214	541	5,367	2,473	537	574	526	699	70	86	4,952	

UK CQ3: Credit quality of performing and non-performing exposures by past due days continued

	31 December 2024	£m	a	b	c	d	e	f	g	h	i	j	k	l	Gross carrying amount/nominal amount											
															Of which:			Of which:			Of which:			Of which:		
															Not past due or past due ≤ 30 days	Past due ≤ 90 days	Non performing exposures	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due ≤ 180 days	Past due ≤ 1 year	Past due ≤ 2 years	Past due ≤ 5 years	Past due ≤ 7 years	Past due > 7 years	Past due > 5 years	Past due > 2 years
005	Cash balances at central banks and other demand deposits	63,679	63,679	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	366,671	366,121	550	6,023	3,169	712	614	710	648	104	66	5,752	-	-	-	-	-	-	-	-	-	-	-	-	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
030	General governments	2,863	2,863	-	21	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21		
040	Credit institutions	1,711	1,711	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
050	Other financial corporations	37,467	37,466	1	59	6	49	-	-	1	1	2	59	-	-	-	-	-	-	-	-	-	-	-		
060	Non-financial corporations	99,934	99,657	277	1,977	1,202	131	102	207	277	30	28	1,924	-	-	-	-	-	-	-	-	-	-	-		
070	Of which: SMEs	25,312	25,171	141	1,158	589	44	89	167	228	17	24	1,128	-	-	-	-	-	-	-	-	-	-	-		
080	Households	224,696	224,424	272	3,966	1,940	532	512	502	370	72	38	3,748	-	-	-	-	-	-	-	-	-	-	-		
090	Debt securities	38,711	38,711	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
100	Central banks	47	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
110	General governments	22,356	22,356	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
120	Credit institutions	11,030	11,030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
130	Other financial corporations	5,278	5,278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
150	Off-balance sheet exposures	113,354			645																			624		
160	Central banks	-																						-		
170	General governments	720																						-		
180	Credit institutions	1,047																						-		
190	Other financial corporations	3,993			49																			49		
200	Non-financial corporations	65,339			195																			191		
210	Households	42,255			401																			384		
220	Total	582,415	468,511	550	6,668	3,169	712	614	710	648	104	66	6,376													

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CQ4: Quality of non-performing exposures by geography

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by geography. Geographical analysis is based on the country of operation of the customer.

	31 December 2025	a	b	c	d	e	f	g
		Gross carrying/ nominal amount	Of which: non performing	Of which: defaulted	Of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	£m	£m	£m	£m	£m	£m
010	On-balance sheet exposures	439,223	4,965	4,572	438,865	(3,436)	-	-
020	UK	394,720	4,745	4,352	394,527	(3,247)	-	-
030	<i>Rol</i>	2,008	2	2	2,008	(4)	-	-
040	Other Western Europe	14,153	118	118	13,988	(89)	-	-
050	US	10,318	1	1	10,318	(17)	-	-
060	Other countries	18,024	99	99	18,024	(79)	-	-
070	Off-balance sheet exposures	121,336	402	380	-	-	(53)	-
080	UK	97,609	358	336	-	-	(47)	-
090	<i>Rol</i>	1,380	-	-	-	-	(1)	-
100	Other Western Europe	7,847	3	3	-	-	(2)	-
110	US	12,476	21	21	-	-	(2)	-
120	Other countries	2,024	20	20	-	-	(1)	-
130	Total	560,559	5,367	4,952	438,865	(3,436)	(53)	-

UK CQ4: Quality of non-performing exposures by geography continued

	a	b	c	d	e	f	g
	Gross carrying/ nominal amount	Of which: non-performing	Of which: defaulted	Of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
31 December 2024	£m	£m	£m	£m	£m	£m	£m
010 On-balance sheet exposures	411,405	6,023	5,752	410,612	(3,259)-		(4)
020 UK	369,091	5,761	5,490	368,521	(3,068)-		-
030 <i>Rol</i>	1,890	9	9	1,851	(3)-		(4)
040 Other Western Europe	16,226	150	150	16,093	(94)-		-
050 US	9,476-	-		9,425	(15)-		-
060 Other countries	14,722	103	103	14,722	(79)-		-
070 Off-balance sheet exposures	113,999	645	624-	-		(50)	-
080 UK	92,426	613	592-	-		(44)	-
090 <i>Rol</i>	980-	-	-	-	-		-
100 Other Western Europe	8,213	19	19-	-		(4)	-
110 US	10,401-	-	-	-		(2)	-
120 Other countries	1,979	13	13-	-	-		-
130 Total	525,404	6,668	6,376	410,612	(3,259)	(50)	(4)

(1) The geographical breakdown disclosed is based on combined on and off-balance sheet exposures and represent 96% (31 December 2024 – 97%) of total exposure.

(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry

The table below shows gross carrying amount of performing and non-performing exposures to non-financial corporations and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by industry.

	31 December 2025	a	b	c	d	e	f
		Gross carrying amount £m	Of which: non-performing £m	Of which: defaulted £m	Of which: loans and advances subject to impairment £m	Accumulated impairment £m	Accumulated negative changes in fair value due to credit risk on non-performing exposures £m
010	Agriculture, forestry and fishing	3,778	71	69	3,778	(47)	-
020	Mining and quarrying	578	89	89	578	(45)	-
030	Manufacturing	8,480	186	178	8,473	(114)	-
040	Electricity, gas, steam and air conditioning supply	8,318	86	86	8,209	(68)	-
050	Water supply	3,487	24	24	3,487	(14)	-
060	Construction	5,221	144	143	5,221	(108)	-
070	Wholesale and retail trade	13,809	106	105	13,788	(147)	-
080	Transport and storage	6,954	42	42	6,916	(44)	-
090	Accommodation and food service activities	5,047	176	176	5,047	(118)	-
100	Information and communication	7,314	269	268	7,271	(185)	-
110	Financial and insurance activities	11	-	-	11	-	-
120	Real estate activities	28,243	233	231	28,239	(168)	-
130	Professional, scientific and technical activities	2,728	48	48	2,727	(43)	-
140	Administrative and support service activities	7,557	65	65	7,508	(55)	-
150	Public administration and defence, compulsory social security	38	1	1	38	-	-
160	Education	630	23	19	630	(7)	-
170	Human health services and social work activities	4,603	109	105	4,603	(57)	-
180	Arts, entertainment and recreation	1,172	56	56	1,172	(40)	-
190	Other services	644	54	54	644	(40)	-
200	Total	108,612	1,782	1,759	108,340	(1,300)	-

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry continued

	a	b	c	d	e	f
						Accumulated negative changes in fair value due to credit risk on non-performing exposures
31 December 2024						£m
	£m	£m	£m	£m	£m	£m
010 Agriculture, forestry and fishing	3,791	81	77	3,791	(49)	
020 Mining and quarrying	576	54	54	447	(52)	
030 Manufacturing	8,476	132	123	8,465	(103)	
040 Electricity, gas, steam and air conditioning supply	7,146	80	80	7,091	(61)	
050 Water supply	3,948	25	25	3,948	(12)	
060 Construction	5,073	165	159	5,073	(119)	
070 Wholesale and retail trade	13,678	196	195	13,652	(149)	
080 Transport and storage	5,970	85	85	5,969	(66)	
090 Accommodation and food service activities	4,853	207	183	4,853	(126)	
100 Information and communication	6,126	108	108	6,011	(78)	
110 Financial and insurance activities	13	-	-	13	-	
120 Real estate activities	24,545	319	312	24,541	(194)	
130 Professional, scientific and technical activities	3,093	53	52	3,093	(48)	
140 Administrative and support service activities	7,872	210	210	7,823	(71)	
150 Public administration and defence, compulsory social security	37	1	1	37	-	
160 Education	481	21	21	481	(7)	
170 Human health services and social work activities	4,352	94	94	4,352	(62)	
180 Arts, entertainment and recreation	1,155	33	33	1,155	(23)	
190 Other services	726	113	112	726	(39)	
200 Total	101,911	1,977	1,924	101,521	(1,259)	

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CR1: Performing and non-performing exposures and related provisions

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off and collateral and financial guarantees received by portfolio and exposure class.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Accumulated impairment, accumulated negative changes in fair value														
	Gross carrying amount/nominal amount						due to credit risk and provisions								
							Performing exposures						Non-performing exposures – accumulated negative changes in fair		
	Performing exposures		Non-performing exposures		impairment and provisions		value due to credit risk and provisions						Collateral and financial guarantees received		
	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	Of which:	On performing exposures	On non-performing exposures	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 1	Stage 2	Stage 2	Stage 3	Stage 2	£m	£m	£m
31 December 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005 Cash balances at central banks and other demand deposits	56,497	56,497	-	-	-	-	-	-	-	-	-	-	-	7	-
010 Loans and advances	382,277	344,085	37,854	4,965	344	4,586	(1,284)	(551)	(733)	(2,145)	(25)	(2,120)	(234)	323,597	2,256
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	4,344	3,999	312	15	-	15	(3)	-	(3)	(6)	-	(6)	-	3,839	9
040 Credit institutions	3,729	3,729	-	-	-	-	-	-	-	-	-	-	-	3,493	-
050 Other financial corporations	34,059	33,828	231	142	-	142	(12)	(9)	(3)	(108)	-	(108)	-	30,130	29
060 Non-financial corporations	106,830	89,230	17,327	1,782	20	1,762	(503)	(189)	(314)	(797)	(1)	(796)	-	71,404	762
070 Of which: SMEs	24,708	19,759	4,945	829	12	816	(173)	(49)	(124)	(381)	-	(381)	-	21,663	387
080 Households	233,315	213,299	19,984	3,026	324	2,667	(766)	(353)	(413)	(1,234)	(24)	(1,210)	(234)	214,731	1,456
090 Debt securities	51,981	51,466	515	-	-	-	(7)	(7)	-	-	-	-	-	216	-
100 Central banks	234	234	-	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	31,269	30,754	515	-	-	-	(4)	(4)	-	-	-	-	-	-	-
120 Credit institutions	12,713	12,713	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
130 Other financial corporations	7,765	7,765	-	-	-	-	(1)	(1)	-	-	-	-	-	216	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance sheet exposures	120,934	110,718	10,216	402	9	384	(47)	(20)	(27)	(6)	-	(6)		19,781	48
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	1,168	792	376	-	-	-	(1)	-	(1)	-	-	-	-	228	-
180 Credit institutions	984	984	-	-	-	-	-	-	-	-	-	-	-	196	-
190 Other financial corporations	4,380	4,280	100	46	-	46	(1)	-	(1)	(5)	-	(5)	-	318	2
200 Non-financial corporations	68,803	61,777	7,026	236	3	233	(25)	(12)	(13)	(1)	-	(1)	-	14,814	31
210 Households	45,599	42,885	2,714	120	6	105	(20)	(8)	(12)	-	-	-	-	4,225	15
220 Total	611,689	562,766	48,585	5,367	353	4,970	(1,338)	(578)	(760)	(2,151)	(25)	(2,126)	(234)	343,601	2,304

UK CR1: Performing and non-performing exposures and related provisions continued

	31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o		
		Accumulated impairment, accumulated negative changes in fair value																
		Gross carrying amount/nominal amount								due to credit risk and provisions								
		Performing exposures		Non-performing exposures		Performing exposures			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value			Collateral and financial guarantees received			
		Of which:		Of which:		Of which:		Of which:		Of which:		Of which:		On		On non-		
		Stage 1	Stage 2	Total	£m	Stage 2	£m	Stage 3	£m	Stage 1	£m	Stage 2	£m	Stage 3	£m	On performing exposures	On non-performing exposures	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	63,679	63,581	98	-	-	-	-	(9)	(9)	-	-	-	-	-	3	-	
010	Loans and advances	366,671	326,473	39,471	6,023	243	5,730	(1,252)	(523)	(729)	(2,004)	(21)	(1,979)	(164)	313,159	3,495		
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
030	General governments	2,863	2,652	173	21	-	21	(1)	-	(1)	(5)	-	(5)	-	2,515	13		
040	Credit institutions	1,711	1,711	-	-	-	-	-	-	-	-	-	-	-	1,531	-		
050	Other financial corporations	37,467	36,299	918	59	-	59	(17)	(9)	(8)	(40)	-	(40)	-	33,680	15		
060	Non-financial corporations	99,934	86,343	13,202	1,977	67	1,903	(515)	(221)	(294)	(744)	(3)	(741)	-	66,996	1,019		
070	Of which: SMEs	25,312	21,165	4,144	1,158	35	1,117	(191)	(67)	(124)	(387)	(2)	(385)	-	22,265	679		
080	Households	224,696	199,468	25,178	3,966	176	3,747	(719)	(293)	(426)	(1,215)	(18)	(1,193)	(164)	208,437	2,448		
090	Debt securities	38,711	38,213	498	-	-	-	(7)	(6)	(1)	-	-	-	-	84	-		
100	Central banks	47	47	-	-	-	-	-	-	-	-	-	-	-	-	-		
110	General governments	22,356	21,858	498	-	-	-	(2)	(1)	(1)	-	-	-	-	-	-		
120	Credit institutions	11,030	11,030	-	-	-	-	(3)	(3)	-	-	-	-	-	84	-		
130	Other financial corporations	5,278	5,278	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-		
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
150	Off-balance sheet exposures	113,354	104,485	8,869	645	10	623	(48)	(23)	(25)	(2)	-	(2)		19,496	53		
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
170	General governments	720	657	63	-	-	-	-	-	-	-	-	-	-	71	-		
180	Credit institutions	1,047	1,047	-	-	-	-	-	-	-	-	-	-	-	222	-		
190	Other financial corporations	3,993	3,964	29	49	-	49	(1)	(1)	-	-	-	-	-	309	3		
200	Non-financial corporations	65,339	59,906	5,433	195	4	191	(25)	(14)	(11)	(2)	-	(2)		14,253	30		
210	Households	42,255	38,911	3,344	401	6	383	(22)	(8)	(14)	-	-	-	-	4,641	20		
220	Total	582,415	532,752	48,936	6,668	253	6,353	(1,316)	(561)	(755)	(2,006)	(21)	(1,981)	(164)	332,742	3,548		

(1) The gross non performing loan ratio for NWH Group is 1.28% (31 December 2024 – 1.62%). Loans and advances classified as held-for-sale, cash balances at central banks and other demand deposits were excluded from the ratio calculation.

(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CR1-A: Maturity of exposures

The table below shows the maturity breakdown of gross carrying amount net of related accumulated impairment, provisions and accumulated change in fair value due to credit risk.

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	<= 5 years	> 5 years	No stated maturity	Total
31 December 2025						
010 Loans and advances	20,879	56,080	66,215	240,639	-	383,813
020 Debt securities	-	7,735	24,080	20,159	-	51,974
030 Total	20,879	63,815	90,295	260,798	-	435,787

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	<= 5 years	> 5 years	No stated maturity	Total
31 December 2024						
010 Loans and advances	20,446	22,123	97,487	229,382	-	369,438
020 Debt securities	-	9,929	20,295	8,480	-	38,704
030 Total	20,446	32,052	117,782	237,862	-	408,142

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions. Cash balances at central banks and other demand deposits are also excluded.

UK CR2: Changes in the stock of non-performing loans and advances

The table below shows movements of gross carrying amounts of non-performing loans and advances during the period.

	a	Gross carrying amount		f
		£m	£m	
010 Initial stock of non-performing loans and advances at 1 January 2025				6,023
020 Inflows to non-performing portfolios				3,377
030 Outflows from non-performing portfolios				(4,435)
040 Outflows due to write-offs				(570)
050 Outflow due to other situations				(3,865)
060 Final stock of non-performing loans and advances at 31 December 2025				4,965

(1) Outflow due to other situations in the table above primarily includes outflow due to loan repayment, transfer to performing portfolio and reclassification as held-for-sale.

(2) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions.

UK CRA: General qualitative information about credit risk

Definition

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

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

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

- Defining and proposing credit risk appetite measures for Board approval.
- 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 expected credit loss (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 NWH Group and business unit provisions and model committees.

Risk appetite

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.

For more detail on the appetite and control frameworks relating to NWH Group's principal risks, refer to UK OVA.

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.

UK CRB: Additional disclosure related to the credit quality of assets

IFRS 9 models

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 exposure 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 forward-looking economic data 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. The framework utilises credit cycle indices across a comprehensive set of regional and industry segments.

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.

Impairment, provisioning and write-offs

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.
- 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.

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.

Annex XVII: Credit risk mitigation

UK CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table below shows net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques as recognised under the applicable accounting framework regardless of whether these techniques are recognised under CRR. The credit risk exposures in scope of this template are presented irrespective of whether the standardised approach or the IRB approach is used for RWA calculation. Counterparty credit risk exposures are excluded.

	a	b	c	d	e
	Unsecured carrying amount	Secured carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
	£m	£m	£m	£m	£m
31 December 2025					
1	Loans and advances	103,449	336,861	316,860	9,000
2	Debt securities	51,758	216	-	216
3	Total	155,207	337,077	316,860	9,216
4	<i>Of which: non-performing exposures</i>	496	2,324	2,145	111
5	<i>Of which: defaulted</i>	448	2,022	1,848	109
	a	b	c	d	e
	Unsecured carrying amount	Secured carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
	£m	£m	£m	£m	£m
31 December 2024					
1	Loans and advances	106,070	327,038	308,634	8,023
2	Debt securities	38,620	84	-	84
3	Total	144,690	327,122	308,634	8,107
4	<i>Of which: non-performing exposures</i>	410	3,609	3,257	238
5	<i>Of which: defaulted</i>	370	3,407	3,063	234

(1) Exposures classified as held-for-trading and held-for-sale are excluded from the table in accordance with FINREP definitions and Basel disclosure requirements.

UK CRC: Qualitative disclosure requirements related to CRM techniques

Credit risk mitigation

Credit risk mitigation (CRM) is defined as the use of collateral or guarantees to reduce potential loss if a customer fails to settle all or part of its obligations to NWH Group. The application of CRM depends on which approach (standardised or IRB) is used to calculate RWAs related to a credit exposure.

Recognition of CRM under the standardised approach is carried out in accordance with regulatory requirements and entails the reduction of EAD (netting and financial collateral) or the adjustment of risk-weights (in the case of real estate), third-party guarantees and/or credit derivatives. Under the IRB approach, a wider scope of collateral can be recognised.

NWH Group uses a number of credit risk mitigation approaches. These differ for Non-Personal and Personal customers.

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 (CRE).

When seeking to mitigate risk, at a minimum NWH Group considers the following:

- Suitability of the proposed risk mitigation, particularly if restrictions apply.
- The means by which legal certainty is to be established, including required documentation, supportive legal opinions and the steps needed to establish legal rights.
- Acceptability of the methodologies to be used for initial and subsequent valuation of collateral, the frequency of valuations.
- Actions which can be taken if the value of collateral or other mitigants is less than needed.
- The risk that the value of mitigants and counterparty credit quality will deteriorate simultaneously.
- The need to manage concentration risks arising from collateral types.
- The need to ensure that any risk mitigation remains legally effective and enforceable.

The business and credit teams are supported by specialist in-house documentation teams. NWH Group uses industry-standard loan and security documentation wherever possible. However, when non-standard documentation is used, external lawyers are employed to review the documentation on a case-by-case basis. Mitigants (including any associated insurance) are monitored throughout the life of the transaction to ensure they perform as anticipated. Similarly, documentation is also monitored to ensure it remains enforceable.

Non-Personal

NWH Group mitigates credit risk relating to Non-Personal customers through the use of netting, collateral and market standard documentation, depending on the nature of the counterparty and its assets. The most common types of mitigation are:

- **Commercial real estate.**
- **Other physical assets** – Including stock, plant, equipment, machinery, vehicles, ships and aircraft. Such assets are suitable collateral only if NWH Group can identify, locate, and segregate them from other assets on which it does not have a claim. NWH Group values physical assets in a variety of ways, depending on the type of asset and may rely on balance sheet valuations in certain cases.
- **Receivables** – These are amounts owed to NWH Group's counterparties by their own customers. Valuation takes into account the quality of the counterparty's receivable management processes and excludes any that are past due.

All collateral is assessed, case by case, independently of the provider to ensure that it is suitable security for the proposed loan. NWH Group monitors the value of the collateral and, if there is a shortfall, will review the position, which may lead to seeking additional collateral.

Property is used to mitigate credit risk across a number of portfolios, in particular CRE.

Commercial real estate

For CRE 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. Royal Institution of Chartered Surveyors (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.

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 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.

Annex XIX: Credit risk – standardised approach

UK CR4: standardised approach – credit risk exposure and CRM effects

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and CCFs as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

Exposure classes	a	b	c	d	e	f
	Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
31 December 2025						
1 Central governments or central banks	74,227	868	75,671	578	807	1
2 Regional governments or local authorities	94	32	90	-	5	5
3 Public sector entities	-	-	-	-	-	-
4 Multilateral development banks	5,352	-	5,352	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	543	488	323	-	95	29
7 Corporates	5,149	1,831	3,972	488	3,527	79
8 Retail	4,320	7,449	3,848	22	2,682	69
9 Secured by mortgages on immovable property	19,228	1,897	18,974	349	8,899	46
10 Exposures in default	409	14	382	-	434	114
11 Items associated with particularly high risk	109	82	109	39	221	150
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	-	-	-	-	1	250
16 Other items	960	-	960	-	543	57
17 Total	110,391	12,661	109,681	1,476	17,214	15

Exposure classes	a	b	c	d	e	f
	Exposures pre CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
31 December 2024						
1 Central governments or central banks	69,770	583	70,716	356	998	1
2 Regional governments or local authorities	217	31	206	-	4	2
3 Public sector entities	-	-	-	-	-	-
4 Multilateral development banks	5,321	-	5,321	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	659	454	522	-	151	29
7 Corporates	5,046	2,039	3,905	662	3,908	86
8 Retail	3,328	4,070	3,205	35	1,674	52
9 Secured by mortgages on immovable property	18,583	1,794	18,420	297	8,842	47
10 Exposures in default	435	26	394	1	436	110
11 Items associated with particularly high risk	-	-	-	-	-	-
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	4	-	4	-	5	117
16 Other items	441	-	441	-	411	93
17 Total	103,804	8,997	103,134	1,351	16,429	16

UK CR5: standardised approach

The table below shows credit risk EAD post CRM under the standardised approach by risk-weight, split by exposure class. It excludes counterparty credit risk and securitisations.

Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	Of which: unrated £m
	Risk-weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Total		
Exposure classes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
31 December 2025																		
1 Central governments or central banks	75,926	-	-	-	-	-	-	-	-	-	-	323	-	-	-	76,249	13,022	
2 Regional governments or local authorities	67	-	-	-	23	-	-	-	-	-	-	-	-	-	-	90	23	
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4 Multilateral development banks	5,352	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,352	-	
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6 Institutions	-	-	-	-	221	-	102	-	-	-	-	-	-	-	-	323	102	
7 Corporates	-	-	-	-	843	-	180	-	-	3,437	-	-	-	-	-	4,460	886	
8 Retail exposures	-	-	-	-	-	-	-	3,870	-	-	-	-	-	-	-	3,870	3,870	
9 Exposures secured by mortgages on immovable property	-	-	-	-	15,125	23	-	139	4,036	-	-	-	-	-	-	19,323	19,323	
10 Exposures in default	-	-	-	-	-	-	-	-	277	105	-	-	-	-	-	382	382	
11 Exposure associated with particularly high risk	-	-	-	-	-	-	-	-	-	148	-	-	-	-	-	148	148	
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16 Other items	64	-	-	-	-	2	-	-	386	-	-	-	-	508	960	960		
17 Total	81,409	-	-	1,087	15,125	307	-	4,009	8,136	253	323	-	-	508	111,157	38,716		

UK CR5: standardised approach continued

Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Risk-weight															Of which:	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Total	unrated
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31 December 2024																	
1 Central governments or central banks	70,673	-	-	-	-	-	-	-	-	-	-	399	-	-	-	71,072	6,601
2 Regional governments or local authorities	188	-	-	-	18	-	-	-	-	-	-	-	-	-	-	206	18
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	5,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,321	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	369	-	153	-	-	-	-	-	-	-	-	522	5
7 Corporates	103	-	-	-	149	-	476	-	-	3,819	-	-	-	-	-	4,547	1,196
8 Retail exposures	-	-	-	-	293	1,016	-	-	1,931	-	-	-	-	-	-	3,240	-
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	14,718	-	-	14	3,870	-	-	-	-	-	18,602	18,602
10 Exposures in default	-	-	-	-	-	-	-	-	313	82	-	-	-	-	-	395	395
11 Exposure associated with particularly high risk	-	-	-	-	-	-	-	-	-	135	-	-	-	-	-	135	116
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	4	-
15 Other items	3	-	-	-	6	-	11	-	-	398	-	-	-	-	-	23	441
17 Total	76,288	-	-	835	15,734	640	-	1,945	8,404	217	399	-	-	23	104,485	27,374	

UK CRD: Qualitative disclosure requirements related to standardised model

Under the standardised approach, risk-weights are assigned to exposures in accordance with the CRR. For corporates, sovereigns and financial institutions, NWH Group uses risk-weights based on credit quality steps that are mapped from issuer level credit ratings issued by external rating agencies, namely Standard & Poor's (S&P), Moody's, Fitch and ARC.

NWH Group uses credit quality steps (CQS) to calculate the RWAs associated with credit risk exposures. Each rated exposure in the STD portfolio is assigned to one of six CQS. The CQS map to the rating of the four external rating agencies, as shown in the table below. Each CQS is associated with a particular risk-weighting. Each exposure is multiplied by the appropriate risk-weighting to calculate the relevant RWA amount. If no external rating is available, NWH Group assigns the exposure a risk-weighting in line with the CRR.

Credit quality step	Standard & Poor's	Moody's	Fitch	ARC
Step 1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-
Step 2	A+ to A-	A1 to A3	A+ to A-	A+ to A-
Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-
Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-
Step 5	B+ to B-	B1 to B3	B+ to B-	B+ to B-
Step 6	CCC+ and below	Caa1 and below	CCC and below	CCC+ and below

Annex XXI: Credit risk - IRB approach

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range

The table below shows the key parameters used for the calculation of capital requirements for credit risk exposures under the advanced IRB approach, split by PD range. The table excludes counterparty credit risk, securitisations, equity and non-credit obligation exposures.

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Central governments and central banks											
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2025												
0.00 to <0.15	15,747	14	59	15,710	0.02	37	47	1.20	1,142	7	2	1
0.00 to <0.10	15,747	14	59	15,710	0.02	37	47	1.20	1,142	7	2	1
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	1.28	1	50	1.00	-	96	-	-
0.75 to <1.75	-	-	-	-	1.28	1	50	1.00	-	96	-	-
1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to < 5.00	-	-	-	-	-	-	-	-	-	-	-	-
5.00 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exposure class)	15,747	14	59	15,710	0.02	38	47	1.20	1,142	7	2	1
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78	99,263	27	2,951	2,891

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Central governments and central banks											
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted	Exposure post CCF and average CCF	Exposure post CRM	Exposure weighted	Exposure weighted average LGD	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions	
	£m	£m	%	£m	£m	%	%	£m	%	£m	£m	
31 December 2024												
0.00 to <0.15	15,102	36	85	15,073	0.02	34	47	1.44	1,171	8	1	1
0.00 to <0.10	15,102	36	85	15,073	0.02	34	47	1.44	1,171	8	1	1
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
1.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	2.50	1	50	1	-	122	-	-
2.50 to < 5.00	-	-	-	-	2.50	1	50	1	-	122	-	-
5.00 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <20.00	-	-	-	-	-	-	-	-	-	-	-	-
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exposure class)	15,102	36	85	15,073	0.02	35	47	1.44	1,171	8	1	1
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256		0.80	97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
	Institutions											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
PD range	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2025												
0.00 to <0.15	4,731	372	69	4,859	0.06	197	45	2.11	1,050	22	2	1
0.00 to <0.10	3,649	247	81	3,721	0.04	100	45	2.70	806	22	1	1
0.10 to <0.15	1,082	125	46	1,138	0.11	97	45	0.20	244	21	1	-
0.15 to <0.25	2,334	408	38	2,490	0.19	98	24	1.83	618	25	1	1
0.25 to <0.50	1,150	15	42	1,160	0.33	33	21	2.45	307	26	-	-
0.50 to <0.75	2	4	20	3	0.64	11	62	0.30	3	94	-	-
0.75 to <2.50	4	7	44	7	1.36	21	70	0.55	10	149	-	-
0.75 to <1.75	4	5	39	6	1.27	13	69	0.38	8	141	-	-
1.75 to <2.50	-	2	57	1	1.81	8	75	1.35	2	189	-	-
2.50 to <10.00	5	25	99	27	2.60	75	75	0.42	49	184	1	-
2.50 to < 5.00	5	25	99	27	2.59	74	75	0.43	49	183	1	-
5.00 to < 10.00	-	-	-	-	5.12	1	75	-	-	273	-	-
10.00 to <100.00	-	-	-	-	11.38	2	75	-	1	317	-	-
10.00 to <20.00	-	-	-	-	11.38	2	75	-	1	312	-	-
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exposure class)	8,226	831	54	8,546	0.14	437	36	2.07	2,038	24	4	2
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78	99,263	27	2,951	2,891

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Institutions											Value adjustments £m
	On-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Exposure weighted average CCF %	Exposure post CCF and post CRM £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity (years)	Risk- weighted exposure amount after supporting factors £m	Density of risk- weighted exposure amount %	Expected loss amount £m	
31 December 2024												
0.00 to <0.15	5,502	202	64	5,537	0.07	204	45	1.70	1,199	22	2	1
0.00 to <0.10	3,405	116	70	3,387	0.04	102	45	2.62	769	23	1	1
0.10 to <0.15	2,097	86	57	2,150	0.11	102	45	0.24	430	20	1	-
0.15 to <0.25	2,393	464	39	2,568	0.20	110	24	2.06	674	26	1	2
0.25 to <0.50	811	53	54	843	0.32	32	27	2.72	280	33	1	-
0.50 to <0.75	4	2	30	5	0.64	7	54	0.04	4	79	-	-
0.75 to <2.50	149	7	35	154	1.62	21	38	0.82	112	73	1	-
0.75 to <1.75	51	7	35	53	1.27	19	14	2.38	17	32	-	-
1.75 to <2.50	98	-	20	101	1.81	2	50	-	95	94	1	-
2.50 to <10.00	4	2	77	3	3.14	86	69	0.45	6	188	-	-
2.50 to < 5.00	4	2	77	3	2.90	84	69	0.48	6	181	-	-
5.00 to < 10.00	-	-	-	-	7.24	2	75	-	-	296	-	-
10.00 to <100.00	-	-	-	-	14.19	3	75	-	1	346	-	-
10.00 to <20.00	-	-	-	-	10.24	1	75	-	1	293	-	-
20.00 to <30.00	-	-	-	-	20.48	2	75	-	-	429	-	-
30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (default)	-	-	-	-	100.00	1	50	1.00	-	-	-	-
Subtotal (exposure class)	8,863	730	47	9,110	0.16	464	37	1.88	2,276	25	5	3
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256		0.80	97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Exposures to corporates – SME											
	On-balance sheet	Off-balance sheet	Exposure weighted	Exposure post CCF and average CCF	Exposure post CRM	Exposure weighted	Exposure weighted	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Value		
	gross exposure	exposures pre CCF	average CCF %	£m	£m	average PD %	Number of obligors	average LGD %	average maturity (years)	£m	Expected loss amount	adjustments and provisions £m
31 December 2025												
0.00 to <0.15	2,017	576	40	2,254	0.08	109	36	4.42	1,160	51	1	1
0.00 to <0.10	1,345	537	40	1,563	0.07	72	37	4.53	806	52	1	1
0.10 to <0.15	672	39	47	691	0.11	37	35	4.17	354	51	-	-
0.15 to <0.25	888	441	46	1,095	0.20	1,198	36	3.56	746	68	2	2
0.25 to <0.50	1,963	1,021	44	2,408	0.40	4,721	23	3.04	1,549	64	5	6
0.50 to <0.75	1,798	748	45	2,130	0.64	2,975	22	2.67	938	44	6	5
0.75 to <2.50	4,425	1,614	40	5,071	1.21	6,242	23	2.50	3,134	62	27	37
0.75 to <1.75	3,543	1,300	40	4,058	1.07	4,837	24	2.50	2,400	59	19	24
1.75 to <2.50	882	314	41	1,013	1.81	1,406	21	2.50	734	72	8	13
2.50 to <10.00	1,438	489	40	1,642	3.40	2,073	21	2.43	2,349	143	31	37
2.50 to < 5.00	1,176	421	40	1,350	2.86	1,599	21	2.43	2,096	155	24	27
5.00 to < 10.00	262	68	40	292	5.90	475	22	2.44	253	86	7	10
10.00 to <100.00	291	61	34	315	13.65	424	24	2.22	303	96	16	25
10.00 to <20.00	239	53	34	258	11.89	334	23	2.21	230	89	10	20
20.00 to <30.00	51	8	34	55	21.14	78	29	2.33	69	125	5	5
30.00 to <100.00	1	-	64	2	40.96	13	33	1.22	4	230	1	-
100.00 (default)	348	28	17	355	100.00	872	38	2.03	570	161	169	128
Subtotal (exposure class)	13,168	4,978	42	15,270	3.55	18,607	26	2.94	10,749	70	257	241
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78	99,263	27	2,951	2,891

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Exposures to corporates – SME											
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted	Exposure post CCF and pre CRM	Exposure weighted	Exposure weighted	Exposure weighted	Exposure weighted average	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%	Number of obligors	average LGD %	(years)	£m	%	£m	£m
31 December 2024												
0.00 to <0.15	2,034	613	56	2,384	0.08	142	37	4.23	665	28	1	1
0.00 to <0.10	1,137	502	58	1,436	0.07	79	37	4.52	387	27	1	-
0.10 to <0.15	897	111	45	948	0.11	63	36	3.79	278	29	-	1
0.15 to <0.25	569	326	53	741	0.20	1,336	35	3.58	306	41	1	1
0.25 to <0.50	2,195	1,081	47	2,692	0.40	5,182	24	2.88	795	30	3	7
0.50 to <0.75	2,034	813	42	2,378	0.64	3,290	23	2.67	808	34	4	9
0.75 to <2.50	4,613	1,736	41	5,332	1.20	6,280	23	2.45	2,303	43	17	31
0.75 to <1.75	3,715	1,378	41	4,276	1.06	4,917	23	2.42	1,771	41	12	21
1.75 to <2.50	898	358	43	1,056	1.81	1,364	22	2.56	532	50	5	10
2.50 to <10.00	1,561	447	42	1,759	3.54	2,183	22	2.37	952	54	16	42
2.50 to < 5.00	1,232	376	42	1,398	2.89	1,730	22	2.33	706	51	11	29
5.00 to < 10.00	329	71	41	361	6.05	454	23	2.51	246	68	5	13
10.00 to <100.00	330	52	37	353	14.14	465	24	2.41	310	88	12	27
10.00 to <20.00	286	43	36	305	12.60	375	25	2.40	273	90	9	23
20.00 to <30.00	39	9	43	43	21.74	75	16	2.58	30	69	2	4
30.00 to <100.00	5	-	76	5	40.96	17	31	1.64	7	134	1	-
100.00 (default)	494	47	22	507	100.00	1,037	37	1.68	805	159	179	171
Subtotal (exposure class)	13,830	5,115	45	16,146	4.41	19,908	26	2.83	6,944	43	233	289
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256		0.80	97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b		c		d		e		f		g		h		i		j		k		l		m
	Exposures to corporates - other												Risk-weighted		Density of risk-weighted		Value						
	On-balance sheet	Off-balance sheet	Exposure gross	Exposure weighted	Exposure post CCF and pre CRM	Exposure weighted	Number of obligors	Exposure weighted	Exposure weighted average	Exposure amount after supporting factors	Exposure amount	Exposure amount	Expected loss amount	Expected loss amount	and provisions								
PD range	£m	£m	£m	%	£m	%	Number of obligors	Exposure weighted	Exposure weighted average	Exposure amount after supporting factors	Exposure amount	Exposure amount	Expected loss amount	Expected loss amount	and provisions								
31 December 2025																							
0.00 to <0.15	22,300	24,519	42		32,687	0.07	1,497	38	3.02	7,125	22	8	8										
0.00 to <0.10	18,751	20,592	43		27,555	0.06	975	38	3.07	5,521	20	6	5										
0.10 to <0.15	3,549	3,927	42		5,132	0.11	523	40	2.75	1,604	31	2	3										
0.15 to <0.25	6,826	6,012	41		9,124	0.19	1,048	35	3.05	3,451	38	6	11										
0.25 to <0.50	5,720	4,957	45		7,855	0.39	1,995	32	2.79	4,011	51	10	17										
0.50 to <0.75	2,908	1,822	46		3,742	0.64	1,240	29	2.15	1,999	53	7	10										
0.75 to <2.50	11,423	5,993	41		13,846	1.34	4,527	26	2.40	8,485	61	46	76										
0.75 to <1.75	7,666	3,906	42		9,255	1.11	3,051	27	2.36	5,682	61	27	48										
1.75 to <2.50	3,757	2,087	41		4,591	1.81	1,477	22	2.48	2,803	61	19	28										
2.50 to <10.00	4,354	2,391	40		5,196	3.58	2,779	22	1.86	3,567	69	41	69										
2.50 to < 5.00	3,283	1,954	40		3,959	2.93	2,323	23	1.91	2,661	67	27	44										
5.00 to < 10.00	1,071	437	40		1,237	5.67	457	21	1.68	906	73	14	25										
10.00 to <100.00	332	129	40		387	14.98	366	17	2.18	320	83	10	12										
10.00 to <20.00	254	79	38		286	12.52	265	15	2.09	192	67	5	8										
20.00 to <30.00	71	50	43		94	20.51	72	21	2.29	111	119	4	4										
30.00 to <100.00	7	-	41		7	41.96	30	41	4.24	17	244	1	-										
100.00 (default)	635	216	44		732	100.00	446	45	1.88	168	23	320	329										
Subtotal (exposure class)	54,498	46,039	42		73,569	1.71	13,891	33	2.74	29,126	40	448	532										
Total (all exposures classes)	312,578	90,915	67		362,855	-	21,615,140		0.78	99,263	27	2,951	2,891										

- The reduction in overall RWAs in Corporate other is mainly driven by active RWA management.

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Exposures to corporates – other											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2024												
0.00 to <0.15	19,618	26,094	42	30,681	0.07	1,391	39	3.09	6,909	23	8	8
0.00 to <0.10	16,232	21,419	42	25,354	0.06	898	39	3.06	5,215	21	6	5
0.10 to <0.15	3,386	4,675	42	5,327	0.11	494	39	3.19	1,694	32	2	3
0.15 to <0.25	7,061	7,940	43	10,378	0.19	1,086	37	2.90	4,028	39	7	14
0.25 to <0.50	5,903	5,651	43	8,287	0.40	1,902	36	2.57	4,440	54	12	14
0.50 to <0.75	3,769	2,817	47	5,058	0.64	1,283	32	2.28	3,011	60	10	13
0.75 to <2.50	11,449	6,614	43	14,214	1.33	4,683	28	2.44	9,422	66	51	79
0.75 to <1.75	7,918	4,249	44	9,764	1.11	3,130	29	2.52	6,444	66	31	45
1.75 to <2.50	3,531	2,365	41	4,450	1.81	1,554	25	2.27	2,978	67	20	34
2.50 to <10.00	3,915	2,406	39	4,813	3.54	2,753	24	2.16	3,605	75	39	84
2.50 to < 5.00	3,000	2,033	39	3,749	2.86	2,286	25	2.20	2,836	76	26	58
5.00 to < 10.00	915	373	41	1,064	5.94	468	20	2.03	769	72	13	26
10.00 to <100.00	454	100	36	490	13.20	343	22	1.73	505	103	15	20
10.00 to <20.00	394	98	35	429	11.70	264	20	1.69	405	94	11	15
20.00 to <30.00	52	1	70	52	20.50	46	30	1.72	86	164	3	4
30.00 to <100.00	8	1	54	9	41.70	33	30	3.76	14	169	1	1
100.00 (default)	511	192	48	605	100.00	577	42	1.64	142	24	249	239
Subtotal (exposure class)	52,680	51,814	43	74,526	1.52	14,011	35	2.75	32,062	43	391	471
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256		0.80	97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – SME secured by immovable property collateral											
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Value	
	£m	£m	%	£m	%		%	£m	%	£m	£m	
31 December 2025												
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
0.15 to <0.25	-	1	100	-	0.17	43	60	-	17	-	-	
0.25 to <0.50	-	54	100	37	0.30	3,742	61	10	27	-	-	
0.50 to <0.75	47	1	100	47	0.63	835	36	13	27	-	-	
0.75 to <2.50	503	31	100	522	1.19	6,279	35	225	43	2	2	
0.75 to <1.75	435	8	100	441	1.03	4,524	31	155	35	1	1	
1.75 to <2.50	68	23	100	81	2.02	1,755	54	70	86	1	1	
2.50 to <10.00	139	2	100	141	4.55	1,541	35	132	94	2	1	
2.50 to < 5.00	91	1	100	93	3.58	1,012	35	77	84	1	1	
5.00 to < 10.00	48	1	100	48	6.42	529	35	55	114	-	-	
10.00 to <100.00	18	-	100	18	23.14	239	32	27	152	1	-	
10.00 to <20.00	10	-	100	10	13.94	147	34	16	158	-	-	
20.00 to <30.00	-	-	-	-	-	-	-	-	-	-	-	
30.00 to <100.00	8	-	100	8	34.80	92	28	11	143	1	-	
100.00 (default)	33	1	100	36	100.00	603	19	7	19	7	14	
Subtotal (exposure class)	740	90	100	801	6.58	13,280	35	414	52	12	17	
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140	0.78	99,263	27	2,951	2,891	

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – SME secured by immovable property											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2024												
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	-	1	100	-	0.17	54	60	-	17	-	-	-
0.25 to <0.50	-	60	100	40	0.30	4,019	62	11	27	-	-	-
0.50 to <0.75	52	1	100	53	0.63	963	34	13	25	-	-	-
0.75 to <2.50	529	32	100	549	1.21	6,925	30	197	36	2	3	
0.75 to <1.75	446	9	100	452	1.03	4,942	26	123	27	1	2	
1.75 to <2.50	83	23	100	97	2.02	1,984	48	74	76	1	1	
2.50 to <10.00	150	2	100	151	4.62	1,730	31	116	77	2	1	
2.50 to < 5.00	97	1	100	97	3.57	1,142	32	68	70	1	1	
5.00 to < 10.00	53	1	100	54	6.53	588	29	48	89	1	-	
10.00 to <100.00	27	-	100	28	23.70	332	26	32	115	2	1	
10.00 to <20.00	14	-	100	15	14.00	201	29	18	122	1	-	
20.00 to <30.00	1	-	-	1	29.70	6	46	2	218	-	-	
30.00 to <100.00	12	-	100	12	35.00	125	21	12	99	1	1	
100.00 (default)	40	-	100	43	100.00	686	17	7	17	7	15	
Subtotal (exposure class)	798	96	100	864	7.40	14,706	31	376	44	13	20	
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256	0.80	97,573	27	2,877	2,903	

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – non-SME secured by immovable property collateral											
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Value	
	£m	£m	%	£m	%		%	£m	%	£m	adjustments and provisions	
31 December 2025												
0.00 to <0.15	37,418	1,592	100	39,073	0.14	304,468	10		1,383	4	7	5
0.00 to <0.10	3,115	672	100	3,804	0.05	19,905	12		160	4	-	-
0.10 to <0.15	34,303	920	100	35,269	0.15	284,563	10		1,223	3	7	5
0.15 to <0.25	2,354	11,333	100	11,155	0.23	85,380	14		2,601	23	8	-
0.25 to <0.50	125,684	275	100	126,081	0.34	742,523	9		16,907	13	76	43
0.50 to <0.75	20,081	62	100	20,165	0.65	98,508	16		7,873	39	37	12
0.75 to <2.50	7,637	56	100	7,702	1.15	44,612	12		3,193	41	22	6
0.75 to <1.75	6,880	48	100	6,936	1.05	39,833	13		2,798	40	18	5
1.75 to <2.50	757	8	100	766	2.04	4,779	10		395	52	4	1
2.50 to <10.00	1,645	4	100	1,651	5.58	11,228	11		1,226	74	18	3
2.50 to < 5.00	702	3	100	707	3.53	4,761	13		480	68	6	1
5.00 to < 10.00	943	1	100	944	7.12	6,467	9		746	79	12	2
10.00 to <100.00	1,402	1	100	1,405	29.48	10,169	10		2,183	155	70	8
10.00 to <20.00	563	1	100	565	14.71	4,476	10		965	171	17	2
20.00 to <30.00	7	-	100	7	22.69	67	13		16	221	-	-
30.00 to <100.00	832	-	100	833	39.53	5,626	10		1,202	144	53	6
100.00 (default)	1,152	10	100	1,212	100.00	10,232	13		952	79	248	164
Subtotal (exposure class)	197,373	13,333	100	208,444	1.17	1,307,120	11		36,318	17	486	241
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78	99,263	27	2,951	2,891

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – non-SME secured by immovable property											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2024												
0.00 to <0.15	2,465	1,856	100	4,354	0.08	33,359	10		176	4	-	-
0.00 to <0.10	1,913	806	100	2,738	0.05	16,416	11		112	4	-	-
0.10 to <0.15	552	1,050	100	1,616	0.13	16,943	8		64	4	-	-
0.15 to <0.25	31,744	47	100	31,824	0.15	284,312	9		2,293	7	7	8
0.25 to <0.50	124,242	10,314	100	132,175	0.34	794,007	9		17,753	13	59	76
0.50 to <0.75	20,795	67	100	20,885	0.66	105,542	17		8,052	39	31	22
0.75 to <2.50	7,118	63	100	7,191	1.18	42,449	12		2,800	39	14	11
0.75 to <1.75	6,394	54	100	6,457	1.08	37,773	12		2,428	38	12	10
1.75 to <2.50	724	9	100	734	2.06	4,676	10		372	51	2	1
2.50 to <10.00	1,457	5	100	1,464	5.45	10,083	11		1,034	71	10	4
2.50 to < 5.00	697	4	100	702	3.54	4,664	12		432	62	4	1
5.00 to < 10.00	760	1	100	762	7.21	5,419	9		602	79	6	3
10.00 to <100.00	1,380	1	100	1,383	30.80	10,281	9		1,910	138	54	8
10.00 to <20.00	482	1	100	484	14.90	4,180	9		778	161	10	2
20.00 to <30.00	10	-	100	10	22.70	92	11		20	202	-	-
30.00 to <100.00	888	-	100	889	39.50	6,009	9		1,112	125	44	6
100.00 (default)	2,354	15	100	2,473	100.00	19,354	12		1,279	52	344	294
Subtotal (exposure class)	191,555	12,368	100	201,749	1.84	1,299,387	10		35,297	18	519	423
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256	0.80		97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	Retail exposures – qualifying revolving													m							
	b		c		d		e		f		g		h		i		j		k		
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Exposure weighted average LGD	Exposure weighted average maturity (years)	Exposure weighted average	Exposure supporting factors	Risk-weighted exposure	Density of risk-weighted exposure	Value									
PD range	£m	£m	%	£m	%	%	(years)	£m	%	£m	%	£m									
31 December 2025																					
0.00 to <0.15	67	5,181	100	10,670	0.04	9,566,288	53			170	2	3	7								
0.00 to <0.10	5	4,460	100	9,284	0.03	7,954,521	53			114	1	2	4								
0.10 to <0.15	62	721	100	1,386	0.11	1,611,767	56			56	4	1	3								
0.15 to <0.25	151	200	100	458	0.17	153,664	64			29	6	1	5								
0.25 to <0.50	283	1,223	100	1,460	0.36	1,539,861	59			159	11	3	9								
0.50 to <0.75	903	7,346	100	1,876	0.60	1,675,829	68			363	19	7	17								
0.75 to <2.50	2,462	9,123	100	4,380	1.44	3,139,574	71			1,718	39	48	64								
0.75 to <1.75	1,119	6,323	100	2,577	1.09	2,038,615	70			812	32	21	33								
1.75 to <2.50	1,343	2,800	100	1,803	1.94	1,100,959	72			906	50	27	31								
2.50 to <10.00	3,569	1,250	100	4,327	4.65	1,431,623	75			4,120	95	161	194								
2.50 to < 5.00	2,255	1,039	100	2,843	3.59	1,044,008	75			2,231	78	79	88								
5.00 to < 10.00	1,314	211	100	1,484	6.68	387,616	77			1,889	127	82	106								
10.00 to <100.00	401	49	100	468	22.23	202,585	72			920	197	79	58								
10.00 to <20.00	249	37	100	299	13.42	124,644	74			532	178	31	30								
20.00 to <30.00	24	2	100	28	27.54	18,273	45			39	138	4	2								
30.00 to <100.00	128	10	100	141	39.84	59,668	74			349	248	44	26								
100.00 (default)	451	90	100	463	100.00	324,690	82			615	133	347	337								
Subtotal (exposure class)	8,287	24,462	100	24,102	3.54	18,034,109	63			8,094	34	649	691								
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78		99,263	27	2,951	2,891								

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – qualifying revolving											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2024												
0.00 to <0.15	75	5,522	100	10,944	0.04	10,312,621	53		174	2	3	8
0.00 to <0.10	6	4,712	100	9,526	0.03	8,692,680	52		116	1	2	4
0.10 to <0.15	69	810	100	1,418	0.12	1,619,941	57		58	4	1	4
0.15 to <0.25	164	213	100	478	0.17	159,621	64		30	6	1	5
0.25 to <0.50	299	1,271	100	1,502	0.36	1,549,004	60		163	11	3	10
0.50 to <0.75	927	7,244	100	1,895	0.60	1,684,388	68		367	19	8	18
0.75 to <2.50	2,424	9,618	100	4,960	1.49	3,370,009	71		2,007	41	56	80
0.75 to <1.75	1,129	6,104	100	2,541	1.08	2,132,672	70		795	31	20	31
1.75 to <2.50	1,295	3,514	100	2,419	1.91	1,237,337	73		1,212	50	36	49
2.50 to <10.00	3,157	1,196	100	3,871	4.60	1,368,915	75		3,642	94	141	162
2.50 to < 5.00	2,026	985	100	2,583	3.57	1,012,550	74		2,011	78	70	77
5.00 to < 10.00	1,131	211	100	1,288	6.66	356,366	77		1,631	127	71	85
10.00 to <100.00	343	51	100	408	21.30	184,576	72		796	195	66	47
10.00 to <20.00	218	39	100	267	13.40	114,916	74		473	177	28	25
20.00 to <30.00	20	2	100	25	27.30	17,155	44		34	137	3	2
30.00 to <100.00	105	10	100	116	38.00	52,506	74		289	248	35	20
100.00 (default)	390	351	100	401	100.00	367,627	83		510	127	306	278
Subtotal (exposure class)	7,779	25,466	100	24,459	3.11	18,996,756	63		7,689	31	584	608
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256		0.80	97,573	27	2,877	2,903

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	Retail exposures – SME other													m							
	b		c		d		e		f		g		h		i		j		k		
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Exposure weighted average LGD	Exposure weighted average maturity (years)	Exposure weighted average	Risk-weighted exposure	Density of risk-weighted exposure	Value										
PD range	£m	£m	%	£m	%	%	(years)	£m	amount after supporting factors	weighted exposure amount	Expected loss amount	adjustments and provisions £m	£m								
31 December 2025																					
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
0.15 to <0.25	-	11	100	9	0.17	4,489	60	-	2	18	-	-	-	-	-	-	-	-	-		
0.25 to <0.50	-	707	100	776	0.32	377,065	62	-	216	28	2	3	-	-	-	-	-	-	-		
0.50 to <0.75	599	32	100	698	0.63	90,416	39	-	181	26	2	2	-	-	-	-	-	-	-		
0.75 to <2.50	4,300	363	100	4,790	1.29	461,193	40	-	1,750	37	26	25	-	-	-	-	-	-	-		
0.75 to <1.75	3,443	137	100	3,675	1.06	299,471	37	-	1,153	31	15	13	-	-	-	-	-	-	-		
1.75 to <2.50	857	226	100	1,115	2.02	161,724	51	-	597	54	11	12	-	-	-	-	-	-	-		
2.50 to <10.00	1,638	43	100	1,817	4.35	248,609	38	-	827	46	31	16	-	-	-	-	-	-	-		
2.50 to < 5.00	1,143	24	100	1,284	3.41	195,694	38	-	558	43	17	7	-	-	-	-	-	-	-		
5.00 to < 10.00	495	19	100	533	6.61	52,916	40	-	269	50	14	9	-	-	-	-	-	-	-		
10.00 to <100.00	286	9	100	301	21.30	34,385	42	-	218	73	26	15	-	-	-	-	-	-	-		
10.00 to <20.00	179	7	100	190	13.38	20,084	44	-	128	68	11	8	-	-	-	-	-	-	-		
20.00 to <30.00	3	-	100	3	28.39	215	42	-	2	86	-	-	-	-	-	-	-	-	-		
30.00 to <100.00	104	2	100	108	34.95	14,087	38	-	88	81	15	7	-	-	-	-	-	-	-		
100.00 (default)	428	3	100	492	100.00	109,863	42	-	270	55	278	278	-	-	-	-	-	-	-		
Subtotal (exposure class)	7,251	1,168	100	8,883	7.91	1,326,010	42	-	3,464	39	365	339	-	-	-	-	-	-	-		
Total (all exposures classes)	312,578	90,915	67	362,855	-	21,615,140	-	0.78	99,263	27	2,951	2,891	-	-	-	-	-	-	-		

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m	
PD range	Retail exposures – SME other												
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Risk-weighted exposure amount	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	%	£m	£m
31 December 2024													
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	
0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-	
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	
0.15 to <0.25	-	11	100	9	0.17	4,338	60	2	18	-	-	-	
0.25 to <0.50	-	706	100	774	0.32	374,836	63	214	28	2	3		
0.50 to <0.75	638	32	100	736	0.63	90,113	37	177	24	2	2		
0.75 to <2.50	4,995	358	100	5,490	1.27	487,179	34	1,675	31	25	34		
0.75 to <1.75	4,026	131	100	4,257	1.05	315,387	30	1,078	25	13	17		
1.75 to <2.50	969	227	100	1,233	2.02	171,794	47	597	48	12	17		
2.50 to <10.00	1,890	43	100	2,073	4.43	260,141	35	850	41	32	19		
2.50 to < 5.00	1,252	24	100	1,396	3.38	204,201	35	553	40	16	7		
5.00 to < 10.00	638	19	100	677	6.59	55,940	35	297	44	16	12		
10.00 to <100.00	371	10	100	387	22.20	37,073	36	238	61	29	16		
10.00 to <20.00	216	7	100	227	13.50	21,283	39	136	60	12	8		
20.00 to <30.00	9	-	-	9	24.80	320	39	7	76	1	-		
30.00 to <100.00	146	3	100	151	35.30	15,470	30	95	63	16	8		
100.00 (default)	2,133	3	100	2,185	100.00	98,874	13	242	11	258	253		
Subtotal (exposure class)	10,027	1,163	100	11,654	20.93	1,352,546	32	3,398	29	348	327		
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256	0.80	97,573	27	2,877	2,903		

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	Retail exposures – non-SME other													m							
	b		c		d		e		f		g		h		i		j		k		
	On-balance sheet gross exposure	Off-balance sheet exposures	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Exposure weighted average LGD	Exposure weighted average maturity (years)	Exposure weighted average	Exposure supporting factors	Risk-weighted exposure	Density of risk-weighted exposure	Value									
PD range	£m	£m	%	£m	%	Number of obligors	%	£m	%	£m	%	£m									
31 December 2025			-																		
0.00 to <0.15	-	-	100	-	0.06	1	78	-	-	14	-	-									
0.00 to <0.10	-	-	100	-	0.06	1	78	-	-	14	-	-									
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-									
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-									
0.25 to <0.50	-	-	-	-	0.45	64	66	-	-	48	-	-									
0.50 to <0.75	73	-	-	74	0.69	15,604	68	-	46	62	-	-									
0.75 to <2.50	4,486	-	-	4,607	1.52	585,219	74	-	4,206	91	53	78									
0.75 to <1.75	2,698	-	-	2,771	1.15	440,066	71	-	2,253	81	23	34									
1.75 to <2.50	1,788	-	-	1,836	2.08	145,153	77	-	1,953	106	30	44									
2.50 to <10.00	1,607	-	-	1,645	5.09	155,461	78	-	2,039	124	65	105									
2.50 to < 5.00	982	-	-	1,005	3.78	95,403	78	-	1,210	120	30	62									
5.00 to < 10.00	625	-	-	640	7.15	60,059	79	-	829	130	35	43									
10.00 to <100.00	400	-	-	407	20.29	40,696	80	-	724	178	66	59									
10.00 to <20.00	284	-	-	290	13.68	27,886	80	-	462	160	32	34									
20.00 to <30.00	-	-	-	-	26.86	3	75	-	-	196	-	-									
30.00 to <100.00	116	-	-	117	36.62	12,808	80	-	262	223	34	25									
100.00 (default)	722	-	-	797	100.00	104,612	75	-	903	113	544	585									
Subtotal (exposure class)	7,288	-	100	7,530	13.73	901,655	75	-	7,918	105	728	827									
Total (all exposures classes)	312,578	90,915	67	362,855		21,615,140		0.78	99,263	27	2,951	2,891									

UK CR6: IRB approach – Credit risk exposures by exposure class and PD range continued

a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	Retail exposures – non-SME other											
	On-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk-weighted exposure amount	Expected loss amount	Value and provisions
	£m	£m	%	£m	%		%	£m	%	£m	£m	£m
31 December 2024												
0.00 to <0.15	-	-	100	-	0	2	72	-	16	-	-	-
0.00 to <0.10	-	-	100	-	0	1	78	-	14	-	-	-
0.10 to <0.15	-	-	100	-	0.10	1	66	-	17	-	-	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	0.45	54	60	21	6,428	-	-	-
0.50 to <0.75	76	-	-	77	0.69	15,915	69	63	82	1	-	-
0.75 to <2.50	4,410	-	-	4,526	1.50	598,771	74	4,532	100	61	77	-
0.75 to <1.75	2,752	-	-	2,824	1.15	455,759	71	2,540	90	28	36	-
1.75 to <2.50	1,658	-	-	1,702	2.09	143,012	77	1,992	117	33	41	-
2.50 to <10.00	1,573	-	-	1,611	5.09	161,593	79	2,179	135	76	101	-
2.50 to < 5.00	965	-	-	989	3.77	97,007	78	1,258	127	32	56	-
5.00 to < 10.00	608	-	-	622	7.20	64,586	79	921	148	44	45	-
10.00 to <100.00	389	-	-	396	20.18	42,517	80	784	198	77	62	-
10.00 to <20.00	280	-	-	286	13.64	29,469	80	510	178	37	36	-
20.00 to <30.00	-	-	-	-	28.01	7	68	4	6,165	1	-	-
30.00 to <100.00	109	-	-	110	37.26	13,042	80	270	246	39	26	-
100.00 (default)	643	-	-	702	100.00	97,607	76	781	111	568	521	-
Subtotal (exposure class)	7,091	100		7,312	12.75	916,458	75	8,360	114	783	761	-
Total (all exposures classes)	307,725	96,788	66	360,893		22,614,256	0.80	97,573	27	2,877	2,903	-

UK CR6-A: Scope of the use of IRB and SA approaches

The table below shows the following for each AIRB exposure class: a. the percentage of the total exposure value subject to the permanent partial use of standardised approach (column c), b. the percentage of total exposure subject to the IRB approach (column d), and c. the percentage of total exposures subject to a roll-out plan (column e). The aggregate exposure value of IRB and SA exposures (as shown in column b) uses the leverage ratio exposure methodology. This template excludes counterparty credit risk (CCR) exposures and securitisation exposures.

31 December 2025	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for			Percentage of total exposure value subject to the IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		exposures subject to the Standardised approach and to the IRB approach		Percentage of total exposure value subject to the permanent partial use of the SA (%)		
		£m	£m	(%)		
1 Central governments or central banks	15,790	94,838	83.44	16.56	-	-
1.1 Of which Regional governments or local authorities	3,503	3,275	3.02	96.98	-	-
1.2 Of which Public sector entities	-	-	-	100.00	-	-
2 Institutions	10,201	10,920	10.97	89.03	-	-
3 Corporates	115,698	140,290	16.31	83.69	-	-
Of which Corporates - Specialised lending, excluding slotting approach	-	-	-	-	-	-
3.1 Of which Corporates - Specialised lending under slotting approach	19,112	19,836	-	100.00	-	-
4 Retail	249,760	237,694	3.00	97.00	-	-
4.1 of which Retail – Secured by real estate SMEs	801	741	-	100.00	-	-
4.2 of which Retail – Secured by real estate non-SMEs	208,443	206,261	1.23	98.77	-	-
4.3 of which Retail – Qualifying revolving	24,102	14,253	12.38	87.62	-	-
4.4 of which Retail – Other SMEs	8,883	8,416	15.11	84.89	-	-
4.5 of which Retail – Other non-SMEs	7,530	8,023	19.45	80.55	-	-
5 Equity	4	5	10.10	89.90	-	-
6 Other non-credit obligation assets	5,734	5,149	6.79	93.21	-	-
7 Total	397,187	488,896	22.64	77.36	-	-

UK CR6-A: Scope of the use of IRB and SA approaches continued

31 December 2024	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach		Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		£m	£m			
		a	b			
1 Central governments or central banks	15,147	90,025	83.32	16.68	-	-
1.1 Of which Regional governments or local authorities	3,460	3,456	6.28	93.72	-	-
1.2 Of which Public sector entities	-	-	-	100.00	-	-
2 Institutions	10,811	11,440	9.44	90.56	-	-
3 Corporates	117,910	138,469	16.62	83.38	-	-
Of which Corporates - Specialised lending, excluding slotting approach	-	-	-	-	-	-
3.2 Of which Corporates - Specialised lending under slotting approach	19,199	18,805	-	100.00	-	-
4 Retail	246,038	231,671	2.21	97.79	-	-
4.1 of which Retail – Secured by real estate SMEs	864	797	-	100.00	-	-
4.2 of which Retail – Secured by real estate non-SMEs	201,749	200,487	1.63	98.37	-	-
4.3 of which Retail – Qualifying revolving	24,459	12,573	2.45	97.55	-	-
4.4 of which Retail – Other SMEs	11,654	11,182	11.17	88.83	-	-
4.5 of which Retail – Other non-SMEs	7,312	6,632	4.56	95.44	-	-
5 Equity	2	6	66.05	33.95	-	-
6 Other non-credit obligation assets	5,516	5,081	7.22	92.78	-	-
7 Total	395,424	476,692	21.94	78.06	-	-

UK CR7: IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques

The table below shows the effect of credit derivatives on the calculation of IRB approach capital requirements by AIRB exposure class. The table excludes counterparty credit risk, securitisations, equity exposures and non-credit obligation assets.

	31 December 2025		31 December 2024	
	a	b	a	b
	Pre-credit derivatives RWAs £m	Actual RWAs £m	Pre-credit derivatives RWAs £m	Actual RWAs £m
5 Exposures under AIRB	99,623	99,623	97,573	97,573
6 Central governments and central banks	1,142	1,142	1,171	1,171
7 Institutions	2,038	2,038	2,276	2,276
8 Corporates	39,875	39,875	39,006	39,006
8.1 Of which: SME	10,749	10,749	6,944	6,944
8.3 Of which: Other	29,126	29,126	32,062	32,062
9 Retail	56,208	56,208	55,120	55,120
9.1 Of which: Secured by real estate SME - Secured by immovable property collateral	414	414	376	376
9.2 Of which: Secured by real estate non-SME - Secured by immovable property collateral	36,318	36,318	35,297	35,297
9.3 Of which: Qualifying revolving	8,094	8,094	7,689	7,689
9.4 Of which: Other SME	3,464	3,464	3,398	3,398
9.5 Of which: Other non-SME	7,918	7,918	8,360	8,360
10 Total	99,263	99,263	97,573	97,573

(1) Rows 1 - 4.2 are not presented as NWH Group does not use FIRB to calculate capital requirements for IRB exposures.

(2) Rows 8.2 and 3.2 (Of which: Specialised lending) of the CR7 and CR7-A tables respectively are excluded

UK CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques

The table below provides a view of the CRR credit risk mitigation techniques used in the capital requirements calculation for IRB exposures. These are presented by AIRB exposure class only as NWH Group does not apply the FIRB method. The table excludes counterparty credit risk, securitisations and non-credit obligation assets.

31 December 2025	Credit risk mitigation techniques												Unfunded credit protection (UFCP)			Credit risk mitigation methods in the calculation of RWAs														
	Funded credit protection (FCP)																													
	Total exposures		Part of exposures covered by financial collaterals		Part of exposures covered by other eligible collaterals		Part of exposures covered by immovable property collaterals		Part of exposures covered by receivables		Part of exposures covered by other physical collaterals		Part of exposures covered by other funded credit protection		Part of exposures covered by on deposit		Part of exposures covered by cash		Part of exposures covered by life insurance policies		Part of exposures held by a third party		Part of exposures covered by guarantees		Part of exposures covered by derivatives		RWA post all CRM assigned to the obligor		RWA with exposure class	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%				
1 Central governments and central banks	15,710	0.51	0.14	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,142	1,142	-	-	-	-				
2 Institutions	8,546	19.74	2.90	2.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,038	2,038	-	-	-	-				
3 Corporates	88,839	1.27	46.47	30.89	4.23	11.35	0.01	-	-	-	-	-	0.01	3.51	-	-	39,875	39,875	-	-	-	-	-	-	-	-				
3.1 Of which: SME	15,270	1.5	83.93	64.60	9.99	9.34	0.01	-	-	-	-	-	0.01	1.50	-	-	10,749	10,749	-	-	-	-	-	-	-	-				
3.3 Of which: Other	73,569	1.23	38.69	23.89	3.04	11.76	-	-	-	-	-	-	-	3.93	-	-	29,126	29,126	-	-	-	-	-	-	-	-				
4 Retail	249,760	0	179.57	179.57	-	-	-	-	-	-	-	-	-	1.18	-	-	56,208	56,208	-	-	-	-	-	-	-	-				
4.1 Of which: Immovable property SME	801	-	-	-	-	-	-	-	-	-	-	-	-	0.47	-	-	414	414	-	-	-	-	-	-	-	-				
4.2 Of which: Immovable property non-SME	208,444	-	215.17	215.17	-	-	-	-	-	-	-	-	-	-	-	-	36,318	36,318	-	-	-	-	-	-	-	-				
4.3 Of which: Qualifying revolving	24,102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,094	8,094	-	-	-	-	-	-	-	-				
4.4 Of which: Other SMEs	8,883	-	-	-	-	-	-	-	-	-	-	-	-	33.16	-	-	3,464	3,464	-	-	-	-	-	-	-	-				
4.5 Of which: Other non-SME	7,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,918	7,918	-	-	-	-	-	-	-	-				
5 Total	362,855	0.8	135.05	131.24	1.04	2.78	0.01	-	-	-	-	-	0.01	1.67	-	-	99,263	99,263	-	-	-	-	-	-	-	-				

UK CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques continued

	Credit risk mitigation techniques												Unfunded credit protection (UFCP)		Credit risk mitigation methods in the calculation of RWAs																						
	Funded credit protection (FCP)																																				
	Part of exposures covered by financial collaterals			Part of exposures covered by other eligible collaterals			Part of exposures covered by immovable property			Part of exposures covered by receivables			Part of exposures covered by other physical collaterals			Part of exposures covered by other funded credit protection			Part of exposures covered by cash on deposit			Part of exposures covered by insurance policies			Part of exposures covered by life instruments			Part of exposures held by a third party			Part of exposures covered by guarantees			Part of exposures covered by derivatives			RWA post all CRM assigned to the obligor with exposure class
	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%				
	a	b	c	d	e	f	g	h	i	j	k	l	m	n																							
31 December 2025																																					
6 Specialised lending under the slotting approach		19,085																										11,986	11,986								
7 Equity Exposures		4																										15	15								
8 Total		19,089																										12,001	12,001								

UK CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques continued

	Credit risk mitigation techniques												Unfunded credit protection (UFCP)	Credit risk mitigation methods in the calculation of RWAs			
	Funded credit protection (FCP)													Part of exposures covered by post all CRM assigned to the obligor with RWA	RWA class	RWA with substitution effects	
	Total exposures £m	Part of exposures covered by financial collaterals %	Part of exposures covered by other eligible collaterals %	Part of exposures covered by immovable property collaterals %	Part of exposures covered by receivables %	Part of exposures covered by physical collaterals %	Part of exposures covered by other funded credit protection %	Part of exposures covered by on deposit %	Part of exposures covered by by cash %	Part of exposures covered by by life insurance %	Part of exposures covered by instruments %	Part of exposures covered by third party %					
31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n			
1 Central governments and central banks	15,073	0.49	0.15	0.15	-	-	-	-	-	-	-	-	1,171	1,171			
2 Institutions	9,110	18.92	2.19	2.14	-	0.05	-	-	-	-	-	2.28	-	2,276	2,276		
3 Corporates	90,672	1.53	43.24	28.32	4.08	10.85	0.01	-	-	0.01	2.70	-	39,006	39,006			
3.1 Of which: SME	16,146	1.47	83.52	63.26	9.41	10.85	0.01	-	-	0.01	2.82	-	6,944	6,944			
3.3 Of which: Other	74,526	1.55	34.51	20.74	2.92	10.85	-	-	-	-	2.67	-	32,062	32,062			
4 Retail	246,038	-	179.05	179.05	-	-	-	-	-	-	1.61	-	55,120	55,120			
4.1 Of which: Immovable property SME	864	-	-	-	-	-	-	-	-	-	0.77	-	376	376			
4.2 Of which: Immovable property non-SME	201,749	-	218.36	218.36	-	-	-	-	-	-	-	-	35,297	35,297			
4.3 Of which: Qualifying revolving	24,459	-	-	-	-	-	-	-	-	-	-	-	7,689	7,689			
4.4 Of which: Other SMEs	11,654	-	-	-	-	-	-	-	-	-	33.91	-	3,398	3,398			
4.5 Of which: Other non-SME	7,312	-	-	-	-	-	-	-	-	-	-	-	8,360	8,360			
5 Total	360,893	0.88	132.99	129.24	1.02	2.73	0.01	-	-	0.01	1.83	-	97,573	97,573			

UK CR7-A: IRB approach – Disclosure of the extent of the use of CRM techniques continued

	Credit risk mitigation techniques												Unfunded credit protection (UFCP)	Credit risk mitigation methods in the calculation of RWAs																					
	Funded credit protection (FCP)																																		
	Part of exposures covered by financial collaterals			Part of exposures covered by other eligible collaterals			Part of exposures covered by immovable property			Part of exposures covered by receivables			Part of exposures covered by other physical collaterals			Part of exposures covered by other funded credit protection			Part of exposures covered by cash on deposit			Part of exposures covered by life insurance policies			Part of exposures covered by third party			Part of exposures covered by guarantees			Part of exposures covered by credit derivatives			RWA post all CRM assigned to the obligor with exposure class	
	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%	Total exposures	£m	%					
31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n																					
6 Specialised lending under the slotting approach	19,117																		12,010	12,010															
7 Equity Exposures	2																		-	-															
8 Total	19,119																		12,010	12,010															

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale)

The tables below provide an overview of credit risk model performance, demonstrated by the analysis of average PDs.

All tables follow the same format and adopt the following definitions:

- **PD Range** – A fixed PD is used as prescribed in the disclosure instructions. Exposures are allocated based on the PD estimated at the end of the previous year for each obligor/account. Obligor/account – retail exposure classes are reported at account level while non-retail exposure classes are reported at obligor level.
- **Number of obligors at the end of the previous year** - For 2025, these are the number of obligors as at 31 December 2024.
- **Of which number of obligors that defaulted in the year** - The subset of the number of obligors at the end of the previous year in each PD category which defaulted during the year.
- **Observed average default rate** - Volume weighted one-year default rate for each PD category (the ratio of previous two columns) expressed as a percentage.
- **Exposure weighted average PD (%)** - Exposure weighted average one-year PD for each PD category.
- **Average PD (%)** - Volume weighted average one-year PD for each PD category.
- **Average historical annual default rate (%)** - Volume weighted five-year default rate for each PD category, calculated as a simple average of the one-year default rates of the five most recent years.

Other notes relevant to these tables:

- The tables exclude counterparty credit risk, securitisation positions, other non-credit obligation assets and equity exposures.
- A total row has been added into each exposure class table. The numbers reported in total row exclude the numbers in the PD range 100.00 (Default).
- Specialised lending exposures are not reported as NWH Group uses the supervisory slotting approaches for these portfolios.
- The total number of obligors with short-term contracts (where residual maturity is less than 12 months) as at 31 December 2025 was approximately 19.4 million, representing 90% of total obligors. The overall numbers include approximately 23,727 obligors with short-term contracts residing in the Corporate - SME and Corporate - Others exposure classes. Of the total short-term contracts, the majority (93%) were in the Retail QRRE class.
- NatWest Group uses an approach with no overlapping windows in the calculation of long-run average PD rates.
- NWH Group has an established temporary model adjustment (TMA) framework in place. TMAs are used to increase RWA and/or EL where IRB model deficiencies or regulatory non-compliance is identified. TMAs are regularly reviewed until underlying model deficiencies have been remediated.
- Due to specific data exclusions used for model back-testing, the values reported in table UK CR9 do not fully reconcile with table UK CR6.

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations across all non-retail exposure classes: Default rates, exposure weighted average PDs and average PDs were largely stable when compared to 2024. The average historical five-year annual default rate remained lower than the average one year PD.

Exposure class	PD range	31 December 2025					
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)
			d	e			
Central governments & central Banks	0.00 to <0.15	34	-	-	0.02	0.02	-
	0.00 to <0.10	34	-	-	0.02	0.02	-
	0.10 to <0.15	-	-	n/a	n/a	n/a	-
	0.15 to <0.25	-	-	n/a	n/a	n/a	-
	0.25 to <0.50	-	-	n/a	n/a	n/a	-
	0.50 to <0.75	-	-	n/a	n/a	n/a	-
	0.75 to <2.50	-	-	n/a	n/a	n/a	-
	0.75 to <1.75	-	-	n/a	n/a	n/a	-
	1.75 to <2.50	-	-	n/a	n/a	n/a	-
	2.50 to <10.00	1	-	-	2.50	2.50	-
	2.50 to <5.00	1	-	-	2.50	2.50	-
	5.00 to <10.0	-	-	n/a	n/a	n/a	-
	10.00 to <100.00	-	-	n/a	n/a	n/a	-
	10.00 to <20.00	-	-	n/a	n/a	n/a	-
	20.00 to <30.00	-	-	n/a	n/a	n/a	-
	30.00 to <100.00	-	-	n/a	n/a	n/a	-
	100.00 (Default)	-	-	n/a	n/a	n/a	n/a
Total (Non-Default)		35	-	-	0.02	0.09	-

Exposure class	PD range	31 December 2024					
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)
			d	e			
Central governments & central Banks	0.00 to <0.15	35	-	-	0.01	0.02	-
	0.00 to <0.10	35	-	-	0.01	0.02	-
	0.10 to <0.15	-	-	n/a	n/a	n/a	-
	0.15 to <0.25	-	-	n/a	n/a	n/a	-
	0.25 to <0.50	1	-	n/a	0.32	0.32	-
	0.50 to <0.75	-	-	n/a	n/a	n/a	-
	0.75 to <2.50	-	-	n/a	n/a	n/a	-
	0.75 to <1.75	-	-	n/a	n/a	n/a	-
	1.75 to <2.50	-	-	n/a	n/a	n/a	-
	2.50 to <10.00	-	-	n/a	n/a	n/a	-
	2.50 to <5.00	-	-	n/a	n/a	n/a	-
	5.00 to <10.0	-	-	n/a	n/a	n/a	-
	10.00 to <100.00	-	-	n/a	n/a	n/a	-
	10.00 to <20.00	-	-	n/a	n/a	n/a	-
	20.00 to <30.00	-	-	n/a	n/a	n/a	-
	30.00 to <100.00	-	-	n/a	n/a	n/a	-
	100.00 (Default)	-	-	n/a	n/a	n/a	n/a
Total (Non-Default)		36	-	-	0.01	0.03	-

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Exposure class a	PD range b	31 December 2025					
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average annual default rate (%) h
			default rate (%) e	Average PD (%) g			
Institutions	0.00 to <0.15	179	-	-	0.07	0.09	-
	0.00 to <0.10	90	-	-	0.04	0.06	-
	0.10 to <0.15	89	-	-	0.11	0.11	-
	0.15 to <0.25	106	-	-	0.20	0.19	-
	0.25 to <0.50	32	-	-	0.32	0.35	-
	0.50 to <0.75	7	-	-	0.64	0.64	-
	0.75 to <2.50	20	-	-	1.62	1.18	-
	0.75 to <1.75	18	-	-	1.27	1.11	-
	1.75 to <2.50	2	-	-	1.81	1.81	-
	2.50 to <10.00	12	1	8.33	3.16	3.23	1.67
	2.50 to <5.00	10	1	10.00	2.92	2.64	2.00
	5.00 to <10.0	2	-	-	7.24	6.18	-
	10.00 to <100.00	3	-	-	14.19	17.07	-
	10.00 to <20.00	1	-	-	10.24	10.24	-
	20.00 to <30.00	2	-	-	20.48	20.48	-
	30.00 to <100.00	-	-	n/a	n/a	n/a	-
	100.00 (Default)	-	-	n/a	n/a	n/a	n/a
Total (Non-Default)		359	1	0.28	0.16	0.46	0.06

Exposure class a	PD range b	31 December 2024					
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average annual default rate (%) h
			default rate (%) e	Average PD (%) g			
Institutions	0.00 to <0.15	198	-	-	0.07	0.08	-
	0.00 to <0.10	120	-	-	0.05	0.06	-
	0.10 to <0.15	78	-	-	0.11	0.11	-
	0.15 to <0.25	96	-	-	0.19	0.19	-
	0.25 to <0.50	47	-	-	0.35	0.36	-
	0.50 to <0.75	9	-	-	0.64	0.64	-
	0.75 to <2.50	19	-	-	1.11	1.31	-
	0.75 to <1.75	15	-	-	1.10	1.18	-
	1.75 to <2.50	4	-	-	1.81	1.81	-
	2.50 to <10.00	14	-	-	5.01	5.29	-
	2.50 to <5.00	6	-	-	3.37	2.70	-
	5.00 to <10.0	8	-	-	7.24	7.24	-
	10.00 to <100.00	3	-	-	16.32	19.89	-
	10.00 to <20.00	1	-	-	10.24	10.24	-
	20.00 to <30.00	2	-	-	28.96	24.72	-
	30.00 to <100.00	-	-	n/a	n/a	n/a	-
	100.00 (Default)	-	-	n/a	n/a	n/a	n/a
Total (Non-Default)		386	-	-	0.14	0.56	-

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2025					
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average PD (%) h
			default rate (%) e	PD (%) f	Average PD (%) g	Average annual default rate (%) h		
Corporates	0.00 to <0.15	1,609	-	-	0.07	0.07	0.03	
	0.00 to <0.10	1,166	-	-	0.06	0.06	-	
	0.10 to <0.15	443	-	-	0.11	0.11	0.10	
	0.15 to <0.25	2,351	8	0.34	0.19	0.21	0.32	
	0.25 to <0.50	7,031	15	0.21	0.40	0.40	0.36	
	0.50 to <0.75	4,511	21	0.47	0.64	0.64	0.55	
	0.75 to <2.50	10,657	102	0.96	1.29	1.28	0.89	
	0.75 to <1.75	7,855	59	0.75	1.09	1.09	0.74	
	1.75 to <2.50	2,802	43	1.53	1.81	1.81	1.31	
	2.50 to <10.00	4,803	111	2.31	3.56	3.39	2.54	
	2.50 to <5.00	3,920	61	1.56	2.87	2.79	1.92	
	5.00 to <10.0	883	50	5.66	5.97	6.03	5.50	
	10.00 to <100.00	751	148	19.71	13.58	15.28	14.97	
	10.00 to <20.00	596	91	15.27	12.06	12.28	12.32	
	20.00 to <30.00	115	32	27.83	21.08	21.73	21.29	
	30.00 to <100.00	40	25	62.50	42.72	41.55	31.94	
	100.00 (Default)	1,565	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	31,713	405	1.28	0.81	1.50	1.21	

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2024					
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average PD (%) h
			default rate (%) e	PD (%) f	Average PD (%) g	Average annual default rate (%) h		
Corporates	0.00 to <0.15	1,586	2	0.13	0.06	0.07	0.05	
	0.00 to <0.10	1,172	-	-	0.05	0.06	0.03	
	0.10 to <0.15	414	2	0.48	0.11	0.11	0.10	
	0.15 to <0.25	2,538	17	0.67	0.19	0.21	0.25	
	0.25 to <0.50	7,690	45	0.59	0.39	0.40	0.35	
	0.50 to <0.75	4,500	24	0.53	0.64	0.64	0.53	
	0.75 to <2.50	11,348	117	1.03	1.29	1.28	0.84	
	0.75 to <1.75	8,432	68	0.81	1.11	1.09	0.72	
	1.75 to <2.50	2,916	49	1.68	1.81	1.81	1.18	
	2.50 to <10.00	4,933	158	3.20	3.44	3.29	2.47	
	2.50 to <5.00	4,179	107	2.56	2.87	2.81	1.90	
	5.00 to <10.0	754	51	6.76	5.96	5.96	5.24	
	10.00 to <100.00	662	104	15.71	13.91	15.76	12.56	
	10.00 to <20.00	484	63	13.02	11.54	12.28	10.36	
	20.00 to <30.00	145	29	20.00	21.28	21.71	17.94	
	30.00 to <100.00	33	12	36.36	40.14	40.58	23.59	
	100.00 (Default)	1,393	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	33,257	467	1.40	0.77	1.43	1.16	

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2025				
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g
			default rate (%) e	Average PD (%) g	Average annual default rate (%) h		
Exposure to corporates - SME	0.00 to <0.15	229	-	0.08	0.08	-	-
	0.00 to <0.10	130	-	0.07	0.06	-	-
	0.10 to <0.15	99	-	0.11	0.12	-	-
	0.15 to <0.25	1,369	6	0.44	0.20	0.21	0.35
	0.25 to <0.50	5,199	8	0.15	0.40	0.40	0.32
	0.50 to <0.75	3,284	14	0.43	0.64	0.64	0.55
	0.75 to <2.50	6,287	61	0.97	1.21	1.23	0.94
	0.75 to <1.75	4,925	37	0.75	1.06	1.07	0.80
	1.75 to <2.50	1,362	24	1.76	1.81	1.81	1.43
	2.50 to <10.00	2,199	70	3.18	3.50	3.52	3.11
	2.50 to <5.00	1,742	41	2.35	2.88	2.88	2.47
	5.00 to <10.0	457	29	6.35	6.01	5.97	5.67
	10.00 to <100.00	469	98	20.90	14.41	15.15	16.27
	10.00 to <20.00	377	64	16.98	12.61	12.46	13.30
	20.00 to <30.00	73	24	32.88	21.77	21.99	24.26
	30.00 to <100.00	19	10	52.63	43.94	42.20	34.49
	100.00 (Default)	1,028	n/a	n/a	100.00	100.00	n/a
Total (Non-Default)		19,036	257	1.35	1.27	1.42	1.27

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2024				
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g
			default rate (%) e	Average PD (%) g	Average annual default rate (%) h		
Exposure to corporates - SME	0.00 to <0.15	73	-	0.11	0.10	-	-
	0.00 to <0.10	23	-	0.06	0.06	-	-
	0.10 to <0.15	50	-	0.12	0.11	-	-
	0.15 to <0.25	1,522	7	0.46	0.21	0.21	0.26
	0.25 to <0.50	5,823	25	0.43	0.40	0.40	0.33
	0.50 to <0.75	3,421	22	0.64	0.64	0.64	0.53
	0.75 to <2.50	6,791	77	1.13	1.22	1.23	0.90
	0.75 to <1.75	5,298	51	0.96	1.07	1.07	0.78
	1.75 to <2.50	1,493	26	1.74	1.81	1.81	1.26
	2.50 to <10.00	2,357	95	4.03	3.27	3.43	2.89
	2.50 to <5.00	1,931	67	3.47	2.83	2.87	2.33
	5.00 to <10.0	426	28	6.57	6.09	5.94	5.09
	10.00 to <100.00	438	77	17.58	14.91	16.04	13.59
	10.00 to <20.00	320	44	13.75	12.08	12.47	11.01
	20.00 to <30.00	93	23	24.73	21.73	21.76	19.66
	30.00 to <100.00	25	10	40.00	40.03	40.46	28.81
	100.00 (Default)	914	n/a	n/a	100.00	100.00	n/a
Total (Non-Default)		20,425	303	1.48	1.43	1.39	1.21

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Exposure class a	PD range b	31 December 2025						
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	PD (%) g	annual default rate (%) h		
	0.00 to <0.15	1,380	-	-	0.07	0.07	0.03	
	0.00 to <0.10	1,036	-	-	0.06	0.06	-	
	0.10 to <0.15	344	-	-	0.11	0.11	0.11	
	0.15 to <0.25	982	2	0.20	0.19	0.20	0.27	
	0.25 to <0.50	1,832	7	0.38	0.40	0.40	0.48	
	0.50 to <0.75	1,227	7	0.57	0.64	0.64	0.50	
	0.75 to <2.50	4,370	41	0.94	1.32	1.35	0.81	
Exposure to corporates - Other	0.75 to <1.75	2,930	22	0.75	1.10	1.13	0.65	
	1.75 to <2.50	1,440	19	1.32	1.81	1.81	1.17	
	2.50 to <10.00	2,604	41	1.57	3.58	3.27	2.00	
	2.50 to <5.00	2,178	20	0.92	2.86	2.72	1.43	
	5.00 to <10.0	426	21	4.93	5.95	6.10	5.26	
	10.00 to <100.00	282	50	17.73	12.95	15.51	12.56	
	10.00 to <20.00	219	27	12.33	11.66	11.96	10.60	
	20.00 to <30.00	42	8	19.05	20.51	21.29	15.01	
	30.00 to <100.00	21	15	71.43	40.96	40.96	29.40	
	100.00 (Default)	533	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	12,677	148	1.17	0.70	1.63	1.11	

Exposure class a	PD range b	31 December 2024						
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	PD (%) g	annual default rate (%) h		
	0.00 to <0.15	1,513	2	0.13	0.06	0.07	0.05	
	0.00 to <0.10	1,149	-	-	0.05	0.06	0.03	
	0.10 to <0.15	364	2	0.55	0.11	0.11	0.11	
	0.15 to <0.25	1,016	10	0.98	0.19	0.20	0.23	
	0.25 to <0.50	1,867	20	1.07	0.39	0.39	0.43	
	0.50 to <0.75	1,079	2	0.19	0.64	0.64	0.55	
	0.75 to <2.50	4,558	40	0.88	1.32	1.34	0.74	
Exposure to corporates - Other	0.75 to <1.75	3,135	17	0.54	1.13	1.12	0.58	
	1.75 to <2.50	1,423	23	1.62	1.81	1.81	1.06	
	2.50 to <10.00	2,576	63	2.45	3.52	3.17	2.05	
	2.50 to <5.00	2,248	40	1.78	2.89	2.77	1.49	
	5.00 to <10.0	328	23	7.01	5.93	5.97	5.65	
	10.00 to <100.00	224	27	12.05	12.77	15.21	10.65	
	10.00 to <20.00	164	19	11.59	10.97	11.92	9.22	
	20.00 to <30.00	52	6	11.54	20.72	21.62	14.40	
	30.00 to <100.00	8	2	25.00	40.96	40.96	18.12	
	100.00 (Default)	479	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	12,833	164	1.28	0.64	1.51	1.08	

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2025					
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	Average PD (%) g	Average annual default rate (%) h		
Retail	0.00 to <0.15	9,200,388	12,426	0.14	0.07	0.04	0.13	
	0.00 to <0.10	8,671,708	9,704	0.11	0.05	0.03	0.11	
	0.10 to <0.15	528,680	2,722	0.51	0.13	0.13	0.45	
	0.15 to <0.25	1,176,424	4,685	0.40	0.20	0.19	0.38	
	0.25 to <0.50	2,327,127	15,080	0.65	0.37	0.36	0.61	
	0.50 to <0.75	1,899,233	12,308	0.65	0.66	0.60	0.66	
	0.75 to <2.50	4,554,115	74,704	1.64	1.34	1.34	1.68	
	0.75 to <1.75	3,443,990	48,687	1.41	1.14	1.12	1.43	
	1.75 to <2.50	1,110,125	26,017	2.34	2.08	2.04	2.59	
	2.50 to <10.00	1,808,656	100,874	5.58	4.80	4.36	5.38	
	2.50 to <5.00	1,325,811	57,813	4.36	3.58	3.45	4.19	
	5.00 to <10.0	482,845	43,061	8.92	6.88	6.85	8.55	
	10.00 to <100.00	274,428	74,634	27.20	23.50	21.32	26.40	
	10.00 to <20.00	169,736	30,893	18.20	14.19	13.56	17.30	
	20.00 to <30.00	61,332	18,693	30.48	24.51	24.03	28.71	
	30.00 to <100.00	43,360	25,048	57.77	45.06	47.91	53.38	
	100.00 (Default)	583,969		<i>n/a</i>	<i>n/a</i>	100.00	100.00	<i>n/a</i>
	Total (Non-Default)	21,240,371		294,711	1.39	0.84	1.05	1.33

Exposure class a	PD range b	Number of obligors at the end of the previous year c	31 December 2024					
			Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	Average PD (%) g	Average annual default rate (%) h		
Retail	0.00 to <0.15	9,154,240	12,631	0.14	0.07	0.04	0.11	
	0.00 to <0.10	8,606,859	9,784	0.11	0.05	0.03	0.10	
	0.10 to <0.15	547,381	2,847	0.52	0.13	0.13	0.36	
	0.15 to <0.25	1,163,339	5,098	0.44	0.20	0.19	0.33	
	0.25 to <0.50	2,218,012	15,881	0.72	0.34	0.35	0.54	
	0.50 to <0.75	1,890,751	13,351	0.71	0.57	0.60	0.63	
	0.75 to <2.50	4,275,567	79,327	1.86	1.32	1.33	1.58	
	0.75 to <1.75	3,302,591	51,366	1.56	1.13	1.12	1.35	
	1.75 to <2.50	972,976	27,961	2.87	2.11	2.06	2.44	
	2.50 to <10.00	1,685,148	97,991	5.81	4.76	4.34	4.89	
	2.50 to <5.00	1,243,654	56,986	4.58	3.56	3.45	3.75	
	5.00 to <10.0	441,494	41,005	9.29	6.75	6.87	7.81	
	10.00 to <100.00	253,888	72,270	28.47	23.02	21.58	25.20	
	10.00 to <20.00	156,652	29,767	19.00	13.92	13.54	16.01	
	20.00 to <30.00	54,254	17,392	32.06	23.68	23.92	26.66	
	30.00 to <100.00	42,982	25,111	58.42	43.47	47.93	51.26	
	100.00 (Default)	585,670		<i>n/a</i>	<i>n/a</i>	100.00	100.00	<i>n/a</i>
	Total (Non-Default)	20,640,945		296,549	1.44	0.81	1.02	1.25

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail non-SME secured by immoveable property collateral: Observed average default rate decreased year-on-year following system and process enhancements to align Retail Definition of Default fully to facility level.

Exposure class a	PD range b	31 December 2025					
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d	Observed average	Exposure weighted average	Average PD (%) f	Average PD (%) g
				default rate (%) e	PD (%)		
Exposure to Retail - non-SME secured by immoveable property collateral	0.00 to <0.15	102,159	139	0.14	0.10	0.11	0.15
	0.00 to <0.10	40,121	48	0.12	0.07	0.07	0.11
	0.10 to <0.15	62,038	91	0.15	0.13	0.13	0.17
	0.15 to <0.25	340,670	628	0.18	0.20	0.19	0.20
	0.25 to <0.50	669,067	1,604	0.24	0.37	0.35	0.28
	0.50 to <0.75	105,556	343	0.32	0.66	0.66	0.38
	0.75 to <2.50	42,448	444	1.05	1.18	1.18	1.46
	0.75 to <1.75	38,695	365	0.94	1.09	1.08	1.32
	1.75 to <2.50	3,753	79	2.10	2.20	2.16	2.57
	2.50 to <10.00	10,083	472	4.68	5.48	5.39	6.41
	2.50 to <5.00	4,664	130	2.79	3.54	3.47	4.76
	5.00 to <10.0	5,419	342	6.31	7.26	7.04	7.85
	10.00 to <100.00	10,281	2,222	21.61	25.32	23.18	20.12
	10.00 to <20.00	4,180	704	16.84	15.30	14.87	15.75
	20.00 to <30.00	4,433	976	22.02	24.67	24.19	20.49
	30.00 to <100.00	1,668	542	32.49	42.07	41.34	34.07
	100.00 (Default)	19,359	n/a	n/a	100.00	100.00	n/a
Total (Non-Default)		1,280,264	5,852	0.46	0.58	0.57	0.52

Exposure class a	PD range b	31 December 2024					
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d	Observed average	Exposure weighted average	Average PD (%) f	Average PD (%) g
				default rate (%) e	PD (%)		
Exposure to Retail - non-SME secured by immoveable property collateral	0.00 to <0.15	110,808	160	0.14	0.10	0.11	0.14
	0.00 to <0.10	42,611	51	0.12	0.07	0.07	0.09
	0.10 to <0.15	68,197	109	0.16	0.13	0.13	0.17
	0.15 to <0.25	336,810	750	0.22	0.20	0.19	0.19
	0.25 to <0.50	586,018	2,064	0.35	0.34	0.33	0.27
	0.50 to <0.75	195,972	758	0.39	0.57	0.58	0.35
	0.75 to <2.50	44,348	838	1.89	1.19	1.19	1.35
	0.75 to <1.75	39,697	675	1.70	1.09	1.08	1.22
	1.75 to <2.50	4,651	163	3.50	2.22	2.15	2.36
	2.50 to <10.00	9,279	767	8.27	5.34	5.27	6.20
	2.50 to <5.00	4,195	232	5.53	3.45	3.45	4.71
	5.00 to <10.0	5,084	535	10.52	6.80	6.77	7.46
	10.00 to <100.00	9,780	2,437	24.92	23.85	22.85	18.96
	10.00 to <20.00	4,158	799	19.22	14.48	14.45	14.79
	20.00 to <30.00	3,406	835	24.52	23.48	23.20	19.76
	30.00 to <100.00	2,216	803	36.24	38.58	38.07	31.92
	100.00 (Default)	18,718	n/a	n/a	100.00	100.00	n/a
Total (Non-Default)		1,293,015	7,774	0.60	0.55	0.55	0.50

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail - qualifying revolving retail exposure: The increase in average PD was caused by limit decrease strategies and balance transfers.

Exposure class a	PD range b	31 December 2025						
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	PD (%) g	annual default rate (%) h		
Exposure to Retail - qualifying revolving	0.00 to <0.15	9,098,227	12,287	0.14	0.04	0.04	0.13	
	0.00 to <0.10	8,631,586	9,656	0.11	0.03	0.03	0.11	
	0.10 to <0.15	466,641	2,631	0.56	0.13	0.13	0.47	
	0.15 to <0.25	815,016	4,015	0.49	0.19	0.18	0.45	
	0.25 to <0.50	1,295,164	11,912	0.92	0.36	0.37	0.82	
	0.50 to <0.75	1,686,670	10,979	0.65	0.59	0.60	0.67	
	0.75 to <2.50	3,417,196	54,591	1.60	1.47	1.34	1.67	
	0.75 to <1.75	2,541,358	35,750	1.41	1.17	1.10	1.44	
	1.75 to <2.50	875,838	18,841	2.15	1.98	2.01	2.45	
	2.50 to <10.00	1,376,033	76,506	5.56	4.60	4.31	5.22	
	2.50 to <5.00	1,019,000	45,470	4.46	3.58	3.44	4.20	
	5.00 to <10.0	357,033	31,036	8.69	6.64	6.81	8.19	
	10.00 to <100.00	184,714	49,378	26.73	21.34	21.22	25.64	
	10.00 to <20.00	115,029	20,346	17.69	13.29	13.45	16.64	
	20.00 to <30.00	41,488	12,352	29.77	24.17	24.21	28.38	
	30.00 to <100.00	28,197	16,680	59.16	51.36	48.50	54.48	
	100.00 (Default)	367,000	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	17,873,020	219,668	1.23	1.51	0.92	1.11	

Exposure class a	PD range b	31 December 2024						
		Number of obligors at the end of the previous year c	Of which: number of obligors which defaulted in the year d		Observed average e	Exposure weighted average f	Average PD (%) g	Average annual default rate (%) h
			default rate (%) e	PD (%) f	PD (%) g	annual default rate (%) h		
Exposure to Retail - qualifying revolving	0.00 to <0.15	9,043,431	12,471	0.14	0.04	0.04	0.11	
	0.00 to <0.10	8,564,247	9,733	0.11	0.03	0.03	0.10	
	0.10 to <0.15	479,184	2,738	0.57	0.13	0.13	0.37	
	0.15 to <0.25	805,895	4,261	0.53	0.19	0.18	0.38	
	0.25 to <0.50	1,273,020	12,219	0.96	0.36	0.37	0.70	
	0.50 to <0.75	1,588,725	11,554	0.73	0.59	0.60	0.64	
	0.75 to <2.50	3,130,011	57,824	1.85	1.44	1.32	1.58	
	0.75 to <1.75	2,397,661	37,766	1.58	1.17	1.11	1.37	
	1.75 to <2.50	732,350	20,058	2.74	2.04	2.03	2.31	
	2.50 to <10.00	1,239,281	71,436	5.76	4.54	4.29	4.71	
	2.50 to <5.00	927,314	43,668	4.71	3.57	3.43	3.71	
	5.00 to <10.0	311,967	27,768	8.90	6.63	6.83	7.49	
	10.00 to <100.00	160,999	44,676	27.75	21.62	21.39	24.45	
	10.00 to <20.00	100,667	18,278	18.16	13.27	13.43	15.45	
	20.00 to <30.00	34,586	10,800	31.23	24.16	24.17	26.57	
	30.00 to <100.00	25,746	15,598	60.58	52.10	48.76	52.03	
	100.00 (Default)	367,729	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	17,241,362	214,441	1.24	1.33	0.86	1.04	

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail – SME other: The reductions in overall volumes, defaults, and average PD were largely driven by the continued run-off of Bounce Back Loans, which carry a 0% risk-weight. Excluding these loans, the average PD (g) and observed average default rate (e) were 2.06% and 2.11% respectively, compared with 2.12% and 2.24% in December 2024.

Exposure class	PD range	31 December 2025						
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed average	Exposure weighted average	Average PD (%)	Average historical annual default rate (%)
			c	d	e	f		
	0.00 to <0.15	-		-	n/a	n/a	n/a	0.03
	0.00 to <0.10	-		-	n/a	n/a	n/a	0.01
	0.10 to <0.15	-		-	n/a	n/a	n/a	0.03
	0.15 to <0.25	20,738		42	0.20	0.21	0.20	0.28
	0.25 to <0.50	362,842		1,564	0.43	0.32	0.34	0.45
	0.50 to <0.75	91,092		739	0.81	0.63	0.63	0.91
	0.75 to <2.50	495,697		8,284	1.67	1.28	1.37	1.76
Exposure to Retail	0.75 to <1.75	373,217		5,269	1.41	1.10	1.13	1.48
- SME Other	1.75 to <2.50	122,480		3,015	2.46	2.08	2.11	2.54
	2.50 to <10.00	260,947		11,815	4.53	4.47	4.07	5.11
	2.50 to <5.00	205,140		6,174	3.01	3.46	3.33	3.45
	5.00 to <10.0	55,807		5,641	10.11	6.61	6.79	10.55
	10.00 to <100.00	36,911		11,829	32.05	23.05	21.82	30.66
	10.00 to <20.00	21,057		4,533	21.53	13.62	13.71	21.31
	20.00 to <30.00	8,824		3,238	36.70	24.16	23.74	33.53
	30.00 to <100.00	7,030		4,058	57.72	47.85	43.70	52.91
	100.00 (Default)	100,003		n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	1,268,227		34,273	2.70	2.68	2.16	3.10

Exposure class	PD range	31 December 2024						
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed average	Exposure weighted average	Average PD (%)	Average historical annual default rate (%)
			c	d	e	f		
	0.00 to <0.15	-		-	n/a	n/a	n/a	0.04
	0.00 to <0.10	-		-	n/a	n/a	n/a	0.02
	0.10 to <0.15	-		-	n/a	n/a	n/a	0.05
	0.15 to <0.25	20,632		87	0.42	0.21	0.20	0.28
	0.25 to <0.50	358,933		1,598	0.45	0.33	0.34	0.44
	0.50 to <0.75	90,767		796	0.88	0.63	0.63	0.87
	0.75 to <2.50	508,662		9,172	1.80	1.27	1.38	1.64
Exposure to Retail	0.75 to <1.75	377,400		5,586	1.48	1.09	1.13	1.38
- SME Other	1.75 to <2.50	131,262		3,586	2.73	2.09	2.11	2.33
	2.50 to <10.00	279,205		13,758	4.93	4.54	4.11	4.76
	2.50 to <5.00	217,623		7,148	3.28	3.45	3.34	3.27
	5.00 to <10.0	61,582		6,610	10.73	6.53	6.80	9.41
	10.00 to <100.00	40,087		13,438	33.52	23.71	22.21	27.90
	10.00 to <20.00	22,608		5,216	23.07	13.73	13.75	19.12
	20.00 to <30.00	9,512		3,611	37.96	24.06	23.75	29.85
	30.00 to <100.00	7,967		4,611	57.88	49.84	44.38	48.66
	100.00 (Default)	85,979		n/a	n/a	100.00	100.00	n/a
	Total (Non-Default)	1,298,286		38,849	2.99	2.91	2.25	2.88

(1) Exposure to retail – SME other includes all retail SME exposure, including Exposure to retail – SME secured by immovable property collateral.

UK CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale) continued

Key observations for retail – non-SME other: The reduction in observed default rates and average PDs was driven by a tightening of credit policy.

Exposure class	PD range	31 December 2025						
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average annual default rate (%)
			d	e	f	g	h	
Exposure to Retail - non-SME other	0.00 to <0.15	2		-	0.08	0.08		-
	0.00 to <0.10	1		-	0.06	0.06		-
	0.10 to <0.15	1		-	0.10	0.10		-
	0.15 to <0.25	-		n/a	n/a	n/a		-
	0.25 to <0.50	54		-	0.45	0.45	0.20	
	0.50 to <0.75	15,915	247	1.55	0.69	0.69	1.45	
	0.75 to <2.50	598,774	11,385	1.90	1.49	1.36	1.71	
	0.75 to <1.75	490,720	7,303	1.49	1.26	1.17	1.31	
	1.75 to <2.50	108,054	4,082	3.78	2.16	2.22	3.61	
	2.50 to <10.00	161,593	12,081	7.48	5.11	5.16	6.92	
	2.50 to <5.00	97,007	6,039	6.23	3.79	3.86	5.69	
	5.00 to <10.0	64,586	6,042	9.35	7.22	7.11	8.78	
	10.00 to <100.00	42,522	11,205	26.35	19.81	20.90	27.11	
	10.00 to <20.00	29,470	5,310	18.02	13.60	13.66	17.05	
	20.00 to <30.00	6,587	2,127	32.29	23.87	23.19	28.93	
	30.00 to <100.00	6,465	3,768	58.28	51.06	51.61	54.13	
	100.00 (Default)	97,607	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	818,860	34,918	4.26	3.46	3.11	4.23	

Exposure class	PD range	31 December 2024						
		Number of obligors at the end of the previous year	Of which: number of obligors which defaulted in the year		Observed default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average annual default rate (%)
			d	e	f	g	h	
Exposure to Retail - non-SME other	0.00 to <0.15	1		-	0.06	0.06		-
	0.00 to <0.10	1		-	0.06	0.06		-
	0.10 to <0.15	-		n/a	n/a	n/a		-
	0.15 to <0.25	2		-	0.21	0.21		-
	0.25 to <0.50	41		-	0.45	0.45	0.29	
	0.50 to <0.75	15,287	243	1.59	0.69	0.69	1.29	
	0.75 to <2.50	592,546	11,493	1.94	1.49	1.35	1.58	
	0.75 to <1.75	487,833	7,339	1.50	1.26	1.17	1.20	
	1.75 to <2.50	104,713	4,154	3.97	2.16	2.23	3.37	
	2.50 to <10.00	157,383	12,030	7.64	5.11	5.17	6.35	
	2.50 to <5.00	94,522	5,938	6.28	3.80	3.87	5.19	
	5.00 to <10.0	62,861	6,092	9.69	7.25	7.14	8.07	
	10.00 to <100.00	43,022	11,719	27.24	20.47	21.43	27.01	
	10.00 to <20.00	29,219	5,474	18.73	13.61	13.63	15.90	
	20.00 to <30.00	6,750	2,146	31.79	23.96	23.27	26.55	
	30.00 to <100.00	7,053	4,099	58.12	51.41	51.98	54.12	
	100.00 (Default)	113,244	n/a	n/a	100.00	100.00	n/a	
	Total (Non-Default)	808,282	35,485	4.39	3.49	3.15	4.21	

UK CRE: Qualitative disclosure requirements related to IRB approach

Introduction

There are three approaches available to calculate RWAs. These are:

- Standardised approach.
- Foundation internal ratings based (FIRB) approach.
- Advanced internal ratings based (AIRB) approach.

The CRR establishes the standardised approach as the method for banks to calculate RWAs for credit and counterparty credit risk.

To use the more complex FIRB or AIRB approaches, banks must gain regulatory permission. NWH Group has been granted permission by local and European regulators to use the AIRB approach to calculate RWAs for the majority of its credit and counterparty credit risk exposures.

NWH Group does not use the FIRB approach. Therefore, in these disclosures, IRB refers to the AIRB approach.

The IRB permission allows NWH Group to use its own estimates for the following inputs to the regulatory formula used to calculate RWAs:

- PD and LGD for credit risk and counterparty credit risk.
- EAD for credit risk.

EAD for counterparty credit risk is estimated in accordance with NWH Group's internal model method permission.

In the case of specialised lending to project finance and income-producing real estate customers, the IRB supervisory slotting methodology is used to calculate RWAs.

NWH Group uses the standardised approach for certain portfolios on a permanent basis; for low default/data portfolios where modelling is not suitable and for immaterial/run-off portfolios. Additionally, NWH Group uses the standardised approach for exposures which are subject to sequential implementation of the IRB approach (IRB rollout plan).

Advanced IRB models

NWH Group uses credit risk models not only to calculate RWAs under the IRB approach but also to support risk assessments in the credit approval process as well as ongoing credit risk management, monitoring and reporting.

NWH Group develops credit risk models for both retail and non-retail customers. Retail models are automated and applied across a portfolio of products. Non-retail models generally rely on the input of customer data as part of the credit risk management process – usually at the time of the customer's annual review – and permits the use of expert judgement overrides, which are subject to Credit Risk approval.

In line with all firms with permissions to use the IRB approach, NWH Group is currently undertaking a programme of model and rating system development, in order to align with new regulations which came into force on 1 January 2022.

Retail IRB models

Probability of default/customer credit grade models

- PD models assess the probability that a customer will fail to honour their credit obligations in the next 12 months.
- NWH Group assigns a score to each customer account and this is used across the businesses to support decision making and portfolio management. This score is used as an input into the PD model.
- Retail PD models are currently point-in-time by design, meaning they predict the probability of default under economic conditions at a given point-in-time. They are typically developed applying logistic regression techniques using a range of customer and account data across portfolios, as well as data from credit bureau.
- Different models are developed for different product types, with further distinctions based on other criteria such as whether a customer also has a current account with NWH Group. All retail PD models produce both a best estimate measure, used for portfolio reporting and forecasting, and a conservative estimate, which is an input to RWA calculations. The conservative estimate is designed to consider normal volatility in actual default rates and is floored, as mandated by regulation.
- All retail PD models are regularly monitored for accuracy, discrimination and stability.

Loss given default models

- LGD models estimate the amount of exposure that will not be recovered by NWH Group in the event of customer default.
- These models are developed by product type using internal loss data reflecting the collections and recoveries processes. They use a combination of borrower and facility characteristics and take account of credit risk mitigants, including collateral.
- As LGD represents economic loss, the estimate also incorporates the cost of collections and the impact of discounting to account for delays in recovery. In accordance with regulatory requirements, the estimates are calibrated to reflect loss rates expected during an economic downturn.

Exposure at default models

- EAD models estimate the utilisation of a credit facility at the time of a customer's default, recognising that further drawings on unused credit facilities may be made prior to default.
- Historical data on limit utilisation, in the period prior to customer default, is used for estimation and calibration. EAD for revolving products (for example credit cards and current accounts) has a more material anticipation of further drawings.
- As required by regulation, EAD estimates are set to be no lower than the current balance and reflect economic downturn conditions.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

The table below presents an overview of the retail IRB models used to calculate RWAs for retail customers and small business brands. Retail models are statistical models developed using logistic or linear regression techniques.

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Mortgages	36,318	PD	3	Retail – Secured by real estate non-SME	There are separate models for standard and non-standard products.	Key model drivers include the internal behaviour score of the related current account and loan-to-value (LTV).
		LGD	2			LGD is estimated by modelling the probability of possession given default and shortfall given repossession, using key drivers such as LTV. Regulatory floors are applied at the appropriate level.
		EAD	3			EAD estimate is determined by account limit.
Personal unsecured loans and current accounts	9,340	PD	3	Retail – Other non-SME Retail – Qualifying revolving	Product level PD and EAD models are in place, with loans common across all regions. LGD models are combined across products.	Model estimates are mainly based on internal behavioural data, with some also using external credit bureau data.
		LGD	1			Models estimate the probability of loss on a defaulted account, which is converted into an LGD estimate.
		EAD	2			Current accounts: A combination of linear regression and average models have been developed using internal data, such as account limit and balance. Loans: EAD estimate is determined by account balance.
Small business loans and current accounts	3,908	PD	2	Retail – Other SME	For PD, LGD and EAD, separate models are in place for loans and current accounts, common across all regions.	Model estimates are mainly based on internal behaviour data.
		LGD	2			For unsecured lending the models estimate the probability of loss on a defaulted account which is converted into an LGD estimate. For secured lending the LGD model estimates are based on the estimated recoveries from the liquidation of collateral. Regulatory floors are applied depending on the type of security.
		EAD	2			Current accounts: A combination of linear regression and average models have been developed using internal data, such as account limit and balance. Loans: EAD estimate is determined by account balance.
Personal credit cards	6,397	PD	1	Retail – Qualifying revolving	PD, EAD and LGD models developed for use across the retail brands.	Model estimates are based on internal behavioural data.
		LGD	1			Statistical model developed using internal and external data.
		EAD	1			A combination of linear regression and average models has been developed using internal data, such as account limit and balance.
Personal and small business asset finance	367	PD	1	Retail – Other SME Retail – Other non-SME	PD, EAD and LGD models developed for use within the UK Lombard brand.	Statistical PD model segmented by time on book, customer type and entity type.
		LGD	1			For LGD, a statistical model is used based on long-run internal loss outcomes with key model drivers being security, together with customer and facility attributes.
		EAD	1			EAD for leasing is the present value of lease payments per regulatory requirements.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

Non-retail IRB models

Probability of default/customer credit grade models

- As part of the credit assessment process, NWH Group assigns each customer a credit grade reflecting the customer's PD. NWH Group maintains and uses a number of credit grading models which consider risk characteristics relevant to the customer, incorporating both quantitative and qualitative inputs. NWH Group uses these credit grades in its risk management and measurement frameworks, including credit sanctioning and expected credit loss as well as managing single name concentration risk.
- Regulation defines the minimum time series and other attributes of the data used for developing and calibrating models. For the most material models, external data (historical default and rating data from rating agencies and insolvency rates) is referenced for estimation and calibration purposes so that models are based on over 20 years of default experience. The models applied to medium to large-size corporate customers, bank and sovereign counterparties (those used for the largest aggregate amounts of exposure) are the most material models.
- In line with regulatory requirements, for portfolios with low default frequency (where customer loan volumes are lower or customers are of higher credit quality), NatWest Group adopts a specific low-default portfolio approach incorporating an appropriately prudent calibration reflecting the potential that future outcomes may differ from the very low risk outcomes historically observed.
- The majority of the PD model suite discriminates risk levels well and are stable; current observed default rates are generally lower than model estimates. This reflects prudent calibrations across most of the non-retail models.
- PDs are floored at 0.03% (except for the Central Governments & Central Banks exposure class) as mandated by regulation.

Loss given default models

- Models are developed for different customer segments and reflect the recoveries approach applied to each segment.
- Where sufficient internal and external loss data exists, LGD is modelled based on this experience and directly incorporates the impact of credit cycle conditions. As LGD represents economic loss, the estimate also incorporates the cost of collections and the impact of discounting to account for delays in recovery. LGDs reflect loss rates expected during an economic downturn.
- For low-default portfolios, where loss data is scarce or the effect of credit conditions is only of limited relevance, simple benchmark LGDs are assigned in accordance with the PRA's low-default portfolio framework.

Exposure at default models

- EAD is estimated on a product type basis, with different credit conversion factors (CCFs) – measuring the portion of unused credit facility expected to be further drawn prior to default – assigned to each product. For contingent products, such as trade letters of credit, a “probability of call” multiplier is also applied which reflects the likelihood of pay-out once issued.
- Exposure can be reduced by a netting agreement, subject to meeting standards of legal enforceability.
- Where sufficient internal historical data exists, CCF estimates are developed to reflect economic downturn conditions and are based on limit utilisation in the period prior to customer default.
- For low-default portfolios, where data is scarce, products are rank-ordered and CCFs benchmarked to modelled products or relevant regulatory values.
- The most material product families for EAD are those applying to non-contingent products, in particular loans, overdrafts and revolving credit facilities.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

The table below presents the non-retail IRB models NWH Group uses to calculate RWAs.

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Sovereign and quasi-government entities	7,148	PD	4	Central governments and central banks	Global PD and LGD models are developed for sovereign and quasi-government type entities.	Sovereign: external rating agency replication model calibrated to the agency long-run average default rates. Local authority, UK housing association and UK university: expert-driven scorecard models using both qualitative and quantitative inputs.
		LGD	2	Institutions Corporate – Other		Sovereign: an unsecured model calibrated using a logistic regression on a limited dataset of internal and external observations. LGD is floored at 45% in accordance with PRA requirements. Quasi-Government: the model is based on sovereign LGDs or regulatory LGD benchmarks due to its low-default nature.
Financial institutions	3,434	PD	6	Central governments and central banks Institutions Corporate – Other	Global PD and LGD models are developed for bank and non-bank financial institutions (NBFI).	PD models are developed by counterparty type: Bank and insurance companies: external rating agency replication models calibrated to agency long-run average default rates. Geared investment fund: statistical model which is directly calibrated to internal default experience. Investment fund bridging: expert-driven model using quantitative and qualitative inputs. Hedge fund and managed fund: expert-driven scorecard models based mainly on qualitative inputs, due to their low-default nature.
		LGD	2	Equity IRB		Bank models and a single NBFI model are structured as simple decision trees relying on a few regulatory LGD benchmarks, due to low frequency or loss data.
Corporations: Turnover above £50 million	22,892	PD	2	Corporates – Other Equity IRB	PD: global large corporate model is used to grade customers that are externally rated or have a turnover in excess of £500 million.	Large corporate: external rating agency replication model which is calibrated to external and internal long-run average default data. Mid-large corporate: statistical model which is calibrated to internal long run data.
		LGD	2		Mid-large corporate model is used to grade customers in key countries (United Kingdom and US) with turnover between £50 million and £500 million, and that are not externally rated. LGD: global LGD model is used for large and mid-large corporate customers. LGD model for shipping customers.	Statistical model using a combination of internal and external loss data. Key model drivers are seniority, collateral, industry facility type and a credit cycle index. Lease facilities use secured collateral specific recovery rate models, calibrated to internal loss data. Large corporate LGD: a 35% LGD floor is applied for certain countries due to scarcity of loss data. Shipping: simple model based on benchmarks by ship types calibrated to internal loss data.

UK CRE: Qualitative disclosure requirements related to IRB approach continued

Portfolio	RWAs (£m)	Model type	Number of models	IRB exposure class	IRB model segmentation	Model characteristics
Corporations: Turnover below £50 million	9,716	PD	1	Corporates – SME	United Kingdom PD and LGD models for corporates with a turnover below £50 million.	Statistical rating model which uses qualitative and quantitative inputs to produce a score that is transformed into a PD. Long-run average default rate calibrations based on internal and external data and taking into account <u>differences between industry and sectors</u> .
				Corporate – Other		Statistical models based on internal loss outcomes with key model drivers being security, together with customer and facility attributes.
		LGD	4	Equity IRB		
Credit risk (excluding counterparty credit risk) EAD model			2	Central governments and central banks Institutions	Consists of a global non-retail EAD model for banking book portfolios and a specialist EAD model for the RBS Invoice Finance brand.	EAD is modelled by grouping product types (products sharing similar contractual features and expected drawdown behaviour) and calculated based on the assigned CCF. CCFs are estimated either using historical internal data or based on benchmarks when data is scarce.
				Corporates – SME		
				Corporates – Specialised lending		
				Corporates – Other		

UK CRE: Qualitative disclosure requirements related to IRB approach continued

IRB model governance

The governance process for approval and oversight of IRB credit models involves the model developers, model users and independent model validation. The process applies increased scrutiny to the more material models. Credit risk models are developed and maintained within a framework that includes the following key components:

- A high level policy that establishes responsibilities of those involved in the modelling lifecycle and minimum requirements applying to each stage of the modelling lifecycle.
- Material model change and new model development and testing.
- IRB temporary model adjustments to address RWA/EL under estimation arising from model deficiencies or regulatory non-compliance.
- Model approval.
- Model implementation and use.
- Model monitoring, reporting and challenge.
- Detailed procedures and associated materials that define the approaches and activities undertaken at each of these stages.
- Defined structures and roles and responsibilities.
- Model development teams which are part of the independent risk management function, separate from the functions responsible for originating or renewing exposures, and are responsible for model development, calibration, approval and accountable for subsequent changes to rating systems.
- A model risk governance team responsible for model risk management across NWH Group.
- An independent Model Validation function that is organisationally separate from the model development teams, sets validation standards, independently reviews all activities and also completes a formal regular validation for each model.

The framework aims to ensure NWH Group model risk is managed appropriately and that the approaches deployed continue to meet both internal and regulatory standards.

The model performance is assessed by monitoring and regular validation. Each model is subject to a comparison of estimates to outcomes to assess the accuracy of the model. Other statistical tests assess the ability of the models to discriminate risk (i.e. its ability to determine the relative risk of a particular customer or exposure), the extent to which portfolio composition remains stable and, where relevant, the frequency and magnitude of overrides applied to modelled estimates.

Validation reports include further analyses that consider:

- Ongoing user acceptance and confidence in the model and its performance.
- Movements in the portfolio (both observed and anticipated).
- Other relevant data that might be used to explain or assess model performance.

Action may be taken when model performance is determined to be outside tolerance. This may entail recalibration of the model, enhancement (such as by reweighting existing model factors) or redevelopment. IRB temporary model adjustments may be applied whilst the remediation activity is undertaken if management believe the underperformance may lead to insufficient capital requirements for the portfolio.

In accordance with regulatory requirements, once a new IRB model or changes to incumbent IRB models have been approved through internal governance, they must follow appropriate regulatory approval or notification processes before implementation.

Independent model validation

All new and changed credit risk models are subject to detailed independent review aimed at testing that the models are appropriate for regulatory capital calculations. The following (non-exhaustive) list outlines key areas of focus:

- Conceptual soundness of the methodology.
- Testing the assumptions underlying the model, where feasible, against actual behaviour.
- Checking the accuracy of calculations.
- Comparing outputs with results from alternative methods.
- Testing parameter selection and calibration.
- Back-testing of key model metrics (accuracy, discrimination and stability).
- Sensitivity analysis.

The relevant model approver will consider review findings when approving a model or model change and also approve the model owner response to findings.

Independent Model Validation standards for all independent reviews and conducts the majority of them.

Internal Audit

Internal Audit includes within the scope of its assurance work, the modelling and management of the organisation's model risk. Internal Audit is independent from the risk management function, and therefore from those responsible for model development and independent validation activity. Any material gaps in control identified by Internal Audit are escalated through standard board reporting and action plans are agreed with those accountable for the activity behind the control.

Annex XXIII: Specialised lending

UK CR10: Specialised lending exposures

The table below shows IRB specialised lending exposures subject to the supervisory slotting approach analysed by type of lending and regulatory category. Exposures subject to the Securitisations framework are excluded.

CR10.1

31 December 2025	Remaining maturity	a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
	Less than 2.5 years	803	647	50%	1,159	475	-
Category 1	Equal to or more than 2.5 years	5,288	3,120	70%	7,316	4,233	29
	Less than 2.5 years	290	182	70%	429	281	2
Category 2	Equal to or more than 2.5 years	743	168	90%	850	691	7
	Less than 2.5 years	51	20	115%	57	66	2
Category 3	Equal to or more than 2.5 years	704	442	115%	1,024	1,177	29
	Less than 2.5 years	-	-	250%	-	-	-
Category 4	Equal to or more than 2.5 years	14	2	250%	16	39	1
	Less than 2.5 years	13	1	-	13	-	6
Category 5	Equal to or more than 2.5 years	202	8	-	209	-	105
	Less than 2.5 years	1,157	850		1,658	822	10
Total	Equal to or more than 2.5 years	6,951	3,740		9,415	6,140	171

31 December 2024	Remaining maturity	a	b	c	d	e	f
		Specialised lending: Project finance (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
	Less than 2.5 years	981	580	50%	1,260	515	-
Category 1	Equal to or more than 2.5 years	4,057	2,629	70%	5,758	3,235	23
	Less than 2.5 years	47	176	70%	176	113	1
Category 2	Equal to or more than 2.5 years	735	209	90%	892	673	7
	Less than 2.5 years	26	8	115%	28	25	1
Category 3	Equal to or more than 2.5 years	136	17	115%	148	156	4
	Less than 2.5 years	1	-	250%	1	2	-
Category 4	Equal to or more than 2.5 years	96	5	250%	98	184	8
	Less than 2.5 years	-	-	-	-	-	-
Category 5	Equal to or more than 2.5 years	104	2	-	105	-	53
	Less than 2.5 years	1,055	764		1,465	655	2
Total	Equal to or more than 2.5 years	5,128	2,862		7,001	4,248	95

UK CR10: Specialised lending exposures continued

CR10.2

31 December 2025	Remaining maturity	a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
31 December 2025	Remaining maturity	£m	£m	%	£m	£m	£m
Category 1	Less than 2.5 years	2,372	228	50%	2,456	1,154	-
	Equal to or more than 2.5 years	2,333	151	70%	2,418	1,623	10
Category 2	Less than 2.5 years	1,578	199	70%	1,730	1,132	7
	Equal to or more than 2.5 years	905	154	90%	1,040	881	8
Category 3	Less than 2.5 years	115	2	115%	116	132	3
	Equal to or more than 2.5 years	8	-	115%	8	8	-
Category 4	Less than 2.5 years	1	-	250%	1	3	-
	Equal to or more than 2.5 years	37	-	250%	37	90	3
Category 5	Less than 2.5 years	150	-	-	150	-	75
	Equal to or more than 2.5 years	39	17	-	56	-	28
Total	Less than 2.5 years	4,216	429		4,453	2,421	85
	Equal to or more than 2.5 years	3,322	322		3,559	2,602	49

31 December 2024	Remaining maturity	a	b	c	d	e	f
		Specialised lending: Income-producing real estate and high volatility commercial real estate (slotting approach)					
		On-balance sheet exposure	Off-balance sheet exposure	Risk-weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
31 December 2024	Remaining maturity	£m	£m	%	£m	£m	£m
Category 1	Less than 2.5 years	3,406	326	50%	3,552	1,776	-
	Equal to or more than 2.5 years	2,291	225	70%	2,420	1,693	10
Category 2	Less than 2.5 years	2,441	214	70%	2,561	1,792	10
	Equal to or more than 2.5 years	1,397	292	90%	1,658	1,492	12
Category 3	Less than 2.5 years	202	7	115%	202	233	6
	Equal to or more than 2.5 years	6	-	115%	7	8-	
Category 4	Less than 2.5 years	35	-	250%	36	89	3
	Equal to or more than 2.5 years	9	-	250%	9	24	1
Category 5	Less than 2.5 years	240	3	-	243	-	121
	Equal to or more than 2.5 years	22	1	-	23	-	12
Total	Less than 2.5 years	6,324	550		6,594	3,890	140
	Equal to or more than 2.5 years	3,725	518		4,117	3,217	35

UK CR10: Specialised lending exposures continued

CR10.5

31 December 2025	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	4	-	370%	4	15	-
Total	4	-		4	15	-

31 December 2024	a	b	c	d	e	f
	Equity exposures under the simple risk-weighted approach					
	On-balance sheet exposure £m	Off-balance sheet exposure £m	Risk-weight %	Exposure value £m	Risk-weighted exposure amount £m	Expected loss amount £m
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	-	-	370%	-	-	-
Total	-	-		-	-	-

Annex XXV: Counterparty credit risk

UK CCR1: Analysis of CCR exposure by approach

The table below shows the methods used to calculate counterparty credit risk exposure and RWAs. It excludes the CVA charge, exposures to central counterparties (CCPs) and exposures to securitisation positions.

31 December 2025	a	b	c	d	e	f	g	h
	Replacement cost/current	Potential future exposure	Alpha used for computing regulatory exposure value	RWA				
	(RC) £m	(PFE) £m	EEPE £m	£m	pre-CRM £m	post-CRM £m	£m	£m
1 SA-CCR (for derivatives)	16	177	-	1.4	693	270	270	128
4 Financial collateral comprehensive method (for SFTs)					95,303	2,966	2,966	344
6 Total					95,996	3,236	3,236	472

31 December 2024	a	b	c	d	e	f	g	h
	Replacement cost/current	Potential future exposure	Alpha used for computing regulatory exposure value	RWA				
	(RC) £m	(PFE) £m	EEPE £m	£m	pre-CRM £m	post-CRM £m	£m	£m
1 SA-CCR (for derivatives)	162	242	-	1.4	1,785	565	565	254
4 Financial collateral comprehensive method (for SFTs)					60,369	1,537	1,537	232
6 Total					62,154	2,102	2,102	486

(1) Disclosures relating to the items excluded from the scope of this table are presented as follows: a) Table UK CCR2 (CVA charge), b) Table UK CCR8 (exposures to CCPs) and c) Tables UK SEC1-5 (exposures to securitisation positions).
 (2) The following rows and/or columns are not presented in the table because they had zero values for the period or are not used by NatWest Holdings Group: row (UK1) Original Exposure Method (for derivatives), row (UK2) Simplified SA-CCR (for derivatives), row (2) IMM (for derivatives and SFTs) row (2a) IMM (for derivatives and SFTs) Of which securities financing transactions netting sets, row (2b) Of which derivatives and long settlement transactions netting sets, row (2c) IMM (for derivatives and SFTs) Of which from contractual crossproduct netting sets, row (3) Financial collateral simple method (for SFTs), row (4) Financial collateral comprehensive method (for SFTs) and row (5) VaR for SFTs.

- The decrease under the SA-CCR for derivatives reflects reduced exposure to the Group Pension Fund.
- The increase under the financial collateral comprehensive method for securities financing transactions (SFTs) reflects liquidity management activities during the year.

UK CCR2: Transactions subject to own funds requirements for CVA risk

The table below shows the CVA charge.

4 Transactions subject to the standardised method	a	b	a	b
	31 December 2025		31 December 2024	
	Exposure value	RWAs	Exposure amount	RWAs
	£m	£m	£m	£m
4 Transactions subject to the standardised method	264	128	322	168

(1) The calculation of the VaR and SVaR components includes the use of a multiplier, which is at least 3x, as set by the regulator.
 (2) The following rows and/or columns are not presented in the table because they had zero values for the period or are not used by NatWest Holdings Group: row (1) Total transactions subject to the Advanced method, row (2) VaR component (including the multiplier), row (3) stressed VaR component (including the multiplier) and row (UK4) Transactions subject to the Alternative approach (Based on the Original Exposure Method).

UK CCR3: Standardised approach – CCR exposures by regulatory exposure class and risk weights

The table below shows a view of counterparty credit risk positions subject to the standardised risk-weight approach by exposure class. It excludes the CVA charge and exposures to securitisation positions, but includes exposures to qualifying CCPs.

Exposure class	Risk-weight												Total exposure value
	a	b	c	d	e	f	g	h	i	j	k	l	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	£m	
31 December 2025													
1 Central governments or central banks	1,393	-	-	-	-	-	-	-	-	-	-	-	1,393
6 Institutions	-	239	-	-	83	20	-	-	-	-	-	-	342
7 Corporates	-	-	26	-	-	64	-	-	1	-	-	-	91
11 Total exposure value	1,393	239	26	-	83	84	-	-	1	-	-	-	1,826

Exposure class	Risk-weight												Total exposure value
	a	b	c	d	e	f	g	h	i	j	k	l	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	£m	
31 December 2024													
1 Central governments or central banks	368	-	-	-	-	-	-	-	-	-	-	-	368
6 Institutions	-	211	-	-	94	25	-	-	-	-	-	-	330
7 Corporates	-	-	6	-	-	72	-	-	1	-	-	-	79
11 Total exposure value	368	211	6	-	94	97	-	-	1	-	-	-	777

(1) The following rows are not presented in the table because they had zero values for the period: row (2) Regional government or local authorities, row (3) Public sector entities, row (4) multilateral development Banks, row (5) International organisations row (8) Retail, row (9) Institutions and corporates with a short-term credit assessment and row (10) other items.

- The increase in central governments and central bank exposure was driven by SFTs.

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale

The table below shows a detailed view of counterparty credit risk positions subject to the IRB risk-weight approach by exposure class and PD scale. It excludes the CVA charge, exposures to CCPs and exposures to securitisation positions. Counterparty credit risk exposures subject to the supervisory slotting method are not included in this table and they are disclosed in table UK CR10.

	31 December 2025	PD scale	a	b	c	d	e	f	g
			Exposure value	Exposure weighted	Exposure weighted	Exposure weighted	Exposure weighted	Density of risk weighted	
			£m	%	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	exposure amounts %
Central governments and central banks		0.00 to <0.15	36	0.01	2	45	0.7	1	2
Central governments and central banks		0.15 to <0.25	-	-	-	-	-	-	-
Central governments and central banks		0.25 to <0.50	-	-	-	-	-	-	-
Central governments and central banks		0.50 to <0.75	-	-	-	-	-	-	-
Central governments and central banks		0.75 to <2.50	-	-	-	-	-	-	-
Central governments and central banks		2.50 to <10.00	-	-	-	-	-	-	-
Central governments and central banks		10.00 to <100.00	-	-	-	-	-	-	-
Central governments and central banks		100.00 (Default)	-	-	-	-	-	-	-
Total - Central governments and central banks			36	0.01	2	45	0.7	1	2
Institutions		0.00 to <0.15	21	0.11	3	46	1	6	30
Institutions		0.15 to <0.25	619	0.21	20	46	0.42	215	35
Institutions		0.25 to <0.50	108	0.32	4	45	0.81	47	43
Institutions		0.50 to <0.75	-	-	-	-	-	-	-
Institutions		0.75 to <2.50	-	-	-	-	-	-	-
Institutions		2.50 to <10.00	-	-	-	-	-	-	-
Institutions		10.00 to <100.00	-	-	-	-	-	-	-
Institutions		100.00 (Default)	-	-	-	-	-	-	-
Total - Institutions			748	0.22	27	46	0.49	268	36
Corporates - Other		0.00 to <0.15	571	0.04	191	45	0.21	41	7
Corporates - Other		0.15 to <0.25	222	0.18	4	45	0.15	59	27
Corporates - Other		0.25 to <0.50	98	0.32	1	45	0.05	42	43
Corporates - Other		0.50 to <0.75	-	-	-	-	-	-	-
Corporates - Other		0.75 to <2.50	-	-	-	-	-	-	-
Corporates - Other		2.50 to <10.00	-	-	1	-	-	-	-
Corporates - Other		10.00 to <100.00	-	-	-	-	-	-	-
Corporates - Other		100.00 (Default)	-	-	-	-	-	-	-
Total - Corporates - Other			891	0.1	197	45	0.18	142	16
Total - Wholesale all portfolios			1,675	0.15	226	45	0.33	411	25

UK CCR4: IRB approach – CCR exposures by exposure class and PD scale continued

	31 December 2024	PD scale	a	b	c	d	e	f	g
			Exposure value	Exposure weighted	Exposure weighted	Exposure weighted	Exposure weighted	Density of risk weighted	
			£m	%	Number of obligors	Average LGD	Average maturity	RWAs	
Central governments and central banks	0.00 to <0.15	29	0.01	1	45	1.37	1	4	
Central governments and central banks	0.15 to <0.25	-	-	-	-	-	-	-	
Central governments and central banks	0.25 to <0.50	-	-	-	-	-	-	-	
Central governments and central banks	0.50 to <0.75	-	-	-	-	-	-	-	
Central governments and central banks	0.75 to <2.50	-	-	-	-	-	-	-	
Central governments and central banks	2.50 to <10.00	-	-	-	-	-	-	-	
Central governments and central banks	10.00 to <100.00	-	-	-	-	-	-	-	
Central governments and central banks	100.00 (Default)	-	-	-	-	-	-	-	
Total - Central governments and central banks		29	0.01	1	45	1.37	1	4	
Institutions	0.00 to <0.15	40	0.11	2	45	1.11	12	30	
Institutions	0.15 to <0.25	485	0.19	20	45	0.72	184	38	
Institutions	0.25 to <0.50	91	0.32	3	45	1.17	42	46	
Institutions	0.50 to <0.75	-	-	-	-	-	-	-	
Institutions	0.75 to <2.50	-	-	-	-	-	-	-	
Institutions	2.50 to <10.00	-	-	-	-	-	-	-	
Institutions	10.00 to <100.00	-	-	-	-	-	-	-	
Institutions	100.00 (Default)	-	-	-	-	-	-	-	
Total - Institutions		616	0.21	25	45	0.81	238	39	
Corporates - Other	0.00 to <0.15	749	0.04	204	45	1.70	140	19	
Corporates - Other	0.15 to <0.25	142	0.17	6	45	0.35	37	26	
Corporates - Other	0.25 to <0.50	-	-	-	-	-	-	-	
Corporates - Other	0.50 to <0.75	-	-	-	-	-	-	-	
Corporates - Other	0.75 to <2.50	-	-	-	-	-	-	-	
Corporates - Other	2.50 to <10.00	-	-	1	-	-	-	-	
Corporates - Other	10.00 to <100.00	-	-	-	-	-	-	-	
Corporates - Other	100.00 (Default)	-	-	-	-	-	-	-	
Total - Corporates - Other		891	0.06	211	45	1.48	177	20	
Total - Wholesale all portfolios		1,536	0.12	237	45	1.21	416	27	

- The increase in exposure values was driven by the institutions exposure class. This reflects the rise in SFTs as part of liquidity management activities.

UK CCR6: Credit derivative exposures

	a		b		a	b		
	31 December 2025		31 December 2024					
	Protection bought £m	Protection sold £m	Protection bought £m	Protection sold £m				
Notionals								
1 Single-name credit default swaps	87	-	-	-	-	-		
2 Index credit default swaps	13	-	390	8	-	-		
3 Total return swaps	-	-	-	-	-	-		
4 Credit options	-	-	-	-	-	-		
5 Other credit derivatives	-	-	-	-	-	-		
6 Total notionals	100	-	390	8	-	-		
Fair values								
7 Positive fair value (asset)	-	3	-	-	-	-		
8 Negative fair value (liability)	(3)	-	(1)	-	-	-		

- Single-name credit default swaps were purchased as part of credit risk RWA reduction activity.
- The decline in index credit default swaps reflects a corresponding decrease in funding risk.

UK CCR8: Exposures to CCPs

The table below shows counterparty credit risk exposures to CCPs including default fund contributions. A qualifying CCP (QCCP) means a CCP that has been either authorised or recognised in accordance with the relevant regulation.

	a		b		a	b		
	31 December 2025		31 December 2024					
	Exposure value £m	RWA £m	Exposure value £m	RWA £m				
1 Exposures to QCCPs (total)		36			23			
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	265	5	210	4				
Of which:								
3 (i) OTC derivatives	240	5	148	3				
4 (ii) Exchange-traded derivatives	-	-	-	-				
5 (iii) Securities financing transactions	25	-	62	1				
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-				
9 Pre-funded default fund contributions	59	31	49	19				

(1) The following rows are not presented in the table because they had zero values for the period: Exposures to QCCPs; row (4) Exchange-traded derivatives, row (6) Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which Netting sets where cross-product netting has been approved, row (7) Segregated initial margin, row (8) Non-segregated initial margin and row (10) Unfunded default fund contributions. Row (11) Exposures to non-QCCPs (total), row (12) Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), row (13) OTC derivatives, row (14) Exchange-traded derivatives, row (15) SFTs, row (16) Netting sets where cross-product netting has been approved, row (17) Segregated initial margin, row (18) Non-segregated initial margin, row (19) Prefunded default fund contributions and row (20) Unfunded default fund contributions.

UK CCRA: Qualitative disclosure related to counterparty credit risk

Definition and framework

Counterparty credit risk relates to derivative contracts, securities financing transactions (SFTs) and long settlement transactions. It is the risk of loss arising from a default of a counterparty before the final settlement of the transaction's cash flows, which vary in value by reference to a market factor, such as an interest rate, exchange rate or asset price.

Counterparty credit risk is covered by NWH Group's credit risk framework. Refer to the Credit risk section in this report for more information.

For more detail on the appetite and control frameworks relating to NWH Group's principal risks, refer to UK OVA.

Counterparty credit limit setting

Counterparty credit limits are established through the credit risk management framework. Limits are based on the credit quality of the counterparty and the appetite for modelled potential future exposure. The utilisations recorded against the limits also reflect the netting of transactions where legally enforceable and the anticipated close-out periods in the event of default.

For central counterparties (CCPs), utilisations are calculated using the same model as for other collateralised counterparties, and a credit limit is set. Limits are separately set to cover initial margin posted to the CCP, default fund contributions and other contingent liabilities. Stress testing is used to assess contingent liabilities such as additional default fund contributions.

Counterparty credit risk management

The credit policy framework governs counterparty credit risk management requirements. Industry-standard documentation (for example, International Swaps and Derivatives Association master agreements for derivatives and Global Master Repurchase Agreements for SFTs) is typically executed with clients prior to trading. Exceptions to this require specific approval from a senior credit risk officer.

Where there is no legal certainty regarding the enforceability of netting, exposures are shown gross. Where netting and collateral enforceability criteria are not fulfilled, exposure is assumed to be uncollateralised. The framework also includes a formal escalation policy for counterparty collateral disputes and unpaid collateral calls.

Collateral required in the event of a credit rating downgrade

NWH Group calculates the additional collateral and other liquidity impacts that would contractually arise in the event of its credit ratings being downgraded. This is undertaken on a daily basis for Treasury and liquidity management purposes. As at 31 December 2025, a simultaneous one-notch long-term and associated short-term downgrade in the credit ratings of all rated entities within NWH Group by all major ratings agencies would have required NWH Group to post estimated additional collateral of £0 million, without taking mitigating management actions into account. A two-notch downgrade would have required £101 million.

Credit valuation adjustments

The credit valuation adjustment (CVA) is the difference between the risk-free value of a portfolio of trades and its market value, taking into account the counterparty's risk of default. CVA sensitivities may be hedged using a combination of derivatives or other instruments.

NWH Group calculates a regulatory CVA capital charge. The purpose of this charge is to improve the resilience of banks to potential mark-to-market losses associated with deterioration in the creditworthiness of counterparties with which NWH Group has transacted non-cleared derivative trades. The charge is calculated using the standardised approach, which is based on the external credit rating of the counterparty.

Wrong-way risk

Wrong-way risk represents the risk of loss that arises when the risk factors driving the exposure to a counterparty have a material positive correlation with the probability of default of that counterparty, i.e. the size of the exposure tends to increase at the same time as the risk of the counterparty being unable to meet that obligation increases.

This risk is immaterial for counterparty credit risk exposures in NWH Group.

UK SEC1: Securitisation exposures in the non-trading book

The table below shows total non-trading book securitisation exposures where NatWest Group acted as originator, sponsor or investor. These are presented by exposure type. Total exposures decreased, due to amortisation of the underlying pool of assets on originated transactions in NWH Group.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o					
	Institution acts as Originator							Institution acts as Sponsor				Institution acts as Investor								
	Traditional				Synthetic			Sub-total	Traditional			Synthetic		Sub-total	Traditional		Synthetic		Sub-total	
	STS		Non-STS					STS		Non-STS		STS		Non-STS		STS		Non-STS		Sub-total
31 December 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	-	-	1,803	1,803	18,023	16,685	19,826	-	-	-	-	4,511	923	-	5,434					
2 Retail (total)	-	-	1,803	1,803	1,353	15	3,156	-	-	-	-	4,088	853	-	4,941					
3 Residential mortgages	-	-	1,803	1,803	1,338	-	3,141	-	-	-	-	2,827	722	-	3,549					
4 Credit card	-	-	-	-	-	-	-	-	-	-	-	655	-	-	655					
5 Other retail exposures	-	-	-	-	15	15	15	-	-	-	-	606	131	-	737					
7 Wholesale (total)	-	-	-	-	16,670	16,670	16,670	-	-	-	-	423	70	-	493					
8 Loans to corporates	-	-	-	-	16,670	16,670	16,670	-	-	-	-	-	70	-	70					
9 Commercial Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
10 Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	423	-	-	423					
11 Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o					
	Institution acts as Originator							Institution acts as Sponsor				Institution acts as Investor								
	Traditional				Synthetic			Sub-total	Traditional			Synthetic		Sub-total	Traditional		Synthetic		Sub-total	
	STS		Non-STS					STS		Non-STS		STS		Non-STS		STS		Non-STS		Sub-total
31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 Total exposures	-	-	-	-	10,401	8,924	10,401	-	-	-	-	3,611	471	-	4,082					
2 Retail (total)	-	-	-	-	1,484	7	1,484	-	-	-	-	3,170	471	-	3,641					
3 Residential mortgages	-	-	-	-	1,477	-	1,477	-	-	-	-	2,107	471	-	2,578					
4 Credit card	-	-	-	-	-	-	-	-	-	-	-	658	-	-	658					
5 Other retail exposures	-	-	-	-	7	7	7	-	-	-	-	405	-	-	405					
7 Wholesale (total)	-	-	-	-	8,917	8,917	8,917	-	-	-	-	441	-	-	441					
8 Loans to corporates	-	-	-	-	8,917	8,917	8,917	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Commercial Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	441	-	-	441					
11 Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The re-securitisation rows 6 and 12 are not presented in UK SEC1 as there were no applicable exposures in NWH Group in either period.

(2) The overall securitisation non-trading book exposure amount included EAD of £0.1 billion (2024 – £0.2 billion) and RWAs of £0.1 billion (2024 – £0.1 billion) related to counterparty credit risk associated with derivative trades. Within this, residential mortgages accounted for EAD of £0.1 billion (2024 – £0.1 billion) and RWAs of £0.1 billion (2024 – £0.1 billion)

• Total exposures increased, due to the underlying pool of assets on originated transactions

UK SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

The table below shows securitisation exposures in the non-trading book and associated regulatory capital requirements where NatWest Holdings Group acted as originator or sponsor. These are presented by exposure type.

31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q			
	Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)						RWA (by regulatory approach)				Capital charge after cap			
	>100%			1250%			SEC- ERBA			SEC- 1250%/ IRBA			SEC- ERBA			SEC- 1250%/ IRBA				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	to <1250% RW	RW/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1 Total Exposures	12,369	6,104	-	2	13	18,488	-	-	-	3,916	-	-	-	314	-	-	-			
2 Traditional transactions	1,803	-	-	-	-	1,803	-	-	-	270	-	-	-	22	-	-	-			
3 Securitisation	1,803	-	-	-	-	1,803	-	-	-	270	-	-	-	22	-	-	-			
4 Retail underlying	1,803	-	-	-	-	1,803	-	-	-	270	-	-	-	22	-	-	-			
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
9 Synthetic transactions	10,566	6,104	-	2	13	16,685	-	-	-	3,646	-	-	-	292	-	-	-			
10 Securitisation	10,566	6,104	-	2	13	16,685	-	-	-	3,646	-	-	-	292	-	-	-			
11 Retail underlying	15	-	-	-	-	15	-	-	-	2	-	-	-	-	-	-	-			
12 Wholesale	10,551	6,104	-	2	13	16,670	-	-	-	3,644	-	-	-	292	-	-	-			

(1)

31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q			
	Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)						RWA (by regulatory approach)				Capital charge after cap			
	>100%			1250%			SEC- ERBA			SEC- 1250%/ IRBA			SEC- ERBA			SEC- 1250%/ IRBA				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	to <1250% RW	RW/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions	SEC- IRBA	(including IAA)	SEC- SA	1250%/ deductions			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1 Total Exposures	8,092	-	-	818	14	8,924	-	-	-	1,500	-	-	-	120	-	-	-			
9 Synthetic transactions	8,092	-	-	818	14	8,924	-	-	-	1,500	-	-	-	120	-	-	-			
10 Securitisation	8,092	-	-	818	14	8,924	-	-	-	1,500	-	-	-	120	-	-	-			
11 Retail underlying	6	-	-	1	-	7	-	-	-	1	-	-	-	-	-	-	-			
12 Wholesale	8,086	-	-	817	14	8,917	-	-	-	1,499	-	-	-	120	-	-	-			

(1) Rows 2-8 are not presented as there were no traditional securitisations where NWH Group acted as originator or sponsor in either period.

(2) The wholesale rows in rows 6-8 and 13 are not presented in UK SEC3 as there were no applicable exposures in NWH Group in the current period

- Increases in synthetic securitisation exposures of £9.6 billion and risk-weighted assets of £2.4 billion were driven by new transactions, offset by amortisation of existing transactions during the period.

UK SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

The table below shows securitisation exposures in the non-trading book and associated regulatory capital requirements where NatWest Holdings Group acted as originator or investor. These are presented by exposure type.

31 December 2025	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)					RWA (by regulatory approach)					Capital charge after cap		
	≤20%		>50% to 100%		>100% to 1250%	RW/ SEC		SEC-ERBA	SEC	1250%/ -SA	SEC	SEC-ERBA	SEC	1250%/ -SA	SEC	SEC-ERBA	SEC	1250%/ -SA
	RW	50% RW	RW	RW	deductions	-IRBA	(including IAA)	-SA	deductions	-IRBA	(including IAA)	-SA	deductions	-IRBA	(including IAA)	-SA	deductions	
1 Total exposures	5,434	-	-	-	-	423	5,011	-	-	42	551	-	-	3	44	-		
2 Traditional securitisation	5,434	-	-	-	-	423	5,011	-	-	42	551	-	-	3	44	-		
3 Securitisation	5,434	-	-	-	-	423	5,011	-	-	42	551	-	-	3	44	-		
4 Retail underlying	4,941	-	-	-	-	-	4,941	-	-	-	541	-	-	-	43	-		
5 Of which STS	4,088	-	-	-	-	-	4,088	-	-	-	409	-	-	-	33	-		
6 Wholesale	493	-	-	-	-	423	70	-	-	42	10	-	-	3	1	-		
7 Of which STS	423	-	-	-	-	423	-	-	-	42	-	-	-	3	-	-		

31 December 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)					RWA (by regulatory approach)					Capital charge after cap		
	≤20%		>50% to 100%		>100% to 1250%	RW/ SEC		SEC-ERBA	SEC	1250%/ -SA	SEC	SEC-ERBA	SEC	1250%/ -SA	SEC	SEC-ERBA	SEC	1250%/ -SA
	RW	50% RW	RW	RW	deductions	-IRBA	(including IAA)	-SA	deductions	-IRBA	(including IAA)	-SA	deductions	-IRBA	(including IAA)	-SA	deductions	
1 Total exposures	4,082	-	-	-	-	441	3,641	-	-	44	388	-	-	4	31	-		
2 Traditional securitisation	4,082	-	-	-	-	441	3,641	-	-	44	388	-	-	4	31	-		
3 Securitisation	4,082	-	-	-	-	441	3,641	-	-	44	388	-	-	4	31	-		
4 Retail underlying	3,641	-	-	-	-	-	3,641	-	-	-	388	-	-	-	31	-		
5 Of which STS	3,170	-	-	-	-	-	3,170	-	-	-	317	-	-	-	25	-		
6 Wholesale	441	-	-	-	-	441	-	-	-	44	-	-	-	4	-	-		
7 Of which STS	441	-	-	-	-	441	-	-	-	44	-	-	-	4	-	-		

(1) Rows 8-12 are not presented as there were no synthetic securitisations where NWH Group acted as investor in either period.

(2) The re-securitisation rows 8 and 13 are not presented in UK SEC4 as there were no applicable exposures in NWH Group in either period.

UK SEC5: Exposure securitised by the institution – Exposures in default and specific credit risk adjustments

	31 December 2025		
	a		b
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk
	Of which exposures in default		adjustments made during the period
	£m	£m	£m
1 Total exposures	20,325	817	(24)
2 Retail (total)	2,072	813	-
3 Residential mortgage	2,056	813	-
4 Credit card	-	-	-
5 Other retail exposures	16	-	-
7 Wholesale (total)	18,253	4	(24)
8 Loans to corporates	18,253	4	(24)
9 Commercial mortgage	-	-	-
10 Lease and receivables	-	-	-
11 Other wholesale	-	-	-

	31 December 2024		
	a		b
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk
	Of which exposures in default		adjustments made during the period
	£m	£m	£m
1 Total exposures	8,924	3	(3)
2 Retail (total)	7	-	-
3 Residential mortgage	-	-	-
4 Credit card	-	-	-
5 Other retail exposures	7	-	-
7 Wholesale (total)	8,917	3	(3)
8 Loans to corporates	8,917	3	(3)
9 Commercial mortgage	-	-	-
10 Lease and receivables	-	-	-
11 Other wholesale	-	-	-

UK SECA: Qualitative disclosure requirements related to securitisation exposures

Framework, roles and definitions

This section presents descriptive information on NWH Group's securitisation activities and related risk management processes and accounting policies.

Definitions

Securitisation and special purpose entities

The CRR defines a securitisation as a transaction or scheme where the credit risk of an exposure or pool of exposures is trashed, where the payments arising from the transaction or scheme are dependent upon the performance of the underlying exposure(s) and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Securitisations can broadly take two forms: traditional and synthetic. In traditional securitisations, the originator transfers ownership of the underlying exposure(s) to an SSPE, putting the asset(s) beyond the reach of the originator and its creditors. The purchase of the underlying exposure(s) by the SSPE is funded by the issuance of securities.

In synthetic securitisations, the originator retains ownership of the underlying exposure(s) but transfers the associated credit risk to another entity through the use of guarantees or credit derivatives.

SSPEs are set up for a specific limited purpose to facilitate a securitisation transaction. They do not provide a commercial service or employ staff. They may take a variety of legal forms, such as trusts, partnerships and companies. Their activities are limited to those appropriate to carrying out a securitisation and their structure is intended to isolate the obligations of the SSPE from those of the originator institution and to ensure that the holders of the beneficial interests have the right to pledge or exchange those interests without restriction. Typically, their share capital is held ultimately by charitable trusts.

Although SSPEs are frequently used, they are not necessarily required for all securitisation structures.

The following definitions are used in these Pillar 3 disclosures:

Trading book – The trading book consists of positions in financial instruments and commodities held either with the intent to trade or in order to hedge other elements of the trading book. To be eligible for trading book capital treatment, financial instruments must either be free of any covenants restricting their tradability or be able to be hedged.

Non-trading book – The non-trading book consists of positions, exposures, assets and liabilities that are not in the trading book. It is also referred to as the 'banking book'. In this section, the counterparty credit risk arising from derivative trades associated with SSPEs is captured in the non-trading book disclosures, including in situations where the derivative attracts market risk in the trading book.

Securitisation position – Any exposure to a securitisation that falls within the scope of regulatory treatment. This includes not only exposures arising from the purchase or retention of the securities issued by an SSPE but also loans and liquidity facilities to securitisations, and the counterparty credit risk exposure of derivative positions transacted with an SSPE.

Re-securitisation – A securitisation in which the underlying asset or pool of assets comprises at least one securitisation position. NWH Group does not have any re-securitisation exposures.

Securitised exposure – An asset or pool of assets that is securitised by way of a traditional or synthetic securitisation.

Significant risk transfer assessment – An assessment prescribed by the CRR and designed to determine whether or not a securitisation structure transfers significant risk on the underlying assets to a party or parties other than the originator.

Term securitisation – A securitisation vehicle funding a pool of assets through the issuance of long-term securities. A term securitisation may hold the assets of one or more originators.

Asset-backed commercial paper (ABCP) conduit – A securitisation vehicle funding a pool of assets through the issuance of predominantly short-term securities (namely commercial paper). A conduit may hold the assets of one or more originators (referred to as a single-seller or multi-seller conduit, respectively).

Simple, transparent and standardised securitisation (STS) – these are exposures which meet requirements contained in the Securitisation Regulation. If they additionally meet some further requirements in the CRR, they can qualify for reduced capital requirements.

Objectives and roles

By participating in securitisation activity, NWH Group aims to achieve one or both of the following objectives, either for its own purposes or for customers:

- To diversify sources of funding; and
- To facilitate prudential balance sheet and risk management.

In doing so, NWH Group may incur a range of risks, including credit, market, liquidity and funding, legal, regulatory and reputational risks; for which it must hold regulatory capital.

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

NWH Group may play one or more of the following roles in a securitisation transaction:

Originator – NWH Group may originate securitisation transactions for either funding or risk and capital management purposes

The aim of originating funding transactions is to diversify its sources of funding and manage its balance sheet.

In funding transactions, NWH Group will be exposed to credit risk and market risk on the underlying assets, as the structure of the transaction does not transfer these risks to third parties.

The transactions originated for risk and capital management purposes, are synthetic transactions with the assets remaining on the accounting balance sheet. Risk is transferred by way of guarantees, with the intention of meeting the significant risk transfer requirements and derecognising the underlying credit risk and recognising the securitisation tranches, with credit risk mitigation on the protected tranches.

Investor – To generate financial returns, NWH Group may:

- Purchase asset backed loans and securities;
- Enter into derivative transactions with an SSPE

To generate additional fee income, NWH Group may play other roles as well.

Sponsor – NWH Group may establish and manage a term securitisation that purchases bonds or other financial assets from third parties. It may do so on its own account or on behalf of its customers. Additionally, it historically established and managed ABCP conduits. In its role as sponsor, it would be particularly exposed to credit and liquidity risk.

Arranger – NWH Group may structure a securitisation transaction, drafting the documentation that governs the behaviour of the SSPE, and then sell the securities issued by the SSPE to investors. It may act as arranger for securitisation transactions it originates or, alternatively, for securitisation transactions originated by its customers, principally financial institutions and large corporates.

Manager – NWH Group may manage and service the asset pool of the securitisation as required by the terms of the transaction.

Underwriter – NWH Group may underwrite the securities issued by an SSPE. The associated securitisation transaction may be originated by NWH Group or its customers.

Other administrative roles – As a ‘contractual party’, NWH Group may do any of the following, alone or in combination:

- Hold the bank account of an SSPE on its own books;
- Monitor the credit quality of the underlying assets on behalf of investors;
- Report on the performance of the SSPE to investors; and
- Make payments to investors on behalf of the SSPE.

Information relating to the significant roles performed by NWH Group (investor, originator, sponsor) is contained in the tables within this section.

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

Risk management

As noted above, acting as an originator, sponsor or investor in a securitisation transaction may give rise to both credit and market risk. NWH Group may also incur other types of risk during its exposure to securitisation activity.

All such risks are described in the table below, along with details of how they are monitored and managed.

STS and non-STS positions are not managed differently, although STS transactions which comply with all relevant requirements may have a lower capital requirement.

Types of risk	Definition and how the risk may arise	How NWH Group monitors and manages the risk
Credit risk	<p>The risk that a customer or counterparty (or, in the case of a securitisation, an SSPE) fails to meet its obligations to settle outstanding amounts.</p> <p>Securitisation may expose NWH Group to credit risk for any of several reasons.</p> <p>If NWH Group invests in an SSPE by purchasing or (in the case of a securitisation it has originated) retaining the bonds it issues, conducting derivative transactions with it or lending to it, NWH Group is exposed to the risk that the SSPE will fail to meet its obligations to settle outstanding amounts to NWH Group. This may happen because cash flows generated by the underlying assets are insufficient to repay creditors, including bondholders, derivative counterparties or lenders, or in the event of a third party, such as a bank account provider or derivative counterparty, defaulting on its obligation to the SSPE. The SSPE pays principal and interest to creditors in order of seniority, with the most senior paid first.</p> <p>When NWH Group originates a securitisation transaction, if the securitisation structure does not substantially transfer the economic risks of the underlying assets, including credit risk, to a third party, it is exposed to credit risk on those assets just as it would be if the securitisation had never taken place.</p> <p>Credit risk is heightened if the assets in the SSPE are not diversified by sector, geography or borrower.</p>	<p>NWH Group's overall exposure to third party securitisation is governed by its sector concentration framework. If it retains or purchases bonds issued by an SSPE, conducts derivative transactions with it or lends to it, NWH Group monitors the performance of the vehicle in part by reviewing information provided by the trustee as well as by rating agencies or other third parties.</p> <p>As an originator, if the securitisation structure does not transfer substantial credit risk to a third party, NWH Group manages it as if the securitisation had never taken place. NWH Group has credit limits in place and monitors SSPE positions with third party bank account providers for own asset securitisations which generate a credit risk exposure for NWH Group.</p> <p>NWH Group may seek to mitigate credit risk arising from the purchase (or retention) of bonds issued by an SSPE through the use of unfunded protection, usually guarantees. It does not usually hedge the credit risk associated with retained bonds, which are generally held in the non-trading book.</p>
Non-traded market risk	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.	NWH Group manages this risk in accordance with its policy on non-traded market risk, including structural interest rate risk.
Liquidity and funding risk	Liquidity risk is defined as the risk that the Group or any of its subsidiaries or branches cannot meet its actual or potential financial obligations in a timely manner as they fall due in the short term. 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. NWH Group may sponsor securitisations and, as sponsor, may provide liquidity facilities to the SSPE. If the SSPE utilises these facilities, NWH Group will need to fund them, giving rise to the risk that it will not be able to do so.	NWH Group manages these risks in accordance with its policy on liquidity and funding risk.

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

Types of risk	Definition and how the risk may arise	How NWH Group monitors and manages the risk
Legal risk	<p>The risk that NWH Group will incur losses as a result of the failure of the documentation relating to a securitisation to perform as expected or as a result of investors asserting that NWH Group made inadequate disclosures or conducted inadequate due diligence in relation to the relevant credit exposures. Legal risk is elevated if the parties to the transaction are located in different jurisdictions, as documentation effective in one jurisdiction may not be effective in another. Additional losses may arise as a result of costs incurred by the parties in an effort to address documentary shortcomings.</p> <p>This risk is heightened in the case of re-securitisations, as NWH Group needs to gather information surrounding each of the original transactions, together with an understanding of their interaction within the re-securitisation.</p>	<p>NWH Group has specific processes and controls in place designed to ensure adequate due diligence is undertaken and appropriate disclosures are made in relation to the relevant offerings. In relation to documentation, distribution of securities and compliance with relevant laws and regulations, NWH Group works with experienced internal and external counsel to ensure all reasonable steps are taken to ensure documentation standards are satisfactory and applicable laws and regulations in all relevant jurisdictions are complied with.</p>
Compliance and conduct risk	<p>Compliance risk is the risk that the behaviour of NWH Group towards customers fails to comply with laws, regulations, rules, standards and codes of conduct. Conduct risk is the risk that the conduct of NWH Group and its subsidiaries and its staff towards customers – or in the markets in which it operates – leads to unfair or inappropriate customer outcomes and results in reputational damage, financial loss or both. Compliance and conduct risks 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 insider information.</p>	<p>Well-established policies and supporting processes are in place to ensure timely identification of, and effective responses to, changes in official sector requirements, laws, regulations and major industry standards affecting NWH Group. This risk falls under the governance of the Mandatory Change Advisory Committee, which meets monthly with representatives from all business segments and functions.</p>
Reputational risk	<p>The risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events.</p> <p>The three primary drivers of reputational risk have been identified as: failure in internal execution; a conflict between NWH Group's values and the public agenda; and contagion (when NWH Group's reputation is damaged by failures in the wider financial sector).</p>	<p>NWH Group manages reputational risk in accordance with its reputational risk management framework.</p>
Operational risk	<p>The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events.</p> <p>This risk arises from day-to-day operations and is relevant to every aspect of the business.</p>	<p>NWH Group manages operational risk in accordance with its operational risk management framework.</p>

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

Regulatory treatment

NWH Group determines the regulatory capital required for exposures related to its securitisation activities in accordance with the CRR. In so doing, with respect to each securitisation transaction, it considers on an ongoing basis:

The effectiveness of the originated securitisation structure in achieving risk transfer; and

Whether the securitisation positions it holds relate to the trading or non-trading book.

In instances where it is an originator, NWH Group carries out a significant risk transfer assessment to evaluate whether the securitisation structure transfers significant credit risk associated with the underlying assets to the holders of the securitisation positions and that the reduction in capital requirements is commensurate with the reduction in risk.

If significant risk transfer is achieved, NWH Group does not hold any capital against the underlying assets but does hold capital against any retained securitisation positions. However, if it is not achieved, capital will be held against the underlying assets as if the securitisation had never taken place.

None of the SRT transactions are STS compliant. The retained positions are mostly senior exposures, with a very small amount of first loss exposure.

As noted earlier, NWH Group may play several roles in respect of securitisations. Of these, three may result in NWH Group holding securitisation positions in connection with which a capital charge is required: originator; sponsor; or investor.

In the case of securitisation positions in the non-trading book, NWH Group calculates regulatory capital for credit risk. Depending on the nature of the instrument there may also be capital requirements for counterparty credit risk. These positions tend to be senior securitisation exposures, some of which may be STS compliant.

Calculation of risk-weighted exposures

Risk-weighted exposures for securitisation positions are calculated in accordance with the CRR.

There are three different methodologies for calculating risk weights and a hierarchy of approaches.

SEC-IRBA is the Internal Ratings-Based Approach. The calculation of the applicable risk weight is based on the capital charge for the underlying pool of exposures calculated under the IRB approach. Additional data inputs used in the calculation are the attachment and detachment points of the tranche, tranche maturity, effective number of exposures and the pool LGD.

SEC-SA is the Standardised Approach. The calculation of the applicable risk weight is based on the capital charge for the underlying pool of exposures calculated under the Standardised Approach. Additional data inputs used in the calculation are the nominal amount of delinquent exposures and the attachment and detachment points of the tranche.

SEC-ERBA is the External Ratings-Based Approach. This is based on external credit ratings from credit rating agencies. The ratings are mapped to corresponding credit quality steps (CQS) and, along with seniority of the tranche, maturity and tranche thickness, these are used to determine the risk weight for each exposure. NWH Group recognises ratings issued by Standard & Poor's, Moody's, Fitch, DBRS or ARC Ratings. Most transactions are rated by two or more of these rating agencies, which are formally classified as external credit assessment institutions (ECAs).

NWH Group does not have any exposures capitalised using the Internal Assessment Approach (IAA).

Lower risk weights apply under all approaches to positions which qualify as Simple, Transparent and Standardised securitisations (STS).

NWH Group applies the hierarchy as set out in the CRR and applies one of the methodologies, SEC-IRBA, SEC-SA or SEC-ERBA as required. The SEC-IRBA approach has only been used on own-originated transactions, where IRB risk weights on the underlying assets are available. The remaining exposures are risk weighted, as appropriately, using SEC-SA or SEC-ERBA.

Summary of accounting policies including derecognition

Accounting assessment takes place at the time of closing a transaction and depends on a securitisation's residual risk. By contrast, significant risk transfer assessments take place at regular intervals and the resulting capital calculations can differ depending on the change in residual risk over time.

The most relevant accounting policies for transactions involving securitisation of NWH Group's own assets are 1) consolidation of the securitisation vehicle; and 2) derecognition of the securitised assets in the original company.

The most relevant accounting policies for the purchase of third-party securitisation exposures (referred to in the accounting framework as contractually linked notes) are 1) recognition; 2) classification and measurement; and 3) consolidation of the securitisation vehicle.

Consolidation

A structured entity is consolidated when NWH Group, or one of its subsidiaries, controls it. Control over a structured entity arises when NWH Group, or one of its subsidiaries, has the power to direct the key activities of the entity so as to affect its exposure to the variable returns from the entity.

Derecognition

A financial asset is derecognised (removed from the balance sheet) when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition. Conversely, an asset is not derecognised in a contract under which NWH Group retains substantially all the risks and rewards of ownership.

A financial liability is removed from the balance sheet when the obligation is paid, cancelled, or expires. Cancellation includes the issuance of a substitute instrument on substantially different terms.

Derecognition assessment will be considered both at the consolidated and company level when a financial instrument is transferred to a structured entity.

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

Financial instruments

Financial instruments are measured at fair value upon initial recognition on the balance sheet. Monetary financial assets are classified into one of the following subsequent measurement categories. This is 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) measured at fair value and changes in fair value reported in the income statement.

Classification by business model reflects how NWH Group manages its 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.

The contractual terms of a financial asset; any leverage features; prepayment and extension terms; and triggers, discounts or penalties to interest rates that are part of meeting Environmental, Social 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.

Contractually linked notes (securitisation positions) contain features which require additional consideration, and the position in the waterfall of payments may affect the outcome.

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.

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.

Regular way purchases 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.

Assets awaiting securitisation

[At both 31 December 2025 and 31 December 2024, no assets were categorised as awaiting securitisation.]

Implicit support

NWH Group has not provided support to any securitisation transactions beyond its contractual obligations.

Types of transactions

In the role of originator, NWH Group securitises a variety of assets which typically include the following:

Residential mortgages and commercial real estate loans – NWH
Group securitises residential mortgages and commercial real estate loans that it originates itself. Mortgages and real estate loans are assigned to SSPEs, which fund themselves principally through the issue of floating rate notes, although there are currently no such outstanding transactions.

Other loan types – NWH Group selectively securitises other loans that it originates, principally those to corporates and small and medium-sized enterprises. These are the synthetic SRT transactions.

SSPEs used by NWH Group

SSPEs used by NWH Group hold either the securitised assets themselves (traditional securitisations) or a package of other assets economically equivalent to those assets (synthetic securitisations).

At 31 December 2025, the last remaining multi-seller commercial paper conduit programme, Thames Asset Global Securitization (TAGS) which NWH Group had sponsored is dormant. During 2025, TAGS issued no commercial paper to external parties.

UK SECA: Qualitative disclosure requirements related to securitisation exposures continued

Prior to 2025 NWH Group had no outstanding traditional securitisations, in 2025 it completed a residential mortgage transaction and the SSPE entity was:

- Antler Mortgage Funding 1 PLC

The synthetic securitisations purchase credit protection via SSPEs which issue CLN to the investors. These entities are:

- Nightingale Securities 2017-1 Limited
- Nightingale CRE 2018-1 Limited
- Nightingale Project Finance 2019 1 Limited
- NIGHTINGALE UK CORP 2020 2 LTD
- Nightingale LF 2021-1 Ltd
- Nightingale Project Finance II 2023-1 Limited

- Nightingale 2024-1 Limited
- Nightingale 2024-2 Limited
- Nightingale 2024-3 Limited
- Nightingale 2025-1 Limited
- Nightingale 2025-2 Limited
- Nightingale 2025-3 Limited
- Nightingale 2025-4 Limited
- Nightingale 2025-5 Limited

Affiliates of NWH Group do not invest in securitisations originated by the NWH Group or in securitisation positions issued by SSPEs sponsored NWH Group, beyond the risk retained in SRT transactions.

Six transactions have been originated by NWH Group during 2025.

Market risk

UK MR1: Market risk under the standardised approach

The table below shows market risk RWAs by type of risk under the standardised approach.

	31 December 2025	31 December 2024
	a RWAs £m	a RWAs £m
Outright products		
3 Foreign exchange risk	184	239
9 Total	184	239

(1) The following rows are not presented in the table because they had zero values for the period or are not used by NWH Group: (1) Interest rate risk (general and specific), (2) Equity risk (general and specific), (4) Commodity risk, (5) Simplified approach, (6) Delta-plus approach, (7) Scenario approach and (8) Securitisation (specific risk)

- NWH Group's market risk RWA exposure – which relates solely to the foreign exchange banking book charge – includes the position in NatWest Holdings Limited and its subsidiaries.
- The majority of this position relates to open structural foreign exchange exposures. A key driver of the year-on-year RWA decrease relates to reductions in Indian rupee exposure.

UK MRA: Qualitative disclosures related to market risk

Definition and framework

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.

NWH Group is exposed to non-traded market risk through its banking activities. It has no material exposure to traded market risk.

The key sources of non-traded market risk in NWH Group are interest rate risk in the banking book (IRRBB), credit spread risk, foreign exchange risk and accounting volatility risk. This section contains general qualitative information on non-traded market risk. UK IRRBBA contains detailed qualitative information relating to management of IRRBB in NWH Group.

Market risk governance

Responsibility for identifying, measuring, monitoring and controlling non-traded market risk lies with the relevant business. Oversight is provided by the independent Risk function.

Risk positions are reported regularly to the Executive Risk Committee and Board Risk Committee, as well as to the Asset & Liability Management Committee. Non-traded market risk policy sets out the governance and risk management framework.

Risk appetite

NWH Group's qualitative appetite is set out in the non-traded market risk appetite statement.

Its quantitative appetite is expressed in terms of value-at-risk (VaR), stressed value-at-risk (SVaR), sensitivity and stress limits, and earnings-at-risk limits.

The limits are reviewed to reflect changes in risk appetite, business plans, portfolio composition and the market and economic environments. To ensure approved limits are not breached and that NWH Group remains within its risk appetite, triggers have been set and are actively managed.

For more detail on the appetite and control frameworks relating to NWH Group's principal risks, refer to UK OVA.

Monitoring, mitigation and measurement

Interest rate risk

Interest rate risk in the banking book 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.

For detail on NWH Group's management of IRRBB, refer to UK IRRBBA. The non-traded market risk section in the 2025 NWH Group and NatWest Group ARAs contains further information.

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. NWH Group's bond portfolios primarily comprise high-quality securities maintained as a liquidity buffer to ensure it can continue to meet its obligations in the event that access to wholesale funding markets is restricted. Credit spread risk may also arise (i) from other high-quality bond portfolios that are held for collateral purposes and to support payment systems, and (ii) from fair-value loan portfolios.

Credit spread risk is monitored daily through sensitivities and VaR measures. Exposures and limit utilisations are reported to senior management on a daily basis. Dealing mandates in place

for the bond portfolios further mitigate the risk by imposing constraints by duration, asset class and credit rating.

Foreign exchange risk

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

- **Structural foreign exchange rate risk** – mainly arises from the capital deployed in foreign subsidiaries and branches.
- **Transactional 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** – NatWest Group assesses its potential exposure to forecast foreign currency income and expenses. NatWest Group hedges forward some forecast expenses.

The most material non-traded open currency positions are the structural foreign exchange exposures arising from investments in foreign subsidiaries and branches. These exposures are assessed and managed to predefined risk appetite levels under delegated authority agreed by the Chief Financial Officer with support from the Asset & Liability Management Committee.

NatWest Group seeks to limit the potential volatility impact on its CET1 ratio from exchange rate movements by deliberately maintaining a structural open currency position. Gains or losses arising from the retranslation of net investments in overseas operations are recognised in other comprehensive income and reduce the sensitivity of capital ratios to foreign exchange rate movements primarily arising from the retranslation of non-sterling denominated RWAs. Sensitivity is minimised where, for a given currency, the ratio of the structural open position to RWAs equals the CET1 ratio.

The sensitivity of this ratio to exchange rates is monitored monthly and reported to the Asset & Liability Management Committee at least quarterly. Foreign exchange exposures arising from customer transactions are hedged by businesses on a regular basis in line with NatWest Group policy.

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.

Accounting volatility can be mitigated through hedge accounting. However, residual volatility will remain in cases where accounting rules mean that hedge accounting is not an option, or where there is some hedge ineffectiveness. Accounting volatility risk is reported to the Asset & Liability Management Committee monthly and capitalised as part of the Internal Capital Adequacy Assessment Process (ICAAP).

Calculation of regulatory capital

Market risk exposures in the non-trading book that are not captured under Pillar 1 are capitalised through the ICAAP. This covers gap risk, basis risk, credit spread risk, pipeline risk, structural foreign exchange risk, prepayment risk and accounting volatility risk. A combination of value-based and earnings-based measures are used in the ICAAP.

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 and is produced to a 99% confidence level. Methodologies are reviewed by Model Risk Management and results are approved by the NWH Group Board.

Market risk RWAs for NWH Group as disclosed in this report relate solely to the foreign exchange banking book charge and are calculated using the standardised approach.

Annex XXXI: Operational risk

UK OR1: Operational risk own funds requirements and risk-weighted exposure amounts.

The table below shows income used in the calculation of own funds requirements for operational risk. NatWest Group applies the Standardised approach for calculating such requirements making use of audited income figures for the relevant indicator.

in £m.	a	b	c	d		e
				Relevant indicator		
Banking Activities	2023	2024	2025	Own funds requirements		
1 Banking activities subject to basic indicator approach (BIA)	-	-	-			-
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	12,827	13,522	15,371	1,840	22,997	
3 Subject to TSA:	12,827	13,522	15,371			
4 Subject to ASA:	-	-	-			
5 Banking activities subject to advanced measurement approaches AMA	-	-	-			-

UK ORA: Qualitative information on operational risk.

Risk management objectives and policies

NatWest Group defines operational risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.” It is a level 1 key risk, within the NatWest Group risk directory and is managed through the setting of policy. Policy is supported by risk standards and toolkits to enable effective application and management of operational risk within the NWH Group Board approved risk appetite.

NWH Group’s operational risk appetite is calibrated at least annually and defines the type and aggregate level of risk NWH Group is willing to accept in pursuit of its strategic objectives and business plans. The operational risk appetite encompasses the full range of operational risks faced by its legal entities, businesses and functions. It supports the effective management of operational risk and the promotion of robust risk practices and risk behaviours.

NatWest Group operational risk policy, defines, at a high level, the key principles and approach to managing and reporting operational risk across NatWest Group. This includes the minimum requirements and approach that all legal entities must adhere to and how risk appetite is overseen and controlled. It supports a risk based, principles approach to operational risk management with minimum requirements defined at a level commensurate to the risk exposure of each legal entity, business and function.

NatWest Group operational risk policy is supported by risk standards aligned to each Level 2 operational risk in accordance with the NatWest Group risk directory. Risk standards are a more granular expression of policy and detail the mandatory controls that must be applied to manage each level 2 risk within appetite. Thus, providing the necessary requirements for the first line of defence (1LOD) to develop relevant operational policies controls and procedures.

NatWest Group’s key operational risk focus areas have been Cyber Risk, Data Quality, Third Party Risk Management, Operational Resilience and End-of-Life systems given inherent risk impact of these themes on the overall operational risk profile.

Operational risk qualitative statement

NWH Group seeks to reduce financial loss and / or adverse consequences of operational risk for customers and NWH Group to an acceptable level through robust risk practices, behaviours and a proportionate control environment, balancing the cost with benefits of control. NWH Group accepts that operational risk is unavoidable as a result of conducting business and in the provision of services to customers.

Operational risk appetite is expressed through a combination of qualitative statements and quantitative Board risk appetite metrics that are reflective of the holistic operational risk profile and the key operational risk focus areas.

Operational risk strategies and processes

Within the Enterprise-Wide risk management framework (EWRMF), the operational risk policy defines the approach, tools and techniques for managing risk (split by all principal risks both financial and non-financial). They include minimum standards for identification, assessment, management, monitoring and reporting of operational risk.

Structure and organisation of the risk management function for operational risk

The NatWest Group Head of Operational Risk reports to the Director of Non-Financial Risk, who reports directly to the Chief Risk Officer and has primary responsibility for the operational risk function.

The risk governance arrangements in place for operational risk are aligned to the requirements set out in the NatWest Group Board approved EWRMF and are consistent with achieving safety, sound and sustainable risk outcomes.

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

In line with industry best practice and sound risk governance principles, the Group adopts a Three Lines of Defence model of risk governance. The operational risk management function sits within the second line of defence (2LOD) operating as risk oversight and control to the first line of defence (1LOD) within businesses, functions and legal entities. The operational risk function is comprised of the following areas:

- **Operational Risk Framework Systems & Insights** – responsible for the design and ongoing development and maintenance of operational risk policies, standards and toolkits in alignment with the EWRMF. Responsible for the ownership, maintenance and enhancements to the NatWest Group risk systems and for operational risk reporting and insights.
- **Directors of Risk (DoR)**: interface with the businesses and functions and leverage wider Risk teams to provide expert oversight and challenge.
- **Specialist Risk Directors (SRD)**: provide deep and specialist technical expertise and knowledge to support the DoR teams and to provide independent risk oversight and an aggregated view of specific level 2 operational risks.

Operational risk measurements and control

Operational Risk appetite is monitored through a series of measures, this includes measurement of high and very high rated operational risks, losses and events; control adequacy and effectiveness, issue management cyber security, end of life risk management, third party risk and operational resilience. The performance of these measures is regularly reported to the Executive Risk Committee (ERC) and Board Risk Committee (BRC), with a breach reporting process in place to ensure timely escalation and action management.

In addition, our end-to-end Risk and Control Self-Assessment (RCSA) process is the key mechanism through which the NWH Group non-financial risk exposure is understood. It is used to identify and measure material non-financial risks faced by the group to facilitate the effective identification, assessment and management of risks within risk appetite. NWH Group assessments are supported by an understanding of the end-to-end journey, meaning we break down our assessment by key process steps within the journey and examine the risks to the objectives of those processes.

UK ORA: Qualitative information on operational risk continued

The effectiveness of the risk and control environment is evaluated through the Risk and Control Performance Assessment (RCPA). This assessment is conducted annually by each business area within NatWest Group using a standardised set of indicators and providing qualitative context to determine an RCPA outcome of “met,” “partially met,” or “not met.” The indicators are used to inform 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 Enterprise-Wide Risk Management Framework (EWRMF).
- A culture of Intelligent Risk Taking.
- The RCPA enables the Group to meet its legal and regulatory obligations with regards to the monitoring, assessment and reporting of its internal risk and control environment.

Operational risk reporting

Standardised monthly reporting requirements and prescribed risk governance via the Group's risk governance committees is in place across the NatWest Group, supported by legal entity, businesses and functions reporting. This supports the visibility and tracking of the business level and aggregated bank wide risk profile in relation to appetite, ensuring effective ongoing oversight and challenge of operational risk across NWH Group. This includes regular reporting to the ERC, the BRC and business level risk committees.

To support effective oversight of operational risk, an Operational Risk Executive Steering Group (ESG) is also in place. The purpose of this ESG is to ensure that all Level 2 operational risks are monitored and material risks are identified, understood and managed effectively.

The main responsibilities of the ESG are to:

- Review bank-wide the operational risk profile and mitigation against material themes through receipt of appropriate management information to monitor current operational risk relative to appetite.
- Review regular deep dives into the bank's material operational risks (leveraging framework outputs, loss/event data, industry context etc,) relative to agreed appetite, to understand status, consider emerging trends and review mitigation approaches and progress.
- Review return to appetite progress against material risk exposures.
- Review and consider insights from audit reports, market peers, historical events, emerging themes and trends.
- Review performance of the aggregated Operational Risk and appropriate challenge and oversight of mitigating actions
- Provide oversight of the Group's control environment through review and challenge of remediation plans

In addition to deep dives into the material operational risks mentioned above, all these requirements are supported by an annual operational risk spotlight into the overall operational risk profile which is presented to the ERC and the BRC.

Policies for hedging and mitigating operational risk

The NatWest Group operational risk policy defines the minimum requirements and approach that all legal entities must follow with respect to operational risk, including how the risk appetite is overseen and controlled. It supports a risk based, principles approach to operational risk management

with minimum requirements defined at a level commensurate to the risk exposure of each legal entity, business, and function. The operational risk policy is supplemented by additional risk standards aligned to the level 2 risk directory.

The operational risk policy is created, owned and maintained by the 2LoD and are reviewed at least annually to ensure alignment with the EWRMF and . The key risk policies are approved by the Group Board Risk Committee under Board-delegated authority. At the last annual review, NatWest Holdings BRC confirmed its support for management's recommendation that there was no requirement for any NWH-specific Key Risk Policies

Minimum policy requirements for the identification and assessment, management and mitigation, monitoring and reporting of operational risk are outlined below. These requirements are set at NatWest Group level and must be applied consistently by legal entities, businesses and functions. The management of operational risk is made more effective by:

- Maintaining a strong risk culture.
- Defining and operating within risk appetite.
- Defining, implementing, risk standards which outline the minimum control expectations.
- Monitoring compliance to the operational risk policy.
- Defining, implementing and monitoring the outputs of risk management lifecycle tools and processes; and
- Providing independent 2LoD oversight as per three lines of defence model.
- Reporting regularly using data led risk insights.

Identification, assessment and management.

RCSAs are used across all business areas and support functions to identify and assess material operational risks, conduct risks, financial crime risks and key controls that mitigate these risks. All risks and controls are mapped to NatWest Group's Risk Directory. Risk assessments are refreshed at least once every two years to ensure they remain relevant and there is a defined trigger process in place to trigger reviews of the RCSA outside the business-as-usual review cycle upon the occurrence of defined events (including applicable internal and external environmental changes) which would warrant a reassessment of the relevant risks.

The process is designed to assess if risks are effectively managed in line with risk appetite. Controls are tested at the appropriate frequency to verify that they remain fit-for-purpose and operate effectively to mitigate identified risks.

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 residual risk exposure. Mitigation activity is prioritized using risk based approach considering the risk appetite.

Insurances and other risk transfer mechanisms are not used for operational risk mitigation in the standardised approach.

Where a material change in control performance is identified, the associated risk is re-evaluated. Where control weaknesses or gaps are identified, relevant issues are raised which require accompanying action plans to address the control weaknesses or gaps within defined timelines.

UK ORA: Qualitative information on 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 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 (EEE) Process. NatWest 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 NWH 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 and to comply with statutory or contractual requirements.

UK IRRBB1: Quantitative information on IRRBB

The table below shows information on changes in economic value of equity (ΔEVE) and net interest income (ΔNII) under each of the prescribed interest rate shock scenarios. These scenarios are prescribed in Rule 9.7 of the ICAA Part of the PRA Rulebook and in accordance with points (a) and (b) of CRR Article 448(1).

	a ΔEVE	b 31 December 2025 £m	c 30 June 2025 £m	d 31 December 2025 £m	e Tier 1 capital		f 30 June 2025 £m
					31 December	31 December	
					2025	2025	
010	Parallel shock up	(2,439)	(2,063)	1,173	1,177		
020	Parallel shock down	1,161	871	(1,913)	(1,768)		
030	Steeperener shock	(460)	(428)				
040	Flattener shock	(16)	9				
050	Short rates shock up	(1,001)	(749)				
060	Short rates shock down	429	277				
070	Maximum	(2,439)	(2,063)	(1,913)	(1,768)		
080	Tier 1 capital					23,687	24,384

- The most adverse EVE result under the six scenarios was the £2.4 billion reduction in economic value relative to base-case projection. This occurred in the parallel up scenario at 31 December 2025. The main driver of the parallel up scenario was the sensitivity of the equity structural hedge.
- The most adverse one-year NII result was the £1.9 billion reduction in net interest income relative to a base-case projection. This occurred in the parallel down scenario at 31 December 2025. The main driver of the parallel down scenario is margin compression risk to deposits across Retail Banking, Commercial & Institutional and Private Banking.

Minimum capital requirements for operational risk

NWH Group uses the standardised approach to calculate its Pillar 1 operational risk capital requirement. This is based on multiplying three years' average historical gross income (relative indicator) by coefficients set by the regulator based on business line. As part of the wider Internal Capital Adequacy Assessment Process (ICAAP), an operational risk economic capital model is used to assess Pillar 2A, which is a risk-sensitive add-on to Pillar 1. The model uses historical loss data (internal and external) and forward-looking scenario analysis to provide a risk-sensitive view of NWH Group's Pillar 2A capital requirement.

Scenario analysis is used to assess how severe but plausible operational risks will affect NWH Group. It provides a forward-looking basis for evaluating and managing operational risk exposures.

Please refer to table UK OR1 For further details on operational risk own funds requirements.

UK IRRBBA: IRRBB risk management objectives and policies

Definition and risk appetite framework

Interest rate risk in the banking book (IRRBB) is the risk of an economic loss due to unexpected movements in interest rates.

NWH Group's approach to managing IRRBB follows the overarching risk management framework and approach outlined in UK OVA. NWH Group measures its economic value and earnings risk sensitivity to IRRBB and has a risk appetite framework that limits these sensitivities.

Banking book risk positions are managed within limits. Management activity may involve offsetting or reducing on or off balance sheet positions, or hedging risk positions with derivatives. Limit or trigger breaches are escalated through the first and second lines of defence model using established procedures.

The quantitative risk appetite is mainly expressed in terms of value at risk (VaR), stressed value at risk (SVaR), present value of one basis point (PV01) sensitivity, economic value of equity (EVE) limits and earnings at risk limits.

Measures are applied not only at NWH Group level but also at sub-group consolidated and solo consolidated levels in addition to business segments and product levels.

Management and monitoring

IRRBB is generally managed by the Treasury function, which is responsible for external hedging. Treasury may net risk positions across certain portfolios (for example, fixed-rate mortgages and non-maturity deposits) to reduce its external derivative hedging requirement. For other portfolios, for example Treasury debt issuance, hedging may be matched to specific transactions.

The impact of changes to market conditions is continuously monitored. For example, wholesale portfolios may be valued daily on a mark-to-market basis. Additionally, all interest rate derivatives are subject to mark-to-market accounting treatment. VaR calculations are based on realised market movements, so VaR reflects periods of high market volatility which potentially acts as a limit on the size of underlying positions. In addition, stress testing scenarios aim to anticipate market stresses and are designed to highlight potential areas of vulnerability, for example negative interest rates or sharply higher rates. Furthermore, NWH Group's internal capital adequacy assessment for IRRBB allocates capital to risk positions using stressed sensitivity measures, including earnings and economic value stresses.

NWH Group ALCo considers the balance-sheet impact of IRRBB appetite and the actions taken to manage it within set limits. ALCo also reviews the interest rate risk profile on an ongoing basis.

Models used to measure IRRBB are subject to the model risk validation framework. The framework ensures that models are independently validated, rated and approved as appropriate for use. It also establishes the periodicity for ongoing validation and a governance and control framework that includes model usage and development.

NWH Group's management of IRRBB is also reviewed by Internal Audit, which is independent of the first and second lines of defence and is responsible for providing independent assurance to the Board.

Measurement

Calculation of risk measures varies in frequency as deemed appropriate by the Board. EVE is calculated and reported at least quarterly. Earnings at risk, VaR and PV01 for NWH Group's overall banking book is calculated and reported at least monthly. Risk measures for wholesale market-linked activity such as money markets or liquidity portfolio management are monitored daily. Frequency of reporting may, if required, be updated in response to changes in market conditions or to assess the impact of changes in underlying positions.

NWH Group primarily uses PV01, VaR and EVE to measure the economic value sensitivity of IRRBB.

- **Value at Risk** is a statistical estimate of the potential change in value of a portfolio over a specified time horizon to a given confidence level. In accordance with NWH Group risk policy, different holding periods and confidence levels are applied to VaR, which is measured using historical simulations. Standard simulations are based on nominal interest rate gaps at the reporting date. They assume a holding period of 1 day and a confidence interval of 99 days and are modelled using at least 500 business days of historical data.
- **EVE and PV01** estimate the net present value sensitivity of projected interest and principal cashflows at the reporting date to changes in the discount curve. A base-case net present value measurement using market-implied interest rates is compared to the result using a shocked interest rate curve. The difference between the results is the reported sensitivity. Most of the EVE stresses used by NWH Group are those required by the PRA rulebook and recommended by the Basel Committee on Banking Supervision in its policy standard on IRRBB of April 2016 including:
 - **Parallel yield** curve shocks in all rates, including up to 250 basis points in sterling.
 - **Shocks to shorter-term rates**, with the rate shock diminishing towards zero at a 20-year maturity, including a short-term rate shock in sterling of up to 300 basis points.
 - **Rotational** shocks with: (i) long-term rates up and short-term rates down (steepener) or (ii) short-term rates up and long-rates down (flattener).

In all EVE shocks, a lower bound for overnight interest rates of -100 basis points rising to 0% for 20-year rates is assumed in any currency.

NWH Group's approach to EVE sensitivity is to include commercial margins and spread components in projected cash flows and in the rates used for discounting the cash flows. No correlation is assumed across material currencies on its balance sheet. Gains in any individual currency are weighted at 50% while losses are weighted at 100%. NWH Group monitors EVE sensitivity through the Supervisory Outlier Test ensuring compliance with the Δ EVE as a percentage of Tier 1 capital regulatory limit of 15%.

Earnings measures shock the market-implied yield curve at the reporting date. Generally the balance sheet is assumed to remain constant, with maturing contracts replaced on like-for-like terms. The yield curve shock is generally upward or downward, although flexibility exists to undertake rotational yield curve shifts. Downward rate shocks may include an assumed lower bound for interest rates, such as negative 1% in the downward 250-basis-point shock shown. In addition to the 250-basis-point shock, NWH Group uses upward and downward 25-basis-point and 100-basis-point rate shocks for earnings sensitivity measures.

UK IRRBBA: IRRBB risk management objectives and policies continued

NWH Group also assesses its sensitivity to central bank policy rate basis risk. The approach considers a stress to the basis between central bank policy rates, risk-free rates and inter-bank offered rates.

Earnings sensitivity is measured over a defined time horizon, typically one to three years with a 12-month horizon used to define risk appetite.

Interest rate stresses may be varied to adapt to market conditions or reporting requirements.

Assumptions

NWH Group's approach to assessing IRRBB incorporates assumptions in respect of customer behaviour, which affect the cash flows associated with certain instruments. The most significant assumptions are discussed below.

Non-maturity deposits

The average repricing maturity of non-maturity deposits is assessed at a portfolio level. The assessment is undertaken at least annually, but is subject to ongoing monitoring by the business segment, Treasury and Risk.

Non-maturity deposits are analysed by business segment, product type and currency. The assessment uses both expert judgement and statistical models. It considers factors including, but not necessarily limited to: (i) the historical stability of the balances; (ii) projected balances taking into account business strategy, seasonal trends, potential changes to the level of interest rates and pricing responses; (iii) potential market developments and stresses; and (iv) statistical analysis of deposit balance behaviour.

The review also considers the impact of hedging, taking into account: (i) NWH Group's market risk appetite; (ii) its earnings at risk and economic value sensitivity; (iii) the availability of balance-sheet hedges such as fixed-rate mortgage lending; (iv) the depth of interest rate swap markets; and (v) the accounting treatment of derivative hedges. Regulatory guidance is also considered.

As a result of the assessment, a core percentage of deposits will be assigned a repricing maturity. This represents the proportion of deposits for which balances are considered stable and price elasticity in response to changes in the interest rate environment is expected to be low or zero. The non-core percentage of deposits will be assigned an overnight repricing maturity.

An assessment is also made of non-maturity assets, such as revolving credit card balances, administered rate overdrafts and non-performing exposures. Slightly different factors may be considered, including time in recovery for non-performing exposures.

Prepayment or early redemption risk

The risk to earnings or economic value from the prepayment of customer loans or early withdrawal of fixed-rate customer deposits is often mitigated, at least in part, by the existence of early repayment penalties and/or the loss of interest on deposits and the relatively short-term nature of the fixed-rate term for many products.

Nevertheless, some retail, business and commercial fixed rate products do provide the customer with the benefit of the option to partially or fully terminate the agreement without suffering the exit penalty that would apply to a wholesale market transaction at arm's length.

Products are segmented and assessments are made at product level. Historical customer behaviour may be used as a basis for assessing the propensity for prepayment or early redemption, which may be combined with an assessment of how customer behaviour may respond in future to changes in the external environment, including the general level of interest rates. Other factors considered include loan seasoning and burnout, whereby customers may be less likely to refinance loans that have recently drawn down or, conversely, are approaching maturity. There will also be an assessment of the business strategy, including the approach to retention of fixed-rate mortgage customers, for example. A prepayment curve is constructed for different interest rate fixture lengths and is used to measure and manage prepayment risk. Expected prepayment rates are monitored and back-tested against observations and are subject to regular, at least annual, review. Prepayment speeds are assumed to be sensitive to the level of interest rates in EVE scenarios and are increased in the parallel down, short rates down and flattener rate shocks and reduced in the parallel up, short rates up and steepener shocks.

Application of assumptions

NWH Group aims to apply assumptions consistently across its internal risk measurement system and externally disclosed sensitivities. Hence there are no significant differences between the assumptions used in internal risk measurement systems for EVE and the assumptions used to produce externally disclosed EVE sensitivity.

Weighting gains in any currency at 50% in EVE is a prescribed supervisory parameter. In other value metrics, such as VaR and PV01, currency gains are weighted at 100%; this also applies to earnings sensitivities.

Hedging

Hedging of Retail, Private and Business portfolios generally involves netting risk across asset and liability positions before hedging residual interest rate risk externally. The hedge involves fixed rate bonds or interest rate swaps. The asset and liability positions are primarily accounted for on an amortised cost basis. However, interest rate swaps are accounted for at fair value, with changes in fair value recognised in the profit and loss account. Cash-flow hedge accounting is frequently applied to the hedging derivatives in order to match the timing of gains and losses associated with interest rate movements across the hedging instrument and the hedged item. Further disclosure of cash-flow hedge accounting policy is available in the 2025 NWH Group ARA.

Hedging of Commercial lending and Treasury issuance and liquidity portfolios is frequently managed at a transactional level. The hedge involves fixed rate bonds or interest rate swaps. Fair-value hedge accounting treatment is frequently applied. Further disclosure of the fair-value hedge accounting policy is available in the 2025 NWH Group ARA. Hedging money market portfolios also involves use of derivatives.

A small proportion of Commercial loan origination is fixed-rate loans with zero break costs where management may involve the use of purchased options.

Repricing maturity

At 31 December 2025, the average repricing maturity assigned to non-maturing deposits was 14 to 15 months.

The longest repricing maturity assigned to non-maturing deposits was 5 years.

Annex XXXIII: Remuneration

This section contains disclosures which are required in accordance with UK regulatory requirements and the Basel Committee on Banking Supervision Pillar 3 disclosure requirements. They also take into account the European Banking Authority (EBA) guidelines on sound remuneration policies. It should be read in conjunction with the Directors' remuneration report within the NatWest Group 2025 Annual Report and Accounts.

UK REMA - Remuneration policy for all colleagues

The remuneration policy is designed to support NatWest Group's purpose and business strategy, reinforce the desired culture and behaviours and promote NatWest Group's long-term success. The aim is to drive a performance culture and the delivery of strategic ambitions; while remaining aligned with effective risk management.

The remuneration policy applies the same principles to everyone, including Material Risk Takers (MRTs), with some minor adjustments where necessary to comply with relevant country specific regulatory requirements. The main elements of the policy are set out below.

Base salary

The purpose is to provide a competitive level of fixed cash remuneration.

Operation

We review base salaries annually to ensure they reflect the talents, skills and competencies the individual brings to the business.

Role-based allowance

Certain MRT roles receive role-based allowances. The purpose is to provide fixed pay that reflects the skills and experience required for the role.

Operation

Role-based allowances are fixed allowances which form an element of overall fixed remuneration for regulatory purposes. They are based on the role the individual performs.

They are delivered in cash and/or shares depending on the level of the allowance and the seniority of the recipient. Shares are subject to a minimum three-year retention period.

Benefits and pension

The purpose is to provide a range of flexible and competitive benefits.

Operation

In most jurisdictions, benefits or a cash equivalent are provided from a flexible benefits account. Pension funding forms part of fixed remuneration and NatWest Group does not provide discretionary pension benefits.

Annual bonus

The purpose is to support a culture where individuals are rewarded for the delivery of superior performance, taking into account NatWest Group's strategic ambitions and purpose. Certain junior roles are not eligible for an annual bonus. Annual bonus is offered to our more senior colleagues, including MRTs, the executive directors and members and attendees of NatWest Group's senior executive committees, as it is appropriate for them to have some pay at risk if performance is not at the required level.

Operation

The bonus pool is based on a proportion of attributable profit adjusted for performance against a balanced scorecard of strategically important measures: financial performance; customer outcomes; people, culture and diversity; risk management; risk events; and progress against our strategic ambitions. Allocation from the pool depends on the performance of the business area and the individual.

We use a continuous performance management framework to support individual performance assessment. We use a balanced business scorecard to align goal setting with the business strategy and regular check ins to track and assess performance. This approach is designed to assess performance against longer-term business requirements across a range of financial and non-financial metrics. It also evaluates adherence to internal controls and risk management. Performance assessments also include behaviours that reflect the Group's culture which are aligned to each colleague's job.

We also take risk and conduct performance into account. Control functions are assessed independently of the business units that they oversee. Performance goals and remuneration are set according to the priorities of the control area, not the targets of the businesses they support. The Group Chief Risk Officer (CRO) and the Group Chief Audit Executive have the authority to escalate matters to Board level if management do not respond appropriately.

In respect of the 2025 performance year, most colleagues were granted awards up to a maximum of 100% of fixed pay. A small population of colleagues were granted awards up to 200% of fixed pay. NatWest Group continues to align to the 2:1 variable to fixed pay ratio published in the 2023 Directors' remuneration report. The Remuneration Committee remains of the view that this ratio is appropriate for our current circumstances as we transition towards a significantly more performance-focused pay model.

For awards made in respect of the 2025 performance year, immediate cash awards continue to be limited to a maximum of £2,000. In line with regulatory requirements, for UK MRTs, 40% of awards under £660,000 will be deferred over four years. For awards that exceed £660,000, 60% of any amount above this threshold will be deferred. For UK MRTs, at least 50% of the overall variable pay award is delivered in shares, and upfront share awards are subject to a 12-month retention period from the date of vesting. All awards are subject to malus and clawback provisions.

UK REMA - Remuneration policy for all colleagues continued

Guaranteed awards may only be granted for new hires in exceptional circumstances in compensation for awards forgone at their previous company and are limited to the first year of service. Retention awards are only used in truly exceptional circumstances such as major restructuring and where the individual is a 'flight risk' and is viewed as critical to the successful operation of the business or delivery of a business-critical project. Whilst no performance conditions are attached to retention awards, the colleague must continue to deliver to the standard expectations of conduct, behaviour and minimum performance levels prior to the award vesting.

Severance payments and/or arrangements can be made to colleagues who leave NatWest Group in certain situations, including redundancy. Such payments are calculated by a pre-determined formula set out within the relevant social plans, policies, agreements or local laws. Where required by country-specific requirements, limits apply to the maximum amount that can be paid.

Performance Share Plan (PSP) awards

The purpose and operation of PSP awards is explained in detail in the Directors' remuneration report. NatWest Group provides executive directors and certain members of NatWest Group's senior executive committees with PSP awards which are delivered entirely in shares. Awards are granted provided satisfactory performance has been achieved in the prior year ('pre-grant test'). After three years, performance is assessed against a range of pre-determined performance criteria pre-vesting. A risk and conduct underpin also applies.

Sharing in Success awards

Our Sharing in Success scheme is intended to further align colleagues with our strategic direction and drive improvements in customer performance, only paying out when NatWest Group has demonstrated satisfactory financial performance and an intelligent approach to risk.

Operation

For 2025, we measured success based on succeeding with customers, underpinned by financial performance, our approach to risk and delivering value for shareholders. All employees are eligible to receive a Sharing in Success award, provided they remain employed by NatWest Group on the award date, and these awards are delivered entirely in shares.

Shareholding requirements

The requirements promote long-term alignment between senior executives and shareholders.

Operation

Executive directors and certain members of NatWest Group's senior executive committees are required to build up and hold a shareholding equivalent to a percentage of salary. There is a restriction on the number of shares that individuals can sell until this requirement is met.

NatWest Group also has a shareholding policy for the Chair and non-executive directors, to be built through the purchase of shares each quarter using a portion of their net fees.

Company share plans

The purpose is to provide an easy way for individuals to hold shares in NatWest Group plc, which helps to encourage financial capability and long-term thinking and provides a direct interest in NatWest Group's performance.

Operation

Colleagues in certain jurisdictions are offered the opportunity to contribute from salary and acquire shares in NatWest Group plc through company share plans. This includes Sharesave and the Buy As You Earn plan in the UK. Any shares held are not subject to performance conditions.

Criteria for identifying MRTs

The EBA, as well as the PRA Rulebook, set out criteria for identifying MRT roles, which includes those staff whose activities have a material influence over NatWest Group's performance or risk profile. These criteria are both qualitative (based on the nature of the role) and quantitative (based on the amount a colleague is paid).

In 2025, MRTs were identified for 12 legal entities (including at parent, holding company and consolidated levels) within NatWest Group. The MRT criteria are applied for each of these entities, and consequently many MRTs are identified in relation to more than one entity.

The qualitative criteria can be summarised as: staff within the management body; senior management; other staff with key functional or managerial responsibilities including for risk management; and staff who individually, or as part of a Committee, have authority to approve new business products or to commit to credit risk exposures and market risk transactions above certain levels.

In respect of PY 2025, the quantitative criteria are: individuals earning £660,000 or more in the previous year; individuals earning less than £660,000 in the previous year, but more than a threshold set at the higher of £440,000 or the average total earnings of the management body and senior management for the relevant legal entity and who can impact the risk profile of a material business unit; and individuals in the top 0.3% of earners of the relevant legal entity for the previous year. Although quantitative criteria are stated in GBP above, the criteria for European entities is applied based on local currency equivalent. In addition to the qualitative and quantitative criteria, NatWest Group has applied its own minimum standards to identify roles that are considered to have a material influence over its risk profile.

Personal hedging strategies

The conditions attached to discretionary share-based awards prohibit the use of any personal hedging strategies to lessen the impact of a reduction in the value of such awards. Recipients explicitly acknowledge and accept these conditions when any share-based awards are granted.

Risk in the remuneration process

NatWest Group's approach to remuneration promotes effective risk management through having a clear distinction between fixed remuneration (which reflects the role undertaken by an individual) and variable remuneration (which is directly linked to performance and can be risk-adjusted). Fixed pay is set at an appropriate level to discourage excessive risk-taking and which would allow NatWest Group to pay zero variable pay.

We achieve focus on risk through clear inclusion of risk in performance goals, performance assessments, the determination of variable pay pools, incentive plan design and the application of malus and clawback. The Group Performance and Remuneration Committee (RemCo) is supported in this by the Group Board Risk Committee (BRC) and the Risk function, as well as independent oversight by the Internal Audit function.

We use a robust process to assess risk performance, including how effectively risk has been managed against the appetite levels agreed by the Board. We consider a range of measures across the following principal risks; capital risk; earnings stability risk; liquidity and funding risk; credit risk; traded market risk; non-traded market risk; pension risk; conduct risk; financial crime risk; model risk; climate and nature risk; operational risk; regulatory compliance risk and reputational risk. We also consider our overall risk culture.

Remuneration arrangements are in line with regulatory requirements; we disclose and discuss the steps taken to ensure appropriate and thorough risk adjustment with the PRA and the FCA.

Variable pay determination

For the 2025 performance year, NatWest Group operated a robust control function-led multi-step process to assess performance and determine the appropriate bonus pool value by business area and function. The bonus pool outcome is driven by Group performance and consideration is given to affordability, shareholder alignment, capital and liquidity adequacy and overall appropriateness.

The process uses: financial performance; customer outcomes; people, culture and diversity measures; risk and control performance; and progress against our strategic ambitions to consider a balanced scorecard of performance assessments at the level of each business area or function. Risk and control assessments confirm performance has been achieved with appropriate consideration of risk, risk culture and conduct controls, and that it is not inappropriately rewarded. We also consider the impact of any material conduct and regulatory reportable events.

The Group CRO reviews risk performance and material conduct events and, if appropriate, a risk modifier may be applied to the individual business and function bonus pools or to the overall bonus pool. The Group CRO may recommend a reduction of a bonus pool to the Group RemCo if they consider that risk and control performance goals have not been met or that the impact of poor risk management has yet to be fully reflected in the respective inputs.

The CEO will make a final recommendation to the Group RemCo, informed by all the previous steps and their strategic view of the business. The RemCo will then make an independent decision on the final bonus pool taking all of these earlier steps into account.

The assessment process for PSP awards to executive directors and other eligible senior executives determines whether satisfactory performance has been delivered in the year prior to grant. A further assessment of performance against pre-defined performance measures and the risk underpin takes place before vesting.

Remuneration and culture

NatWest Group continues to assess conduct and its impact on remuneration as part of the annual Group-wide bonus pool process and also via the accountability review framework. Many colleagues receive fixed pay and are eligible for a Sharing in Success award only. They do not participate in the bonus scheme. This structure provides them with greater security and allows them to fully focus on the needs of the customer. The RemCo will continue to review workforce remuneration and the alignment of incentives and reward with culture.

The governance of culture is clearly laid out. Senior management function roles have clearly defined accountabilities which are taken into account in their performance and pay decisions. The Board and Sustainable Banking Committee also play essential roles in setting and overseeing the Group's culture.

Accountability review process and malus/clawback

An accountability review process allows NatWest Group to respond where new information would change our variable pay decisions made in previous years and/or the decisions to be made in the current year. The process is used to apply commensurate ex-post risk adjustments to variable pay, where material failure of risk management, material error or employee misbehaviour are identified, and (for malus and in-year reductions only), where there is a material downturn in performance. Potential outcomes under the accountability review process are:

- **malus** - to reduce (to zero if appropriate) the amount of any unvested variable pay awards prior to payment;
- **clawback** - to recover awards that have already vested; and
- **in-year bonus reductions** - to adjust variable pay that would have otherwise been awarded for the current year.

As part of the acceptance of variable pay awards, colleagues must agree to terms that state that malus and clawback may be applied. Any variable pay awarded to MRTs is subject to clawback for seven years from the date of grant. This period can be extended to 10 years for MRTs who perform a 'senior management function' under the Senior Managers Regime where there are outstanding internal or regulatory investigations at the end of the normal seven-year clawback period. Awards to other colleagues (non-MRTs) are subject to clawback for 12-months from each vesting date.

Remuneration of Material Risk Takers ('MRTs') – NatWest Holdings Limited

Summary of approach taken

We disclose MRT remuneration details for each of our legal entities in scope of the Capital Requirements Regulations ('CRR firms') in line with the requirements of Article 450 of the CRR, the Basel Committee on Banking Supervision Pillar 3 disclosure requirements and the EBA guidelines on sound remuneration policies. In line with regulations, we identify MRTs at consolidated, sub-consolidated and solo regulated subsidiary entity levels.

The following pages contain the quantitative disclosures for NatWest Holdings Limited ('NWH'). Separate disclosures are made for other CRR firms within NatWest Group including National Westminster Bank Plc ('NWB'), The Royal Bank of Scotland plc ('RBS'), as well as Coutts and Company Limited ('Coutts') which are large subsidiaries of NatWest Group. You can find details of remuneration paid to MRTs in our Pillar 3 reporting for other entities within NatWest Group at natwestgroup.com.

Solo Regulated Entity reporting

Our approach to MRT identification means that many colleagues hold MRT criteria for more than one legal entity. In order to make the disclosures as meaningful as possible, we only report each MRT's compensation in the disclosures for the solo regulated entity for which they perform their primary role. This means that for example where a colleague holds MRT criteria for NWB, RBS, and Coutts, their pay will only be reported once for the entity in which they perform their primary role. Their pay is excluded from the tables for the other entities.

NatWest Holdings Reporting

The MRTs reported for NWH are those colleagues who can impact the risk profile of NWH, the holding company of NatWest Holdings Group (NWH Group), which includes NWH, NWB, RBS, Coutts, UBI DAC and NatWest Bank Europe GmbH. As some of these NWH MRTs also impact the risk profile of solo regulated entities within the NWH Group, they are also reported at the solo regulated entity level (where applicable), so there is an element of duplication. However, not every MRT who holds criteria for one of the solo regulated entities within the NWH Group also holds criteria for NWH (on the basis that they do not impact the risk profile of the NWH Group as a whole). This means the NWH disclosures are not equal to the sum of the disclosures for the subsidiary entities within the NWH Group, but instead represent a sub-consolidated view of all MRTs who can impact the risk profile of NWH as the holding company of the NWH Group.

Remuneration of Material Risk Takers ('MRTs') – NatWest Holdings Limited

The quantitative disclosures below are made in accordance with regulatory requirements in relation to 339 individuals who have been identified as MRTs for NWH. These disclosures relate to colleagues identified as MRTs for NWH at a sub-consolidated level. We have excluded pay for one individual from the tables below on the basis that, although they have been identified as an MRT in relation to a role within a subsidiary entity, they do not receive any remuneration for this role and are not an MRT in relation to their primary role for NatWest Group. Note the numbers in the tables below all agree to the underlying source data, but when presented to one decimal place and aggregated, this can result in small rounding differences.

In order to ensure consistency across remuneration disclosures, we continue to exclude from the total number of MRTs, colleagues who left the Group prior to year end (but their remuneration remains within the pay values reported); and all severance payments made to MRTs are included in the variable remuneration value disclosed, even when some or all of that severance does not count towards the calculation of the ratio of fixed to variable pay.

NWH has a number of Performance and Remuneration Committees (the NWH RemCo). The NWH RemCo is expected to ensure that the remuneration policies, procedures and practices being applied are appropriate for the relevant entities within the NWH Group. The key areas of focus for the NWH RemCo include:

- reviewing and recommending, or where appropriate ratifying, remuneration arrangements for key employees;
- providing input on the proposed bonus pool for relevant entities, and ensuring such proposals are adjusted for performance and risk and meet capital adequacy requirements; and
- inputting to and subsequently adopting the NatWest Group Remuneration Policy Principles on behalf of NWH.

The NWH RemCo must be able to act independently and the non-executive directors serving on such committees are supported by the necessary entity-specific management information in order to carry out their duties. The NWH RemCo held five scheduled meetings and a further two ad hoc meetings in 2025.

UK REM1 and UK REM5 - Total remuneration awarded to MRTs for the financial year

							Other senior management and other MRTs split by business area					Total			
							Non-executive directors	Executive directors	Other senior mngt.	Other MRTs	Investment Banking	Retail Banking			
							£m	£m	£m	£m	£m	£m			
Fixed remuneration	Total number of MRTs			12	2	15	256	-	-	-	-	-	285		
	Other senior management - split by business area			-	-	-	-	-	-	3	8	4	15		
	Other MRTs - split by business area			-	-	-	-	3	42	47	164	256			
				£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
	Total fixed remuneration of MRTs			3.0	4.2	16.8	73.3	3.3	22.3	27.0	37.5	97.3			
	Cash-based			3.0	2.2	14.4	72.9	2.9	21.2	26.2	37.1	92.5			
Variable remuneration	Share-based			-	2.0	2.4	0.4	0.4	1.1	0.8	0.4	4.7			
	Total number of MRTs			-	2	15	245	-	-	-	-	-	262		
	Other senior management - split by business area			-	-	-	-	-	3	8	4	15			
	Other MRTs - split by business area			-	-	-	-	3	41	37	164	245			
				£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
	Total variable remuneration of MRTs			-	8.4	15.1	45.8	2.9	19.3	19.7	19.0	69.3			
	Cash-based			-	1.3	4.7	25.5	1.4	8.3	9.4	11.0	31.4			
	Of which: deferred cash			-	-	-	0.3	-	0.2	-	0.1	0.3			
	Share-based (annual bonus)			-	1.3	4.5	20.3	1.5	7.2	8.2	8.0	26.1			
	Of which: deferred shares			-	-	2.5	16.3	1.4	4.9	6.1	6.4	18.7			
	Share-based (LTI awards)			-	5.9	5.9	-	-	3.8	2.1	-	11.8			
	Of which: deferred shares			-	5.9	5.9	-	-	3.8	2.1	-	11.8			
Total remuneration of MRTs			3.0	12.6	31.8	119.2	6.2	41.6	46.7	56.5	166.6				

(1) The breakdown by business areas required in template UK REM5 has been combined with UK REM1 above, as permitted under regulatory guidance for the templates.

(2) Investment Banking includes Institutional Banking, Capital Markets, Sales and Trading. Retail Banking includes Private Banking & Wealth Management and Commercial Banking.

(3) Fixed remuneration consists of salaries, allowances, pension and benefit funding.

(4) Variable remuneration consists of a combination of annual bonus, Sharing in Success and PSP awards, deferred in accordance with regulatory requirements; and (where applicable) severance payments. Under the NatWest Group bonus deferral structure, immediate cash awards are limited to £2,000 per person, with a further payment of cash and shares within Year 0.

(5) PSP awards vest subject to the extent to which performance conditions are met and can result in zero payment.

UK REMA - Derogations

The regulations allow some flexibility not to apply certain requirements that would normally apply to MRTs where an individual's annual variable remuneration does not exceed £44,000 and does not represent more than one third of the individual's total annual remuneration (derogations permitted under point (b) of Article 94(3) of CRD V). We have used this flexibility to disapply MRT rules relating to deferral and delivery of awards in shares for 92 MRTs in respect of performance year 2025. Total remuneration for these individuals in 2025 was £12.71 million, of which £10.75 million was fixed pay and £1.96 million was variable pay.

UK REMA - Ratio between fixed and variable remuneration

The variable component of total remuneration for MRTs at NatWest Group is generally awarded up to 100% of the fixed component. However, this may be awarded up to 200% for use on a gradual and targeted basis. A ratio of 100% is applicable for all MRTs for entities based in an EU jurisdiction, except where country specific regulatory requirements apply. The average ratio between fixed and variable remuneration for 2025 was approximately 1 to 0.68. The majority of MRTs were based in the UK.

UK REM2 - Guaranteed awards (including 'sign-on' awards) and severance payments

	NWH Ltd NEDs	NWH Ltd EDs	Other senior management	Other MRTs
Special payments				
Guaranteed awards and sign on awards				
Number of MRTs	-	-	-	3
	£m	£m	£m	£m
Total amount	-	-	-	1.1
Of which: paid during the financial year that are not taken into account <i>in the bonus cap</i>	-	-	-	-
Severance payments awarded in previous periods, paid out during the financial year				
Number of MRTs	-	-	-	9
	£m	£m	£m	£m
Total amount	-	-	-	1.8
Severance payments awarded during the financial year				
Number of MRTs	-	-	1	14
	£m	£m	£m	£m
Total amount	-	-	0.3	2.0
Of which: paid during the financial year	-	-	-	1.7
Of which: deferred	-	-	0.3	0.3
Of which: paid during the financial year that are not taken into account <i>in the bonus cap</i>	-	-	-	1.7
Of which: highest payment that has been awarded to a single person	-	-	0.3	0.3

(1) This table reports details of new hire guarantees and severance. The disclosures do not include buy-outs or retention bonuses (where these have been granted).

(2) No severance payments in excess of contractual payments, local policies, standards, statutory amounts or amounts assessed by reference to legal risk and/or exposure to litigation were made to MRTs during the year.

UK REM3 - Outstanding deferred remuneration

The table below includes deferred remuneration awarded or paid out in 2025 relating to prior performance years.

Deferred and retained remuneration	periods	year	years	£m	Amount of performance adjustment to deferred remuneration that was due to vest in the financial year	£m	Total amount of adjustment during the financial year	£m	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	£m	Total amount of deferred remuneration awarded for previous performance period that has vested	
				£m	Amount of performance adjustment to deferred remuneration due to vest in future	£m	Financial years	£m	adjustments*	£m	Financial year	£m
NWH plc NEDs - No deferred or retained remuneration held												
NWH plc EDs												
Cash-based	-	-	-	-	-	-	-	-	-	-	-	-
Shares or equivalent interests	8.4	1.1	7.3	-	-	-	-	-	10.5	1.1	1.1	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-	-
Other senior management												
Cash-based	3.2	0.9	2.3	-	-	-	-	-	0.9	-	-	-
Shares or equivalent interests	17.5	2.6	14.9	-	-	-	-	-	21.4	2.6	2.4	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-	-
Other MRTs												
Cash-based	13.1	3.0	10.1	-	-	-	-	-	2.9	-	-	-
Shares or equivalent interests	17.2	5.7	11.6	-	-	-	-	-	19.6	5.5	5.0	-
Share-linked or equivalent non-cash instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments or forms	-	-	-	-	-	-	-	-	-	-	-	-
Total amount	59.5	13.2	46.2	-	-	-	-	-	51.5	13.0	8.5	-

* i.e. Changes of value of deferred remuneration due to the changes of prices of instruments.

(1) Deferred remuneration reduced during the year relates to long-term incentives that lapsed when performance conditions were not met, long-term incentives and deferred awards forfeited on leaving and malus adjustments applied to prior year deferred awards and long-term incentives.

UK REM4 - Total remuneration by band for all colleagues earning >€1million

Total remuneration by band for employees earning >€1 million for 2025	Number of MRTs
€1.0 million to below €1.5 million	26
€1.5 million to below €2.0 million	11
€2.0 million to below €2.5 million	1
€2.5 million to below €3.0 million	3
€3.0 million to below €3.5 million	3
€3.5 million to below €4.0 million	2
More than €4.0 million	1
Total	47

(1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay (including severance, where applicable).

(2) Where applicable, the table is based on an average exchange rate of €1.1672559 to £1 for 2025.

Appendix 1: CRR Roadmap

The CRR roadmap provides a view of the PRA disclosure requirements for CRR firms and how NatWest Holdings Group has met those (see “*Compliance reference*” column).

The requirements are primarily stipulated in the Disclosure (CRR) part of the PRA Rulebook, and they are split in 3 sections as follows:

- Title I General Principles (Articles 431 - 434b);
- Title II Technical Criteria on Transparency and Disclosure (Articles 435 - 451a); and
- Title III Qualifying Requirements for the Use of Particular Instruments of Methodologies (Articles 452 - 455).

According to Level of Application section in the Disclosure (CRR) part of the PRA Rulebook, large subsidiaries of NatWest Holdings Group are required to disclose information specified in the following articles: 437, 438, 440, 442, 450, 451, 451a and 453. As noted in the document introduction, those disclosures are provided in separate Pillar 3 reports. Any non-applicable disclosure tables are listed in the respective large subsidiary Pillar 3 reports.

A summary table of non-applicable disclosure tables for NatWest Holdings Group is also provided in the document introduction; refer to the “*Presentation of Information*” section.

For further details on specific chapters and/or articles referenced under the “*Regulatory requirements*” column, refer to the PRA Rulebook for CRR firms.

UK CRR article	Regulatory requirements	Compliance reference
431 - Disclosure requirements and policies		
431 (1)	<p>Institutions shall publicly disclose the information referred to in Titles II (Technical Criteria on Transparency & Disclosure) and III (Qualifying Requirements for the Use of Particular Instruments of Methodologies) in accordance with the provisions laid down in the Disclosure (CRR) part of the PRA Rulebook, subject to the exceptions referred to in Article 432.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group publishes Pillar 3 disclosures as required. • The Pillar 3 disclosures required for NatWest Holdings Group's large subsidiaries are provided in separate reports.
431 (2)	<p>Institutions that have been granted permission by the competent authorities under Part Three for the instruments and methodologies referred to in Title III of this Part shall publicly disclose the information laid down therein.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group publishes the required information under Title III except for Advanced Operational Risk & IMA Market Risk which are not applicable.
431 (3)	<p>The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institution's disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in the institutions' disclosures.</p> <p>Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report.</p> <p>Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential in accordance with Article 432.</p>	<ul style="list-style-type: none"> • NatWest Group has a Pillar 3 policy which also applies to NatWest Holdings Group. • Written CRO and CFO attestation statement is provided at the outset of this document.
431 (4)	<p>All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group provides supplementary qualitative commentary for quantitative disclosures where appropriate.

UK CRR article	Regulatory requirements	Compliance reference
431 - Disclosure requirements and policies		
431 (5)	<p>Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of the explanation shall be proportionate to the size of the loan.</p>	<ul style="list-style-type: none"> If requested, NatWest Holdings Group provides an explanation in writing on rating decisions to SMEs and other corporate applicants.
432: Non-material, proprietary or confidential information		
432 (1)	<p>With the exception of the disclosures laid down in point (c) of Article 435(2) and in Articles 437 and 450, institutions may omit one or more of the disclosures listed in Titles II and III where the information provided by those disclosures is not regarded as material.</p> <p>Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.</p>	<ul style="list-style-type: none"> NatWest Holdings Group complies with all relevant disclosure requirements. A list of not applicable disclosures along with the reason of their exclusion is included in the document introduction.
432 (2)	<p>Institutions may also omit one or more items of information referred to in Titles II and III where those items include information that is regarded as proprietary or confidential in accordance with this paragraph, except for the disclosures laid down in Articles 437 and 450.</p> <p>Information shall be regarded as proprietary to institutions where disclosing it publicly would undermine their competitive position. Proprietary information may include information on products or systems that would render the investments of institutions therein less valuable, if shared with competitors.</p> <p>Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential.</p>	<ul style="list-style-type: none"> NatWest Holdings Group does not omit any information on the grounds that it may be proprietary or confidential.
432 (3)	<p>In the exceptional cases referred to in paragraph 2, the institution concerned shall state in its disclosures the fact that the specific items of information are not disclosed and the reason for not disclosing those items, and publish more general information about the subject matter of the disclosure requirement, except where that subject matter is, in itself, proprietary or confidential.</p>	<ul style="list-style-type: none"> Not applicable
433: Frequency and scope of disclosures		
433	<p>Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c.</p> <p>Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter.</p> <p>Semi-annual and quarterly disclosures shall be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter.</p> <p>Any delay between the date of publication of the disclosures required under this Part and the relevant financial statements shall be reasonable.</p>	<ul style="list-style-type: none"> NatWest Holdings Group, being a large institution, complies with the frequency requirements set out in Article 433a. The annual Pillar 3 disclosures for NatWest Holdings Group and its UK large subsidiaries are disclosed on the same date as the Annual Report and Accounts (ARA). The semi-annual and quarterly Pillar 3 disclosures for NatWest Holdings Group and its UK large subsidiaries are published around WD30 to coincide with supervisory reporting remittance dates.

UK CRR article	Regulatory requirements	Compliance reference
433: Frequency and scope of disclosures		
433a (1)	<p>Large institutions shall disclose the information outlined below with the following frequency:</p> <p>(a) all the information required under this Part on an annual basis;</p> <p>(b) on a semi-annual basis the information referred to in:</p> <ul style="list-style-type: none"> (i) point (a) of Article 437; (ii) point (e) of Article 438; (iii) points (e) to (l) of Article 439; (iv) Article 440; (v) points (c), (e), (f) and (g) of Article 442; (vi) point (e) of Article 444; (vii) Article 445; (viii) point (a) and (b) of Article 448(1); (ix) point (j) to (l) of Article 449; (x) points (a) and (c) of Article 451(1); (xi) Article 451a(3); (xii) point (g) of Article 452; (xiii) points (f) to (j) of Article 453; (xiv) points (d), (e) and (g) of Article 455; <p>(c) on a quarterly basis the information referred to in:</p> <ul style="list-style-type: none"> (i) points (d) and (h) of Article 438; (ii) the key metrics referred to in Article 447; (iii) Article 451a(2). 	<ul style="list-style-type: none"> • NatWest Holdings Group and its UK large listed subsidiaries comply with the frequency requirements set out in this article. • The large subsidiaries are only required to disclose information specified in articles 437, 438, 440, 442, 450, 451, 451a and 453
433a (2)	<p>By way of derogation from paragraph 1, large institutions other than G-SILs that are non-listed institutions shall disclose the information outlined below with the following frequency:</p> <p>(a) all the information required under this Part on an annual basis;</p> <p>(b) the key metrics referred to in Article 447 on a semi-annual basis.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group's UK large non-listed subsidiaries provide a reduced set of disclosures on a quarterly basis (i.e. UK KM1 and where applicable IFRS 9-FL) and the required information on annual basis in line with the requirements set out in this paragraph.
433a (3)	<p>Large institutions that are subject to Article 92a, or are material subsidiaries of non-UK G-SILs and are not resolution entities or subsidiaries of a UK parent institution, shall disclose the information required under Article 437a on a semi-annual basis, except for the key metrics referred to in point (h) of Article 447, which are to be disclosed on a quarterly basis.</p>	<ul style="list-style-type: none"> • Not applicable
433a (4)	<p>Large institutions that are LREQ firms shall disclose the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group is subject to the minimum capital requirements for leverage therefore completes additional leverage disclosures on a quarterly basis.
433b: Article 433b Disclosures by Small Domestic Deposit Takers, SDDT Consolidation Entities and Small and Non-Complex Institutions		
433b (1)	<p>SDDTs and SDDT consolidation entities shall disclose the information outlined below with the following frequency:</p> <p>(a) on an annual basis the information referred to in:</p> <ul style="list-style-type: none"> (ii) point (d) of Article 438; (iii) points (a) to (d), (h)(i) and (h)(ii) of Article 450(1); <p>(b) on a semi-annual basis the key metrics referred to in Article 447.</p>	<ul style="list-style-type: none"> • Not applicable
433b (2)	<p>By way of derogation from paragraph 1 of this Article, SDDTs that are non-listed institutions are not required to make the disclosures specified in that paragraph.</p>	<ul style="list-style-type: none"> • Not applicable
433b (3)	<p>In relation to any disclosure relating to a period ending on or before 30 June 2027, this Article as it stood immediately before 1 January 2024 applies, with the modification in paragraph 4, to any institution that:</p> <p>(a) was a small and non-complex institution immediately before 1 January 2024 and continues to be so; and</p> <p>(b) is not an SDDT or an SDDT consolidation entity.</p>	<ul style="list-style-type: none"> • Not applicable
433b (4)	<p>The modification referred to in paragraph 3 is that for any institution subject to that paragraph that is a small CRR firm the disclosure required in relation to the information referred to in Article 450 is as follows:</p> <p>(a) for a non-listed institution, no disclosure is required;</p> <p>(b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).</p>	<ul style="list-style-type: none"> • Not applicable

UK CRR article	Regulatory requirements	Compliance reference
433c: Disclosures by other institutions		
433c (1)	<p>Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency:</p> <ul style="list-style-type: none"> (a) all the information required under this Part on an annual basis; (b) the key metrics referred to in Article 447 on a semi-annual basis; (c) for such institutions that are LREQ firms, the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis. 	<ul style="list-style-type: none"> • Not applicable
433c (2)	<p>By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose the following information on an annual basis:</p> <ul style="list-style-type: none"> (a) points (a), (e) and (f) of Article 435(1); (b) points (a), (b) and (c) of Article 435(2); (c) point (a) of Article 437; (d) points (c) and (d) of Article 438; (e) the key metrics referred to in Article 447; (f) points (a) to (d), (h) to (k) of Article 450(1). 	<ul style="list-style-type: none"> • Not applicable
433c (3)	<p>Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are small CRR firms, the disclosure required in relation to the information referred to in Article 450 is as follows:</p> <ul style="list-style-type: none"> (a) for non-listed institutions, no disclosure is required; (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1). 	<ul style="list-style-type: none"> • Not applicable
434: Means of Disclosures		
434 (1)	<p>Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group publishes its Pillar 3 disclosures in a single report. The UK CCA disclosure (the detailed Capital instruments table) is provided separately however it is published in the same location. • The Pillar 3 disclosures required for NatWest Holdings Group's large subsidiaries are provided in separate reports.
434 (2)	<p>Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part. That archive shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports.</p>	<ul style="list-style-type: none"> • NatWest Holdings Group's Pillar 3 Reports can be located at investors.natwest.com/reports-archive/2024
434b: Timing and means of disclosures under Article 441		
434b (1)	<p>By way of derogation from the second paragraph of Article 433, G-SIIs shall disclose the information required under Article 441 within four months after the end of the period to which the information relates.</p>	<ul style="list-style-type: none"> • Not applicable
434b (2)	<p>By way of derogation from Article 434(1), where a G-SII relies on the derogation in paragraph 1, it may disclose the information required under Article 441 in a separate medium or location from the standalone document mentioned in Article 434(1).</p>	
434b (3)	<p>If, in accordance with paragraphs 1 and 2, a G-SII does not disclose the information required under Article 441 at the same time as, and in the same medium or location as, the other information required to be disclosed under Titles II and III, it shall include in the standalone document mentioned in Article 434(1) a statement specifying when and in what medium or location the information required under Article 441 will be disclosed.</p>	

UK CRR article	Regulatory requirements	Compliance reference
435: Risk management objectives and policies		
435 (1)	Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. These disclosures shall include:	<ul style="list-style-type: none"> • See below for applicable disclosure requirements
435 (1) (a)	the strategies and processes to manage those categories of risks;	<ul style="list-style-type: none"> • UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA
435 (1) (b)	the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents;	<ul style="list-style-type: none"> • UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA
435 (1) (c)	the scope and nature of risk reporting and measurement systems;	<ul style="list-style-type: none"> • UK OVA, UK LIQA, UK MRA, UK ORA
435 (1) (d)	the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	<ul style="list-style-type: none"> • UK OVA, UK LIQA, UK CRA, UK MRA, UK ORA
435 (1) (e)	a declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	<ul style="list-style-type: none"> • UK OVA, UK LIQA
435 (1) (f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include: <ul style="list-style-type: none"> (i) key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body; (ii) information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group . 	<ul style="list-style-type: none"> • UK OVA, UK LIQA, UK CRA
435 (2)	Institutions shall disclose the following information regarding governance arrangements:	<ul style="list-style-type: none"> • UK OVB
435 (2) (a)	the number of directorships held by members of the management body;	<ul style="list-style-type: none"> • UK OVB
435 (2) (b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	<ul style="list-style-type: none"> • UK OVB
435 (2) (c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;	<ul style="list-style-type: none"> • UK OVB
435 (2) (d)	whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;	<ul style="list-style-type: none"> • UK OVB
435 (2) (e)	the description of the information flow on risk to the management body.	<ul style="list-style-type: none"> • UK OVB
436: Disclosures of the scope of application		
436	Institutions shall disclose the following information regarding the scope of application of the CRR as follows	See below for applicable disclosure requirements
436 (a)	the name of the institution to which the CRR applies;	<ul style="list-style-type: none"> • NatWest Holdings Group plc and its consolidated subsidiaries

UK CRR article	Regulatory requirements	Compliance reference
436: Disclosures of the scope of application		
436 (b)	a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportional	• UK LI3, UK LIA
436 (c)	a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part;	• UK LI1
436 (d)	a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences;	• UK LI2, UK LIA
436 (e)	for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions;	• UK PV1
436 (f)	any current or expected material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the parent undertaking and its subsidiaries;	• UK LIB; there are no such impediments.
436 (g)	the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries;	• UK LIB
436 (h)	where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.	• Not applicable
437: Disclosure of own funds		
437	Institutions shall disclose the following information regarding their own funds:	See below for applicable disclosure requirements
437 (a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	• UK CC1, UK CC2
437 (b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	• UK CCA - published separately as a supplement in the same location where the NatWest Holdings Group P3 report is available
437 (c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	
437 (d)	a separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	• UK CC1

UK CRR article	Regulatory requirements	Compliance reference
437: Disclosure of own funds		
437 (e)	a description of all restrictions applied to the calculation of own funds in accordance with the CRR and the instruments, prudential filters and deductions to which those restrictions apply;	• UK CC1
437 (f)	a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in the CRR.	• Not applicable
437a: Disclosure of own funds and eligible liabilities		
437a	Institutions that are subject to Article 92a, or are material subsidiaries of non-UK G-SIs and are not resolution entities or subsidiaries of a UK parent institution, shall disclose the following information regarding their own funds and eligible liabilities:	• Not applicable
437a (a)	the composition of their own funds and eligible liabilities, their maturity and their main features;	
437a (b)	the ranking of eligible liabilities in the creditor hierarchy;	
437a (c)	the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4);	
437a (d)	the total amount of excluded liabilities referred to in Article 72a(2).	
438: Disclosure of own funds requirements and risk-weighted exposure amounts		
438	Institutions shall disclose the following information regarding their compliance with Article 92 and rules 3.1(1)(a) and 3.4 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook:	See below for applicable disclosure requirements
438 (a)	a summary of their approach to assessing the adequacy of their internal capital to support current and future activities;	• UK OVC
438 (b)	the amount of the additional own funds requirements based on the supervisory review and evaluation process (within the meaning of regulation 34A of the Capital Requirements Regulations) and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;	• UK KM1
438 (c)	the result of the institution's internal capital adequacy assessment process;	• Not applicable - this is only on demand from supervisory authority
438 (d)	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;	• UK OV1
438 (e)	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2);	• UK CR10
438 (f)	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	• Not applicable

UK CRR article	Regulatory requirements	Compliance reference
438: Disclosure of own funds requirements and risk-weighted exposure amounts		
438 (g)	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with the provisions implementing Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied	Not applicable as NatWest Holdings Group is not a financial conglomerate
438 (h)	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	<ul style="list-style-type: none"> • UK CR8
439: Disclosure of exposures to counterparty credit risk		
439	Institutions shall disclose the following information regarding their exposure to counterparty credit risk as referred to in Chapter 6 of Title II of Part Three:	See below for applicable disclosure requirements
439 (a)	a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties;	<ul style="list-style-type: none"> • UK CCRA
439 (b)	a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves;	<ul style="list-style-type: none"> • UK CCRA
439 (c)	a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291;	<ul style="list-style-type: none"> • UK CCRA
439 (d)	the amount of collateral the institution would have to provide if its credit rating were downgraded;	<ul style="list-style-type: none"> • UK CCRA
439 (e)	for derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral; provided in each case that: <ul style="list-style-type: none"> (i) institutions shall not disclose such amounts unless both the fair value of collateral posted in the form of debt securities and the fair value of collateral received in that form exceed GBP 125 billion; and (ii) for the purposes of subparagraph (i), institutions shall use the twelve month rolling arithmetic mean of the fair value of collateral received or posted (as the case may be) in the form of debt securities, determined using quarterly data calculated in a manner consistent with data reported under Article 430(g) and covering the twelve months immediately preceding the disclosure reference date; 	<ul style="list-style-type: none"> • Not applicable; disclosure threshold is not met
439 (f)	for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method;	<ul style="list-style-type: none"> • UK CCR1
439 (g)	for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method;	<ul style="list-style-type: none"> • UK CCR1
439 (h)	the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three;	<ul style="list-style-type: none"> • UK CCR2
439 (i)	the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	<ul style="list-style-type: none"> • UK CR8

UK CRR article	Regulatory requirements	Compliance reference
439: Disclosure of exposures to counterparty credit risk		
439 (j)	the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold;	• UK CCR6
439 (k)	the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9);	• UK CCR1
439 (l)	separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	• UK CCR3 (STD) & UK CCR4 (IRB)
439 (m)	for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	• Not applicable as NatWest Holdings Group does not apply either the Original Exposure Method (OEM) or the Simplified Standardised Approach for Counterparty Credit Risk (Simplified SA-CCR)
440: Disclosure of countercyclical capital buffers		
440	Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer referred to in Chapter 3 of the Capital Buffers Part:	See below for applicable disclosure requirements
440 (a)	(a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer;	• CCyB1
440 (b)	(b) the amount of their institution-specific countercyclical capital buffer.	• CCyB2
441: Disclosure of indicators of global systemic importance		
441 (1)	G-SIIs shall disclose, on an annual basis, the information specified in Annex XXVI of the Reporting (CRR) Part, in accordance with the instructions in Annex XXVII of the Reporting (CRR) Part.	• Not applicable as NatWest Holdings Group is not a G-SIIB firm
442: Disclosure of exposures to credit risk and dilution risk		
442	Institutions shall disclose the following information regarding their exposure to credit risk and dilution risk:	See below for applicable disclosure requirements
442 (a)	the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes;	• UK CRB
442 (b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	• UK CRB
442 (c)	information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;	• UK CR1, UK CQ1, UK CQ4, UK CQ5 • NatWest Holdings Group does not recognise collateral by possession therefore disclosures UK CQ7 and UK CQ8 are not applicable
442 (d)	an ageing analysis of accounting past due exposures;	• UK CQ3
442 (e)	the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures;	• UK CR1, UK CQ4, UK CQ5

UK CRR article	Regulatory requirements	Compliance reference
442: Disclosure of exposures to credit risk and dilution risk		
442 (f)	any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	• UK CR2
442 (g)	the breakdown of loans and debt securities by residual maturity.	• UK CR1-A
443: Disclosure of encumbered and unencumbered assets		
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.	• UK AE1, UK AE2, UK AE3, UK AE4
444: Disclosure of the use of the standardised approach		
444	Institutions calculating their risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112:	See below for applicable disclosure requirements
444 (a)	the names of the nominated ECAs and export credit agencies and the reasons for any changes in those nominations over the disclosure period;	• UK CRD
444 (b)	the exposure classes for which each ECA or export credit agency is used;	• UK CRD
444 (c)	a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book;	• Not applicable
444 (e)	the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as those deducted from own funds.	• UK CR4, UK CR5, UK CCR3
445: Disclosure of exposure to market risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	• UK MR1
446: Disclosure of operational risk management		
446	Institutions shall disclose the following information about their operational risk management:	See below for applicable disclosure requirements
446 (a)	the approaches for the assessment of own funds requirements for operational risk that the institution qualifies for;	• UK ORA, UK OR1
446 (b)	where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach;	• Not applicable - NatWest Holdings Group applies the Standardised Approach for calculating own funds requirements for Operational Risk
446 (c)	in the case of partial use, the scope and coverage of the different methodologies used.	
447: Disclosure of key metrics		
447	Institutions shall disclose the following key metrics in a tabular format:	See below for applicable disclosure requirements
447 (a)	the composition of their own funds and their own funds requirements as calculated in accordance with Article 92;	• UK KM1
447 (b)	the total risk exposure amount as calculated in accordance with Article 92(3);	• UK KM1

UK CRR article	Regulatory requirements	Compliance reference
447: Disclosure of key metrics		
447 (c)	where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations;	• UK KM1
447 (d)	their combined buffer requirement which the institutions are required to hold in accordance with regulation 35 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014;	• UK KM1
447 (e)	the following information in relation to their leverage ratio: (i) for all institutions, their leverage ratio and total exposure measure; (ii) for LREQ firms, the information in Article 451(1)(b) and (g) and Article 451(2)(b) to (d);	• UK KM1 - NatWest Holdings Group is an LREQ firm therefore subject to the additional disclosures required by point (ii)
447 (f)	the following information in relation to their liquidity coverage ratio as calculated in accordance with Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: (i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	• UK KM1
447 (g)	the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six: (i) the average or averages, as applicable, of their net stable funding ratio based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their available stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (iii) the average or averages, as applicable, of their required stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period;	• UK KM1
447 (h)	their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Article 92a or, in the case of institutions that are material subsidiaries of non-UK G-SIIs and are not resolution entities or subsidiaries of a UK parent institution, in accordance with a direction from the Bank of England under section 3A(4B) of the Banking Act 2009, and broken down at the level of each resolution group, where applicable.	• Not applicable
448: Disclosure of exposures to interest rate risk on positions not held in the trading book		
448 (1)	Institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Chapter 9 of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook:	See below for applicable disclosure requirements

UK CRR article	Regulatory requirements	Compliance reference
448: Disclosure of exposures to interest rate risk on positions not held in the trading book		
448 (1) (a)	<p>the changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods:</p> <ul style="list-style-type: none"> (i) parallel shock up; (ii) parallel shock down; (iii) steepener shock (short rates down and long rates up); (iv) flattener shock (short rates up and long rates down); (v) short rates shock up; (vi) short rates shock down; 	• UK IRRBB1
448 (1) (b)	<p>the changes in the net interest income calculated under the following two supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods:</p> <ul style="list-style-type: none"> (i) parallel shock up; (ii) parallel shock down; 	• UK IRRBB1
448 (1) (c)	<p>a description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;</p>	• UK IRRBBA
448 (1) (d)	<p>an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;</p>	• UK IRRBBA
448 (1) (e)	<p>the description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Chapter 9 of the ICAA Part of the PRA Rulebook, including:</p> <ul style="list-style-type: none"> (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems for the purpose of calculating changes in the economic value of equity and in net interest income, as required under points (a) and (b) of this paragraph, if those assumptions differ from those used for the purposes of Chapter 9 of the ICAA Part of the PRA Rulebook or from those specified in Annex XXXVIII of Chapter 6 of this Disclosure (CRR) Part of the PRA Rulebook, including the rationale for those differences; (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs; 	• UK IRRBBA
448 (1) (f)	<p>the description of the overall risk management and mitigation strategies for those risks;</p>	• UK IRRBBA
448 (1) (g)	<p>average and longest repricing maturity assigned to non-maturing deposits.</p>	• UK IRRBBA
448 (2)	<p>By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to economic value of equity shall not apply to institutions that use the standardised framework referred to in Rule 9.1B of the ICAA Part of the PRA Rulebook.</p>	• Not applicable

UK CRR article	Regulatory requirements	Compliance reference
449: Disclosure of exposure to securitisation positions		
449	Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Article 337 or 338 shall disclose the following information separately for their trading and non-trading book activities:	See below for applicable disclosure requirements
449 (a)	a description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) as defined in point (10) of Article 242, and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy;	• UK SECA
449 (b)	the type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties;	• UK SECA
449 (c)	their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions;	• UK SECA
449 (d)	a list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation;	• UK SECA
449 (e)	a list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three;	• UK SECA; NatWest Holdings Group has not provided support to any securitisation transactions beyond its contractual obligations.
449 (f)	a list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions;	• UK SECA
449 (g)	a summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions;	• UK SECA
449 (h)	the names of the ECAs used for securitisations and the types of exposure for which each agency is used;	UK SECA SEC-ERBA is the External Ratings-Based Approach. This is based on external credit ratings from credit rating agencies. The ratings are mapped to corresponding credit quality steps (CQS) and, along with seniority of the tranche, maturity and tranche thickness, these are used to determine the risk-weight for each exposure. NatWest Holdings Group recognises ratings issued by Standard & Poor's, Moody's, Fitch, DBRS or ARC Ratings. Most transactions are rated by two or more of these rating agencies, which are formally classified as external credit assessment institutions (ECAs).

UK CRR article	Regulatory requirements	Compliance reference
449: Disclosure of exposure to securitisation positions		
449 (i)	where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels;	• UK SECA
449 (j)	separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk in accordance with Articles 244 and 245, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures;	• UK SEC1
449 (k)	for the trading and the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk-weighted at 1250%, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements ; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk-weighted at 1250%, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements;	• UK SEC3, UK SEC4
449 (l)	for exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	• UK SEC5
UK CRR 450: Disclosure of remuneration policy		
450	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions:	See below for applicable disclosure requirements
450 (1) (a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	• UK REMA
450 (1) (b)	information about the link between pay of the staff and their performance;	• UK REMA
450 (1) (c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	• UK REMA
450 (1) (d)	the ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook;	• UK REMA

UK CRR article	Regulatory requirements	Compliance reference
450: Disclosure of remuneration policy		
450 (1) (e)	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	• UK REMA
450 (1) (f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;	• UK REMA
450 (1) (g)	aggregate quantitative information on remuneration, broken down by business area;	• UK REM5
450 (1) (h)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year, and the number of beneficiaries of those awards; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	• UK REM1, UK REM2, UK REM3
450 (1) (i)	the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	• UK REM4
450 (1) (k)	information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	• UK REMA
450 (2)	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.	• UK REM1, UK REM2, UK REM3, UK REM5

UK CRR article	Regulatory requirements per PRA Rulebook	Compliance reference
451: Disclosure of leverage ratio		
451 (1)	Institutions shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 of Chapter 3 of the Leverage Ratio (CRR) Part and their management of the risk of excessive leverage:	See below for applicable disclosure requirements
451 (1) (a)	the leverage ratio;	• UK LR2, UK KM1
451 (1) (b)	the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure;	• UK LR1, UK LR2, UK LR3
451 (1) (c)	a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	• UK LR2
451 (1) (d)	a description of the processes used to manage the risk of excessive leverage;	• UK LRA
451 (1) (e)	a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers;	• UK LRA
451 (1) (f)	in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part;	• Not applicable
451 (1) (g)	in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	• UK KM1, IFRS 9-FL, UK LR2
451 (2)	An LREQ firm must disclose each of the following:	NatWest Holdings Group is an LREQ firm
451 (2) (a)	the average exposure measure;	• UK LR2
451 (2) (b)	the average leverage ratio;	• UK LR2, UK KM1
451 (2) (c)	the average leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; and	• UK LR2
451 (2) (d)	the countercyclical leverage ratio buffer	• UK LR2, UK KM1
451 (2) (e)	additional leverage ratio buffer.	• UK LR2
451 (3)	An LREQ firm must disclose such information as is necessary to enable users to understand changes in the firm's total exposure measure and tier 1 capital (leverage) over the quarter that have affected the firm's average leverage ratio.	• UK LRA
451 (4) (a)	a) For the purposes of paragraph 2(a) an LREQ firm must calculate its average exposure measure for a quarter as the sum of: (i) the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets and securities financing transactions on each day in the quarter; and (ii) the arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets and securities financing transactions on the last day of each month in the quarter; and	• UK LR2
451 (4) (b)	for the purposes of paragraphs 2(b) and 3, an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the: (i) capital measure is the arithmetic mean of the firm's tier 1 capital (leverage) on the last day of each month in the quarter; and (ii) exposure measure is the sum derived in accordance with (a).	• UK LR2, UK KM1

UK CRR article	Regulatory requirements	Compliance reference
UK CRR 451a: Disclosure of Liquidity Requirements		
451a (1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	See below for applicable disclosure requirements
451a (2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook:	
451a (2) (a)	the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	• UK LIQ1, UK LIQB
451a (2) (b)	the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;	• UK LIQ1, UK LIQB
451a (2) (c)	the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	• UK LIQ1, UK LIQB
451a (3)	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	
451a (3) (a)	averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters;	• UK LIQ2
451a (3) (b)	an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters;	• UK LIQ2
451a (3) (c)	an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters.	• UK LIQ2
451a (4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	• UK LIQA
452: Disclosure of the use of the IRB approach to credit risk		
452	Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk shall disclose the following information:	See below for applicable disclosure requirements
452 (a)	the competent authority's permission of the approach or approved transition;	• UK CRE
452 (b)	for each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission; For the purposes of point (b) of this Article, institutions shall use the exposure value as defined in Article 166.	• UK CRE, UK CR6-A

UK CRR article	Regulatory requirements	Compliance reference
	452: Disclosure of the use of the IRB approach to credit risk	
452 (c)	the control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on: <ul style="list-style-type: none"> (i) the relationship between the risk management function and the internal audit function; (ii) the rating system review; (iii) the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models; 	<ul style="list-style-type: none"> • UK CRE
452 (d)	the role of the functions involved in the development, approval and subsequent changes of the credit risk models;	<ul style="list-style-type: none"> • UK CRE
452 (e)	the scope and main content of the reporting related to credit risk models;	<ul style="list-style-type: none"> • UK CRE
452 (f)	a description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering: <ul style="list-style-type: none"> (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables; 	<ul style="list-style-type: none"> • UK CRE
452 (g)	as applicable, the following information in relation to each exposure class referred to in Article 147: <ul style="list-style-type: none"> (i) their gross on-balance-sheet exposure; (ii) their off-balance-sheet exposure values prior to the relevant conversion factor; (iii) their exposure after applying the relevant conversion factor and credit risk mitigation; (iv) any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk; (v) separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission; 	<ul style="list-style-type: none"> • UK CR6, UK CCR4
452 (h)	institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	<ul style="list-style-type: none"> • UK CR9 • UK CR9.1 is not provided as Article 180(1)(f) CRR is not applicable; NatWest Holdings Group does not attribute the default rate observed for the external organisation's grades to the institution's grades.

UK CRR article	Regulatory requirements	Compliance reference
453: Disclosure of the use of credit risk mitigation techniques		
453	Institutions using credit risk mitigation techniques shall disclose the following information:	See below for applicable disclosure requirements
453 (a)	the core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting;	• UK CRC
453 (b)	the core features of the policies and processes for eligible collateral evaluation and management;	• UK CRC
453 (c)	a description of the main types of collateral taken by the institution to mitigate credit risk;	• UK CRC
453 (d)	for guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures;	• UK CRC
453 (e)	information about market or credit risk concentrations within the credit mitigation taken;	• UK CRC
453 (f)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures;	• UK CR3
453 (g)	the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	• UK CR4, UK CR7-A
453 (h)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	• UK CR4
453 (i)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	• UK CR4
453 (j)	for institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	• UK CR7
454: Disclosure of the use of the advanced measurement approaches to operational risk		
454	The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk transfer mechanisms for the purpose of mitigating that risk.	• Not applicable as NatWest Holdings Group applies the Standardised approach for calculating own funds for Operational Risk

UK CRR article	Regulatory requirements	Compliance reference
455: Use of internal market risk models		
455	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following information:	See below for applicable disclosure requirements
455 (a)	for each sub-portfolio covered: (i) the characteristics of the models used; (ii) where applicable, for the internal models for incremental default and migration risk and for correlation trading, the methodologies used and the risks measured through the use of an internal model including a description of the approach used by the institution to determine liquidity horizons, the methodologies used to achieve a capital assessment that is consistent with the required soundness standard and the approaches used in the validation of the model; (iii) a description of stress testing applied to the sub-portfolio; (iv) a description of the approaches used for back-testing and validating the accuracy and consistency of the internal models and modelling processes;	<ul style="list-style-type: none"> Not applicable
455 (b)	the scope of permission by the competent authority;	<ul style="list-style-type: none"> Not applicable; NatWest Holdings Group does not have an IMM permission for market risk
455 (c)	a description of the extent and methodologies for compliance with the requirements set out in Articles 104 and 105;	<ul style="list-style-type: none"> Not applicable
455 (d)	the highest, the lowest and the mean of the following: (i) the daily value-at-risk measures over the reporting period and at the end of the reporting period; (ii) the stressed value-at-risk measures over the reporting period and at the end of the reporting period; (iii) the risk numbers for incremental default and migration risk and for the specific risk of the correlation trading portfolio over the reporting period and at the end of the reporting period;	<ul style="list-style-type: none"> Not applicable
455 (e)	the elements of the own funds requirement as specified in Article 364;	<ul style="list-style-type: none"> Not applicable
455 (f)	the weighted average liquidity horizon for each sub-portfolio covered by the internal models for incremental default and migration risk and for correlation trading;	<ul style="list-style-type: none"> Not applicable
455 (g)	a comparison of the daily end-of-day value-at-risk measures to the one-day changes of the portfolio's value by the end of the subsequent business day together with an analysis of any important overshooting during the reporting period.	<ul style="list-style-type: none"> Not applicable