



NatWest
Group

NatWest Markets Plc

Q1 2025 Pillar 3

Contents	Page
Forward-looking statements	3
Presentation of information	4
Annex I: Key metrics and overview of risk-weighted assets	
NatWest Markets Plc – Key points	5
UK KM1: Key metrics	6
UK OV1: Overview of risk-weighted exposure amounts	7
UK CR8: RWA flow statement of credit risk exposures under the IRB approach	8
UK CCR7: RWA flow statement of counterparty credit risk exposures under the IMM	8
UK MR2-B: RWA flow statement of market risk exposures under the IMA	9
Annex XI: Leverage	
UK LR2 – LRCom: Leverage ratio common disclosure	10
Annex XIII: Liquidity	
UK LIQ1: Quantitative information of LCR	11
UK LIQB: Qualitative information on LCR, which complements template UK LIQ1	12

Forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NWM Group's beliefs and expectations, are forward-looking statements. Words, such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: NWM Group's economic and political risks financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NWM Group's strategy and NatWest Group's strategy, its climate and sustainability related ambitions and targets, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and uncertainties, exposure to third party risk, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk and the impact of climate and sustainability related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWM Group's actual results are discussed in NWM Plc's 2024 Annual Report and Accounts, NWM Group's Interim Management Statement for Q1 2025, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWM Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

This document presents the interim Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) as at 31 March 2025. It should be read in conjunction with the Q1 2025 NatWest Group Pillar 3 report and the NWM Group Q1 2025 Interim Management Statement (IMS), which are published in the same location at: investors.natwestgroup.com/reports-archive/2025

NWM Plc is incorporated in the United Kingdom and is a large, listed subsidiary of NatWest Group plc. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

Based on the criteria set out in the UK CRR, NatWest Group primarily defines its large subsidiaries in scope for PRA Pillar 3 disclosures as those designated as an Other Systemically Important Institution (O-SII) by the PRA or those with total assets equal to or greater than €30 billion.

The disclosures for NWM Plc are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and presented in accordance with the Disclosure (CRR) part of the PRA Rulebook. Any rows or columns that are not applicable have not been shown however explanations have been added as appropriate.

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

The Pillar 3 disclosures are presented in pounds sterling ('£') and have not been subject to external audit.

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reports-archive/2024

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

NatWest Markets Plc - Key points

CET1 ratio

17.2%

(Q4 2024 – 18.2%)

The CET1 ratio decreased by 100 basis points to 17.2% due to a £0.9 billion increase in RWAs and an immaterial decrease in CET1 capital. The CET1 capital decrease was mainly driven by an increase in regulatory deductions partially offset by an increase in reserves.

RWAs

£21.7bn

(Q4 2024 – £20.8bn)

Total RWAs increased by £0.9 billion to £21.7 billion mainly reflecting:

- an increase in market risk RWAs of £0.5 billion to £5.6 billion driven by an increase in SVaR based RWAs due to movement in foreign exchange risk partially offset by a decrease in VaR based RWAs due to interest rate risk.
- an increase in operational risk RWAs of £0.3 billion to £1.3 billion following the annual calculation.
- an increase in credit risk RWAs of £0.2 billion to £9.1 billion due to increased securitisation activity.

UK leverage ratio

5.4%

(Q4 2024 – 5.5%)

The leverage ratio decreased by 10 basis points to 5.4% due to a £4.5 billion increase in leverage exposure partially offset by a £0.2 billion increase in Tier 1 capital. The key drivers in the leverage exposure were an increase in trading assets and other financial assets partially offset by a decrease in other off balance sheet items.

UK average leverage ratio

4.8%

(Q4 2024 – 4.8%)

The average leverage ratio remained static at 4.8% driven by a £3.7 billion increase in average leverage exposure offset by a £0.3 billion increase in 3-month average Tier 1 capital. The key drivers in the average leverage exposure were an increase in net settlement balances, trading assets and other financial assets partially offset by a decrease in other off balance sheet items.

LCR average

189%

(Q4 2024 – 192%)

The average Liquidity Coverage Ratio (LCR) decreased by 3% compared to Q4 2024. The reduction in LCR is mainly driven by growth in the banking book and partly offset by additional funding raised.

NSFR average

120%

(Q4 2024 – 120%)

The Net Stable Funding Ratio (NSFR) was unchanged compared to Q4 2024, at 120%, mainly driven by growth in the banking book offset by additional funding raised.

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

UK KM1: Key metrics

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

	31 March 2025 £m	31 December 2024 £m	30 September 2024 £m	30 June 2024 £m	31 March 2024 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	3,743	3,779	3,720	3,840	3,901
2 Tier 1 capital	5,280	5,067	4,416	4,519	4,580
3 Total capital	5,963	5,779	5,066	5,198	5,274
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	21,705	20,812	21,476	20,542	21,506
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	17.2	18.2	17.3	18.7	18.1
6 Tier 1 ratio (%)	24.3	24.3	20.6	22.0	21.3
7 Total capital ratio (%)	27.5	27.8	23.6	25.3	24.5
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	3.1	3.1	3.1	3.1	3.1
UK 7b Additional AT1 SREP requirements (%)	1.0	1.0	1.0	1.0	1.0
UK 7c Additional Tier 2 SREP requirements (%)	1.4	1.4	1.4	1.4	1.4
UK 7d Total SREP own funds requirements (%)	13.5	13.5	13.5	13.5	13.5
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (3)	0.9	1.0	1.0	1.0	1.0
11 Combined buffer requirement (%)	3.4	3.5	3.5	3.5	3.5
UK 11a Overall capital requirements (%)	16.9	17.0	17.0	17.0	17.0
12 CET1 available after meeting the total SREP own funds requirements (%)	9.7	10.6	9.8	11.1	10.5
Leverage ratio					
13 Total exposure measure excluding claims on central banks	97,377	92,859	96,209	86,275	91,464
14 Leverage ratio excluding claims on central banks (%)	5.4	5.5	4.6	5.2	5.0
Additional leverage ratio disclosure requirements					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.4	5.5	4.6	5.2	5.0
UK 14b Leverage ratio including claims on central banks (%)	4.9	4.9	4.2	4.6	4.5
UK 14c Average leverage ratio excluding claims on central banks (%)	4.8	4.8	4.8	4.8	5.0
UK 14d Average leverage ratio including claims on central banks (%)	4.4	4.3	4.3	4.3	4.4
UK 14e Countercyclical leverage ratio buffer (%) (3)	0.3	0.3	0.4	0.4	0.4
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value-average)	18,762	18,804	18,283	18,873	19,280
UK 16a Cash outflows – Total weighted value	12,896	12,878	12,969	12,773	12,656
UK 16b Cash inflows – Total weighted value	2,901	3,046	3,272	3,392	3,801
16 Total net cash outflows (adjusted value)	9,995	9,832	9,697	9,381	8,855
17 Liquidity coverage ratio (%) (4)	189	192	189	203	219
Net stable funding ratio					
18 Total available stable funding	38,400	36,499	33,992	32,824	32,012
19 Total required stable funding	31,905	30,522	29,155	27,788	26,446
20 NSFR ratio (%) (5)	120	120	117	118	121

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

(2) NWM Plc 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 buffer is currently maintained at 2%. The countercyclical leverage ratio buffer is set at 35% of NWM Plc CCyB.

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

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

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

UK OV1: Overview of risk-weighted exposure amounts

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

		a		b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements	
		31 March 2025 £m	31 December 2024 £m	31 March 2025 £m	
1	Credit risk (excluding counterparty credit risk)	6,021	5,892	482	
2	Of which: standardised approach	2,627	2,606	211	
3	Of which: the foundation IRB (FIRB) approach	-	-	-	
4	Of which: slotting approach	217	152	17	
UK 4a	Of which: equities under the simple risk-weighted approach	-	-	-	
5	Of which: the advanced IRB (AIRB) approach (1)	3,177	3,134	254	
5a	Of which: non-credit obligation assets (3)	135	102	11	
6	Counterparty credit risk	5,637	5,712	451	
7	Of which: standardised approach	889	902	71	
8	Of which: internal model method (IMM)	3,491	3,510	279	
UK 8a	Of which: exposures to a CCP	96	76	8	
UK 8b	Of which: credit valuation adjustment (CVA)	699	743	56	
9	Of which: other counterparty credit risk	462	481	37	
15	Settlement risk	-	-	-	
16	Securitisation exposures in the non-trading book (after the cap)	3,129	3,101	250	
17	Of which: SEC-IRBA approach	-	-	-	
18	Of which: SEC-ERBA (including IAA)	88	90	7	
19	Of which: SEC-SA approach	2,990	2,963	239	
UK 19a	Of which: 1,250%/deduction	51	48	4	
20	Position, foreign exchange and commodities risk (market risk)	5,565	5,099	445	
21	Of which: standardised approach	266	313	21	
22	Of which: IMA	5,299	4,786	424	
UK 22a	Large exposures	-	-	-	
23	Operational risk	1,347	1,002	108	
UK 23a	Of which: basic indicator approach	-	-	-	
UK 23b	Of which: standardised approach	1,347	1,002	108	
UK 23c	Of which: advanced measurement approach	-	-	-	
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,325	1,325	106	
25	Other Risk Exposure amount	6	6	-	
25a	Of which: Additional risk exposure amount due to Article 3 CRR	6	6	-	
29	Total	21,705	20,812	1,736	

(1) Of which £1 million RWAs (31 December 2024 - £14 million) relate to equity IRB under the probability of default/loss given default approach.

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

(3) 5a is subset of total IRB RWAs disclosed in Row 5.

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

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

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

	a
	RWAs
	£m
1 At 31 December 2024	3,170
2 Asset size	122
3 Asset quality	6
4 Model updates	2
7 Foreign exchange movements	(42)
9 At 31 March 2025	3,258

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

Q1 2025

- The increase in RWAs related to asset size was mainly driven by new securitisation facilities. The RWA decrease due to foreign exchange movements was a result of sterling appreciation against the US dollar and depreciation against the euro.

UK CCR7: RWA flow statement of counterparty credit risk exposures under the IMM

The table below shows movements in RWAs for derivatives under the internal model method (IMM). It excludes the CVA capital charge, exposures to central counterparties and securitisations.

	a
	RWAs
	£m
1 At 31 December 2024	3,510
2 Asset size	20
3 Credit quality of counterparties	1
7 Foreign exchange movements	(40)
9 At 31 March 2025	3,491

(1) The following rows are not presented because they had zero values: (4) model updates; (5) methodology and policy; (6) acquisitions and disposals; and (8) other.

Q1 2025

- RWAs remained broadly stable over the first quarter.

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

UK MR2-B: RWA flow statement of market risk exposures under the IMA

The table below shows movements in RWAs and own funds requirements for market risk exposures under the internal model approach (IMA).

	a	b	c	e	f	g
	Value-at-risk (VaR)	Stressed value-at-risk (SVaR)	Incremental risk charge (IRC)	Other risks-not-in-VaR (RNIV)	Total RWAs	Total own funds requirements
	£m	£m	£m	£m	£m	£m
1 At 31 December 2024	695	1,875	1,401	815	4,786	383
1a <i>Regulatory adjustment (1)</i>	(461)	(1,322)	(207)	-	(1,990)	(159)
1b <i>RWAs at 31 December 2024 (end of day)</i>	234	553	1,194	815	2,796	224
2 <i>Movement in risk levels</i>	(122)	(107)	144	(14)	(99)	(8)
3 <i>Model updates/changes</i>	(1)	(1)	-	-	(2)	-
8a <i>RWAs at 31 March 2025 (end of day)</i>	111	445	1,338	801	2,695	216
8b <i>Regulatory adjustment (1)</i>	414	2,120	70	-	2,604	209
8 At 31 March 2025	525	2,565	1,408	801	5,299	425

(1) Regulatory adjustments in rows 1a and 8b represent the difference in RWA terms between the risk spot measure at the end of the reporting period and the 60-day average of that measure, multiplied by the multiplication factor.

(2) The following rows and/or columns are not presented because they had zero values or are not used by NWM Plc: column (d) comprehensive risk measure; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q1 2025

- Overall, market risk RWAs under the IMA rose during the first quarter.
- The increase in SVaR-based RWAs was largely driven by movements in foreign exchange risk.
- The decrease in VaR-based RWAs largely reflected movements in interest rate risk.

Annex XI: Leverage

UK LR2 - LRCom: Leverage ratio common disclosure

The table below shows an abridged version of the disclosure template UK LR2 – LRCom for NWM Plc. The leverage metrics are calculated in accordance with the Leverage Ratio (CRR) part of the PRA Rulebook.

		31 March 2025 £m	31 December 2024 £m
Total exposure measure			
UK-24b	Total exposure measure excluding claims on central banks	97,377	92,859
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	5.4	5.5
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.4	5.5
UK-25c	Leverage ratio including claims on central banks (%)	4.9	4.9
Additional leverage ratio disclosure requirements - leverage ratio buffers (1)			
27	Leverage ratio buffer (%)	0.3	0.3
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.3	0.3
Additional leverage ratio disclosure requirements - disclosure of mean values (1)			
UK-31	Average total exposure measure excluding claims on central banks	106,069	102,335
UK-32	Average total exposure measure including claims on central banks	116,736	112,266
UK-33	Average leverage ratio excluding claims on central banks (%)	4.8	4.8
UK-34	Average leverage ratio including claims on central banks (%)	4.4	4.3

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information on LCR

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

		Total unweighted value (average)				Total weighted value (average)			
		31 March 2025	31 December 2024	30 September 2024	30 June 2024	31 March 2025	31 December 2024	30 September 2024	30 June 2024
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
		£m	£m	£m	£m	£m	£m	£m	£m
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					18,762	18,804	18,283	18,873
Cash - outflows									
2	Retail deposits and deposits from small business customers	46	42	42	47	2	1	1	1
of which:									
3	Stable deposits	5	6	7	6	-	-	-	-
4	Less stable deposits	9	8	8	6	1	1	1	1
5	Unsecured wholesale funding	3,092	3,071	3,137	3,103	2,690	2,617	2,642	2,567
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	1,350	1,391	1,475	1,463	948	937	980	927
8	Unsecured debt	1,742	1,680	1,662	1,640	1,742	1,680	1,662	1,640
9	Secured wholesale funding					1,381	1,367	1,312	1,242
10	Additional requirements	11,097	11,116	11,280	11,341	7,653	7,613	7,760	7,751
11	Outflows related to derivative exposures and other collateral requirements	3,441	3,530	3,769	3,952	3,361	3,480	3,699	3,852
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	7,656	7,586	7,511	7,389	4,292	4,133	4,061	3,899
14	Other contractual funding obligations	19,885	20,424	19,209	16,177	1,161	1,271	1,245	1,202
15	Other contingent funding obligations	1,926	1,952	1,998	2,119	9	9	9	10
16	Total cash outflows					12,896	12,878	12,969	12,773
Cash - inflows									
17	Secured lending (e.g., reverse repos)	17,658	18,494	19,219	18,270	528	546	738	862
18	Inflows from fully performing exposures	526	550	589	602	526	550	588	601
19	Other cash inflows	10,356	10,781	9,771	7,253	1,847	1,950	1,946	1,929
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	28,540	29,825	29,579	26,125	2,901	3,046	3,272	3,392
UK-20a	Fully exempt inflows								
UK-20b	Inflows subject to 90% cap								
UK-20c	Inflows subject to 75% cap	26,318	27,669	27,296	23,809	2,901	3,046	3,272	3,392
Total adjusted value									
UK-21	Liquidity buffer					18,762	18,804	18,283	18,873
22	Total net cash outflows					9,995	9,832	9,697	9,381
23	Liquidity coverage ratio (%)					189	192	189	203

Annex XIII: Liquidity continued

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

LCR inputs and results over time

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

All figures included in the table represent a 12 month rolling average. The average Liquidity Coverage Ratio (LCR) has decreased by 3% over the previous quarter, from 192% to 189%. The reduction in LCR is mainly driven by growth in the banking book and partly offset by additional funding raised.

Concentration of funding sources

NWM Plc covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repos, short positions, and derivative cash collateral provide approximately half of the balance sheet funding with the remainder funded by capital and MREL-eligible bonds (issued and down streamed by NatWest Group plc), term unsecured, short-term unsecured and secured funding.

Wholesale unsecured funding includes a range of products including but not limited to bank deposits, commercial paper (CP), certificates of deposit (CDs) and medium-term notes (MTNs). Deposits, CP and CDs have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. MTN issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.

The primary risk to funding stability is refinancing – the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. NWM Plc monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank reserves (50%) and Level 1 high quality securities (44%). Level 2 securities account for 6%.

Derivative exposures and potential collateral calls

NWM Plc actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress captured under the Historical Look-Back Approach, which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a three-notch downgrade of the NWM Plc credit rating are also captured.

Currency mismatch in the LCR

The LCR is calculated for 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 (CRR) part of the PRA Rulebook (subject to modification). NWM Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.