



**NatWest**  
Group

# NatWest Markets Plc

## Q1 2024 Pillar 3

<b>Contents</b>	<b>Page</b>
Forward-looking statements	3
Presentation of information	4
<b>Annex I: Key metrics and overview of risk-weighted assets</b>	
NatWest Markets Plc – Key points	5
UK KM1: Key metrics	6
IFRS 9-FL: Comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL	7
UK OV1: Overview of risk-weighted exposure amounts	8
UK CR8: RWA flow statement of credit risk exposures under the IRB approach	9
UK CCR7: RWA flow statement of counterparty credit risk exposures under the IMM	9
UK MR2-B: RWA flow statement of market risk exposures under the IMA	10
<b>Annex XI: Leverage</b>	
UK LR2 – LRCom: Leverage ratio common disclosure	11
<b>Annex XIII: Liquidity</b>	
UK LIQ1: Quantitative information of LCR	12
UK LIQB: Qualitative information on LCR, which complements template UK LIQ1	13

## Forward-looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NWM Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWM Group in respect of, but not limited to: its economic and political risks (including due to GDP growth, inflation and interest rates, supply chain disruption and geopolitical developments), its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), implementation of NWM Group's strategy and NatWest Group's strategy and NatWest Group's creation of its Commercial & Institutional franchise (of which NWM Group forms part), its sustainability and climate related targets, its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NWM Group's exposure to operational risk, conduct risk, financial crime risk, cyber, data and IT risk, key person risk and credit rating 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, interest and exchange rate fluctuations, general economic and political conditions, political uncertainty or instability, the impact of climate 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 2023 Annual Report and Accounts (ARA), NWM Group's Interim Management Statement for Q1 2024, and 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 Pillar 3 disclosures for NatWest Markets Plc (NWM Plc) as at 31 March 2024 which complement those in the NWM Group Q1 2024 Interim Management Statement (IMS), which is published in the same location at: [investors.natwestgroup.com/reports-archive/2024](https://investors.natwestgroup.com/reports-archive/2024)

NWM Plc is incorporated in the United Kingdom and is a 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.

NWM Plc, as a large, listed subsidiary of NatWest Group, is subject to a reduced number of disclosures as set out in the PRA Rulebook.

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.

Within this document row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL disclosures have been prepared using the uniform format published by the EBA.

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/2023](https://investors.natwestgroup.com/reports-archive/2023)

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

### Key points

#### CET1 ratio

**18.1%**

(Q4 2023 – 17.1%)

The CET1 ratio increased by 100 basis points to 18.1% at 31 March 2024, compared with 17.1% at 31 December 2023. The increase in the period was driven by a £0.1 billion increase in CET1 capital and a £0.6 billion decrease in RWAs. The CET1 capital increase was mainly driven by reserve movements.

#### RWAs

**£21.5bn**

(Q4 2023 - £22.1bn)

Total RWAs decreased by £0.6 billion to £21.5 billion reflecting:

- a reduction in counterparty credit risk RWAs of £0.4 billion due to a reduction in over-the-counter exposures and strengthening of sterling against the euro.
- a reduction in operational risk RWAs of £0.3 billion following the annual recalculation.
- a reduction in market risk RWAs of £0.2 billion reflecting risk reduction activity as part of ongoing management.
- an increase in credit risk RWAs of £0.3 billion to £8.2 billion driven by asset quality and increased securitisation exposure.

#### UK leverage ratio

**5.0%**

(Q4 2023 – 5.0%)

The leverage ratio remained static at 5.0%. There was a £0.1 billion increase in Tier 1 capital offset by a £1.5 billion increase in leverage exposure. The key drivers in the leverage exposure were an increase in trading and other financial assets.

#### UK average leverage ratio

**5.0%**

(Q4 2023 – 4.9%)

The average leverage ratio increased by 10 basis points to 5.0%. The increase was due to a £0.2 billion increase in 3-month average Tier 1 capital partially offset by a £2.4 billion increase in average leverage exposure. The key drivers in the average leverage exposure were an increase in trading and other financial assets and off balance sheet items.

#### LCR average

**219%**

(Q4 2023 - 240%)

The average Liquidity Coverage Ratio (LCR) decreased 21% compared to Q4 2023. The reduction in LCR is due to more business lending in the 12-month period.

#### NSFR average

**121%**

(Q4 2023 - 127%)

The Net Stable Funding Ratio (NSFR) was 121% compared to 127% in Q4 2023. The decrease in NSFR is driven by activity in new business lending.

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

### UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. The capital and leverage ratios and measures are presented on a transitional basis for the remaining IFRS 9 relief. NWM Plc has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

	31 March 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2023
	£m	£m	£m	£m	£m
<b>Available own funds (amounts)</b>					
1 Common equity tier 1 (CET1) capital	3,901	3,776	3,523	3,542	3,676
2 Tier 1 capital	4,580	4,455	4,202	4,221	4,355
3 Total capital	5,274	5,072	4,828	4,841	5,475
<b>Risk-weighted exposure amounts</b>					
4 Total risk-weighted exposure amount	21,506	22,099	23,392	20,159	20,173
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common equity tier 1 ratio (%)	18.1	17.1	15.1	17.6	18.2
6 Tier 1 ratio (%)	21.3	20.2	18.0	20.9	21.6
7 Total capital ratio (%)	24.5	23.0	20.6	24.0	27.1
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>					
UK 7a Additional CET1 SREP requirements (%)	3.1	3.1	2.6	2.6	2.6
UK 7b Additional AT1 SREP requirements (%)	1.0	1.0	0.9	0.9	0.9
UK 7c Additional Tier 2 SREP requirements (%)	1.4	1.4	1.2	1.2	1.2
UK 7d Total SREP own funds requirements (%)	13.5	13.5	12.7	12.7	12.7
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (1)	1.0	1.0	1.1	0.6	0.6
11 Combined buffer requirement (%)	3.5	3.5	3.6	3.1	3.1
UK 11a Overall capital requirements (%)	17.0	17.0	16.3	15.8	15.8
12 CET1 available after meeting the total SREP own funds requirements (%)	10.5	9.4	8.0	10.5	11.1
<b>Leverage ratio</b>					
13 Total exposure measure excluding claims on central banks	91,464	89,929	85,706	78,064	77,259
14 Leverage ratio excluding claims on central banks (%)	5.0	5.0	4.9	5.4	5.6
<b>Additional leverage ratio disclosure requirements</b>					
UK 14a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.0	5.0	4.9	5.4	5.6
UK 14b Leverage ratio including claims on central banks (%)	4.5	4.5	4.2	4.6	4.7
UK 14c Average leverage ratio excluding claims on central banks (%)	5.0	4.9	5.2	5.4	5.5
UK 14d Average leverage ratio including claims on central banks (%)	4.4	4.3	4.5	4.6	4.6
UK 14e Countercyclical leverage ratio buffer (%) (1)	0.4	0.4	0.4	0.2	0.2
<b>Liquidity coverage ratio</b>					
15 Total high-quality liquid assets (HQLA) (weighted value-average)	19,280	19,620	19,781	19,671	19,112
UK 16a Cash outflows - Total weighted value	12,656	11,986	11,876	12,245	12,165
UK 16b Cash inflows - Total weighted value	3,801	3,696	4,012	4,336	4,268
16 Total net cash outflows (adjusted value)	8,855	8,290	7,864	7,909	7,897
17 Liquidity coverage ratio (%) (2)	219	240	255	253	247
<b>Net stable funding ratio</b>					
18 Total available stable funding	32,012	31,864	31,923	31,783	31,479
19 Total required stable funding	26,446	25,065	23,604	23,117	22,911
20 NSFR ratio (%) (3)	121	127	135	137	137

(1) 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.

(2) The Liquidity Coverage Ratio (LCR) uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table.

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

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

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

### IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. NWM Plc has elected to take advantage of transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m
<b>Available capital (amounts) - transitional</b>					
1 Common equity tier 1	3,901	3,776	3,523	3,542	3,676
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	3,900	3,775	3,522	3,541	3,674
3 Tier 1 capital	4,580	4,455	4,202	4,221	4,355
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	4,579	4,454	4,201	4,220	4,353
5 Total capital	5,274	5,072	4,828	4,841	5,475
6 Total capital as if IFRS 9 transitional arrangements had not been applied	5,273	5,071	4,827	4,840	5,473
<b>Risk-weighted assets (amounts)</b>					
7 Total risk-weighted assets	21,506	22,099	23,392	20,159	20,173
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	21,505	22,098	23,390	20,158	20,171
<b>Capital ratios</b>					
9 Common equity tier 1 ratio	18.1	17.1	15.1	17.6	18.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.1	17.1	15.1	17.6	18.2
11 Tier 1 ratio	21.3	20.2	18.0	20.9	21.6
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	21.3	20.2	18.0	20.9	21.6
13 Total capital ratio	24.5	23.0	20.6	24.0	27.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.5	22.9	20.6	24.0	27.1
<b>Leverage ratio</b>					
15 Leverage ratio exposure measure (£m)	91,464	89,929	85,706	78,064	77,259
16 Leverage ratio (%)	5.0	5.0	4.9	5.4	5.6
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.0	5.0	4.9	5.4	5.6

## 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 2024 £m	31 December 2023 £m	31 March 2024 £m	
1	Credit risk (excluding counterparty credit risk)			<b>455</b>
2	Of which: standardised approach			<b>154</b>
3	Of which: the foundation IRB (FIRB) approach			-
4	Of which: slotting approach			<b>11</b>
UK 4a	Of which: equities under the simple risk-weighted approach			-
5	Of which: the advanced IRB (AIRB) approach (1)			<b>290</b>
5a	Of which: non-credit obligation assets			<b>10</b>
6	Counterparty credit risk			<b>483</b>
7	Of which: standardised approach			<b>85</b>
8	Of which: internal model method (IMM)			<b>276</b>
UK 8a	Of which: exposures to a CCP			<b>6</b>
UK 8b	Of which: credit valuation adjustment (CVA)			<b>65</b>
9	Of which: other counterparty credit risk			<b>51</b>
15	Settlement risk			-
16	Securitisation exposures in the non-trading book (after the cap)			<b>205</b>
17	Of which: SEC-IRBA approach			-
18	Of which: SEC-ERBA (including IAA)			<b>15</b>
19	Of which: SEC-SA approach			<b>186</b>
UK 19a	Of which: 1,250%/deduction			<b>4</b>
20	Position, foreign exchange and commodities risk (market risk)			<b>497</b>
21	Of which: standardised approach			<b>30</b>
22	Of which: IMA			<b>467</b>
UK 22a	Large exposures			-
23	Operational risk			<b>80</b>
UK 23a	Of which: basic indicator approach			-
UK 23b	Of which: standardised approach			<b>80</b>
UK 23c	Of which: advanced measurement approach			-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)			<b>108</b>
29	Total			<b>1,720</b>

(1) Of which £13.4 million RWAs (31 December 2023 - £12 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.



## 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 <b>At 31 December 2023</b>	<b>3,480</b>
2 Asset size	5
3 Asset quality	140
4 Model updates	3
7 Foreign exchange movements	(3)
9 <b>At 31 March 2024</b>	<b>3,625</b>

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

### Q1 2024

– The increase in RWAs relating to asset quality was mainly due to probability of default deterioration.

### 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 <b>At 31 December 2023</b>	<b>3,762</b>
2 Asset size	(246)
3 Credit quality of counterparties	(28)
7 Foreign exchange movements	(33)
9 <b>At 31 March 2024</b>	<b>3,455</b>

(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 2024

– IMM RWAs decreased, mainly reflecting an overall reduction in asset size as well as the strengthening of sterling against the euro over the period.

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

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

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

	a	b	c	e	f	g
	Value-at-risk (VaR) £m	Stressed value-at-risk (SVaR) £m	Incremental risk charge £m	Other risks-not-in-VaR £m	Total RWAs £m	Total own funds requirements £m
<b>1 At 31 December 2023</b>	<b>1,597</b>	<b>2,295</b>	<b>802</b>	<b>1,278</b>	<b>5,972</b>	<b>477</b>
<i>1a Regulatory adjustment (1)</i>	<i>(1,214)</i>	<i>(1,796)</i>	<i>(168)</i>	<i>-</i>	<i>(3,178)</i>	<i>(255)</i>
<i>1b RWAs at 31 December 2023 (end of day)</i>	<i>383</i>	<i>499</i>	<i>634</i>	<i>1,278</i>	<i>2,794</i>	<i>222</i>
<b>2 Movement in risk levels</b>	<b>(103)</b>	<b>(63)</b>	<b>443</b>	<b>(217)</b>	<b>60</b>	<b>5</b>
<b>3 Model updates/changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(116)</b>	<b>(116)</b>	<b>(9)</b>
<i>8a RWAs at 31 March 2024 (end of day)</i>	<i>280</i>	<i>436</i>	<i>1,077</i>	<i>945</i>	<i>2,738</i>	<i>218</i>
<i>8b Regulatory adjustment (1)</i>	<i>1,368</i>	<i>1,727</i>	<i>6</i>	<i>-</i>	<i>3,101</i>	<i>249</i>
<b>8 At 31 March 2024</b>	<b>1,648</b>	<b>2,163</b>	<b>1,083</b>	<b>945</b>	<b>5,839</b>	<b>467</b>

(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 2024

- Overall, market risk RWAs under the IMA fell during the first quarter.
- VaR-based RWAs were broadly unchanged. The moderate decrease in SVaR-based RWAs mainly related to sterling interest rate risk in options activity.
- The increase in the incremental risk charge mainly reflected increases in government and corporate bond positions.
- The decrease in RNIV-based RWAs was largely driven by risk reduction activity.

## 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.

	<b>31 March</b>	31 December
	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Capital and total exposure measure</b>		
UK-24b Total exposure measure excluding claims on central banks	<b>91,464</b>	89,929
<b>Leverage ratio</b>		
25 Leverage ratio excluding claims on central banks (%)	<b>5.0</b>	5.0
UK-25a Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	<b>5.0</b>	5.0
UK-25c Leverage ratio including claims on central banks (%)	<b>4.5</b>	4.5
<b>Additional leverage ratio disclosure requirements - leverage ratio buffers (1)</b>		
27 Leverage ratio buffer (%)	<b>0.4</b>	0.4
UK-27b Of which: countercyclical leverage ratio buffer (%)	<b>0.4</b>	0.4
<b>Additional leverage ratio disclosure requirements - disclosure of mean values (1)</b>		
UK-31 Average total exposure measure excluding claims on central banks	<b>90,781</b>	88,365
UK-32 Average total exposure measure including claims on central banks	<b>102,162</b>	99,745
UK-33 Average leverage ratio excluding claims on central banks (%)	<b>5.0</b>	4.9
UK-34 Average leverage ratio including claims on central banks (%)	<b>4.4</b>	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 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2024	31 December 2023	30 September 2023	30 June 2023
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
<b>High-quality liquid assets</b>								
1 Total high-quality liquid assets (HQLA)					<b>19,280</b>	19,620	19,781	19,671
<b>Cash - outflows</b>								
2 Retail deposits and deposits from small business customers	<b>51</b>	60	60	60	<b>1</b>	1	1	2
of which:								
3 <i>Stable deposits</i>	<b>5</b>	6	6	10	-	-	-	-
4 <i>Less stable deposits</i>	<b>6</b>	7	7	10	<b>1</b>	1	1	1
5 Unsecured wholesale funding	<b>2,993</b>	2,627	2,329	2,072	<b>2,442</b>	2,118	1,833	1,614
6 <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
7 <i>Non-operational deposits (all counterparties)</i>	<b>1,423</b>	1,330	1,295	1,187	<b>872</b>	821	799	729
8 <i>Unsecured debt</i>	<b>1,570</b>	1,297	1,034	885	<b>1,570</b>	1,297	1,034	885
9 Secured wholesale funding					<b>1,103</b>	882	808	768
10 Additional requirements	<b>11,349</b>	11,251	11,287	11,727	<b>7,793</b>	7,748	7,773	8,114
11 <i>Outflows related to derivative exposures and other collateral requirements</i>	<b>4,329</b>	4,645	4,940	5,333	<b>4,168</b>	4,426	4,698	5,014
12 <i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
13 <i>Credit and liquidity facilities</i>	<b>7,020</b>	6,606	6,347	6,394	<b>3,625</b>	3,322	3,075	3,100
14 Other contractual funding obligations	<b>13,435</b>	10,082	9,392	10,739	<b>1,307</b>	1,227	1,452	1,738
15 Other contingent funding obligations	<b>2,172</b>	2,030	1,965	1,900	<b>10</b>	10	9	9
16 Total cash outflows					<b>12,656</b>	11,986	11,876	12,245
<b>Cash - inflows</b>								
17 Secured lending (e.g., reverse repos)	<b>17,195</b>	16,208	15,531	16,924	<b>991</b>	977	899	803
18 Inflows from fully performing exposures	<b>643</b>	674	724	788	<b>640</b>	670	718	782
19 Other cash inflows	<b>5,559</b>	2,846	2,396	2,746	<b>2,170</b>	2,049	2,395	2,751
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	<b>23,397</b>	19,728	18,651	20,458	<b>3,801</b>	3,696	4,012	4,336
UK-20a Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b Inflows subject to 90% cap	-	-	-	-	-	-	-	-
UK-20c Inflows subject to 75% cap	<b>21,104</b>	17,381	16,318	17,903	<b>3,801</b>	3,696	4,012	4,336
<b>Total adjusted value</b>								
UK-21 Liquidity buffer					<b>19,280</b>	19,620	19,781	19,671
22 Total net cash outflows					<b>8,855</b>	8,290	7,864	7,909
23 Liquidity coverage ratio (%)					<b>219%</b>	240%	255%	253%

## 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 LCR for the 12 months to 31 March 2024 decreased by 21% over the previous quarter, from 240% to 219%. The reduction in LCR is due to more business lending in the 12-month period.

#### 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 (63%) and Level 1 high quality securities (33%), Level 2 securities account for 4%.

#### Derivative exposures and potential collateral calls

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

#### Currency mismatch in the LCR

The LCR is calculated for 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). NWM Plc manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.