NatWest Group

National Westminster Bank Plc

Interim Results 2025

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Interim results for the period ended 30 June 2025

NatWest Bank Group (NWB Group) reported an attributable profit for the period of £1,854 million and a Common Equity Tier 1 (CET1) ratio of 11.3% for NWB Plc.

H1 2025 performance

- Total income increased by £497 million to £6,360 million compared to H1 2024, principally due to deposit margin expansion, balance sheet growth and higher structural hedge income.

- Operating expenses of £3,449 million were broadly stable compared to H1 2024. The cost:income ratio has decreased to 54.2% compared to 59.0% in H1 2024.

- An impairment loss of £351 million, compared with a loss of £47 million in H1 2024, principally reflects an £81 million charge on acquisition of balances from Sainsbury's Bank, Stage 3 charges within Commercial & Institutional and post model adjustment releases of £57 million in the period.

Robust balance sheet with strong capital and liquidity levels

- Net loans to customers increased by £4.2 billion to £336.2 billion during the period, including personal loans and credit card balances acquired from Sainsbury's Bank, which were £2.2 billion at 30 June 2025. Retail Banking mortgage balances increased by £4.1 billion, Commercial & Institutional balances increased £2.0 billion mainly within Commercial Mid-market, reflecting increased lending to housebuilders and housing associations, and Corporate & Institutions. This was partially offset by Treasury reverse repo activity.

- Customer deposits increased by £1.6 billion to £319.9 billion during the period, including savings balances acquired from Sainsbury's Bank, which were £2.4 billion at 30 June 2025, and growth within Commercial & Institutional, partially offset by outflows due to seasonal tax payments.

- The loan:deposit ratio decreased to 97% reflecting an increase in customer lending of £4.2 billion and an increase in bank deposits of £5.7 billion in H1 2025.

- Total RWAs increased by £6.2 billion during the period to £130.7 billion reflecting lending growth, balances acquired from Sainsbury's Bank, CRD IV models and the annual recalculation of operational risk RWAs, partially offset by RWA management actions as we created capacity for growth.

- The CET1 ratio decreased by 10 basis points to 11.3% reflecting the increase in RWAs, a foreseeable ordinary dividend of £1.4 billion and other movements on reserves and regulatory adjustments of £0.4 billion, partially offset by the NWB Plc attributable profit to ordinary shareholders for the period of £1.6 billion.

Financial review

Financial performance summary

The following tables provide a segmental analysis of operating profit/(loss) by the main income statement captions and a note of the key performance metrics and ratios.

	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m	Variance £m	Variance %
Net interest income	**2,490**	**353**	**1,862**	**(162)**	**4,543**	3,941	602	15%
Non-interest income	**202**	**174**	**687**	**754**	**1,817**	1,922	(105)	(5%)
Total income	**2,692**	**527**	**2,549**	**592**	**6,360**	5,863	497	8%
Operating expenses	**(1,222)**	**(325)**	**(1,213)**	**(689)**	**(3,449)**	(3,458)	9	nm
Profit before impairment losses	**1,470**	**202**	**1,336**	**(97)**	**2,911**	2,405	506	21%
Impairment losses	**(219)**	**(1)**	**(131)**	**-**	**(351)**	(47)	(304)	nm
Operating profit/(loss)	**1,251**	**201**	**1,205**	**(97)**	**2,560**	2,358	202	9%
Tax charge					**(706)**	(639)	(67)	10%
Profit for the period					**1,854**	1,719	135	8%

Attributable to:	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Ordinary shareholders	**1,755**	1,626
Paid-in equity holders	**101**	95
Non-controlling interests	**(2)**	(2)
Profit for the period	**1,854**	1,719

Key metrics and ratios	Half year ended 30 June 2025	Half year ended 30 June 2024
Cost:income ratio (%) (1)	**54.2**	59.0
Loan impairment rate (bps) (2)	**21**	3

	As at 30 June 2025	As at 31 December 2024
CET1 ratio (%) (3)	**11.3**	11.4
Leverage ratio (%) (4)	**4.5**	4.4
Risk-weighted assets (RWAs) (£bn)	**130.7**	124.5
Loan:deposit ratio (%) (5)	**97**	98

nm = not meaningful

(1) Cost:income ratio is total operating expenses divided by total income.
(2) Loan impairment rate is the annualised loan impairment charge divided by gross customer loans.
(3) CET1 ratio is CET1 capital divided by RWAs.
(4) Leverage ratio is Tier 1 capital divided by total exposure. This is in accordance with the Leverage ratio (CRR) part of the PRA Rulebook.
(5) Loan:deposit ratio is total loans divided by total deposits.

Total income increased by £497 million, or 8%, to £6,360 million compared with £5,863 million in H1 2024.

Net interest income increased by £602 million, or 15%, to £4,543 million, compared with £3,941 million in H1 2024, as a result of deposit margin expansion, balance sheet growth and higher structural hedge income.

Non-interest income decreased by £105 million, or 5%, to £1,817 million, compared with £1,922 million in H1 2024, reflecting lower gains from economic hedging activities and from property disposals. This was partially offset by increased investment management fees as a result of higher Assets under management and administration (AUMA), higher Commercial & Institutional lending fees and higher income from Retail Banking card fees.

Operating expenses of £3,449 million were broadly stable compared to H1 2024.

An impairment loss of £351 million, compared with a loss of £47 million in H1 2024, principally reflects an £81 million charge on acquisition of balances from Sainsbury's Bank, Stage 3 charges within Commercial & Institutional and post model adjustment releases of £57 million in the period. The ECL provision increased by £0.2 billion to £3.0 billion and our ECL coverage ratio has increased from 0.81% to 0.86%.

Financial review

Business performance summary

Retail Banking

Operating profit was £1,251 million, compared with £1,015 million in H1 2024.

- Net interest income increased by £398 million to £2,490 million, reflecting balance sheet growth and deposit margin expansion, and the benefit of balances acquired from Sainsbury's Bank adding £21 million of income. This was partially offset by the impact of base rate cuts.
- Non-interest income decreased by £15 million to £202 million, primarily reflecting lower income received from recharges to fellow NWH Group subsidiaries, partially offset by higher income from card fees.
- Operating expenses increased by £34 million to £1,222 million, reflecting the impact of one-off integration costs associated with the balances acquired from Sainsbury's Bank, partially offset by lower severance costs and a reduction in headcount.
- An impairment loss of £219 million in H1 2025, compared with a £106 million loss in H1 2024, was largely driven by the impact of balances acquired from Sainsbury's Bank.

Net loans to customers increased by £6.7 billion to £202.2 billion including personal loans and credit card balances acquired from Sainsbury's Bank. Mortgages increased by £4.1 billion and underlying credit card balances also increased.

Customer deposits increased by £1.9 billion to £160.4 billion including savings balances acquired from Sainsbury's Bank, partially offset by seasonal tax payments.

Private Banking & Wealth Management

Operating profit was £201 million, compared with £139 million in H1 2024.

- Net interest income increased by £68 million to £353 million, reflecting balance growth across deposits and lending and deposit margin expansion.
- Non-interest income increased by £16 million to £174 million primarily driven by investment income due to higher AUMA.
- Operating expenses increased by £10 million to £325 million, primarily reflecting higher investment costs and one-off items.
- An impairment loss of £1 million in H1 2025, compared with an impairment release of £11 million in H1 2024 largely reflects higher good book releases in the prior year, with Stage 3 charges remaining at low levels.

Net loans to customers increased by £0.4 billion to £18.6 billion, driven by higher commercial loan balances, due to strong client engagement and competitive pricing strategies.

Customer deposits decreased by £1.1 billion to £41.3 billion largely reflecting seasonal tax payments and outflows of transitory balances.

Commercial & Institutional

Operating profit was £1,205 million, compared with £1,116 million in H1 2024.

- Net interest income increased by £309 million to £1,862 million, primarily reflecting customer lending growth and deposit margin expansion.
- Non-interest income decreased by £35 million to £687 million primarily reflecting hedging activities partially offset by higher lending fees.
- Operating expenses increased by £10 million to £1,213 million, primarily reflecting the impact of pay inflation which was partially offset by lower depreciation charges.
- An impairment loss of £131 million in H1 2025 compared with a £44 million release in H1 2024 reflects lower good book releases and higher Stage 3 charges.

Net loans to customers increased by £2.0 billion to £88.4 billion, principally due to growth in Corporate & Institutions and Commercial Mid-market, partially offset by UK Government scheme repayments of £0.7 billion.

Customer deposits increased by £2.1 billion to £117.2 billion reflecting growth within Corporate & Institutions.

Central items & other

Operating loss was £97 million, compared with profit £88 million in H1 2024.

- Total income decreased by £244 million to £592 million primarily reflecting lower gains on interest and foreign exchange risk management derivatives not in hedge accounting relationships.
- Operating expenses decreased by £63 million to £689 million principally due to lower transformation costs and an HMRC tax credit.

Financial review

Capital and leverage ratios

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

	30 June 2025	31 December 2024
Capital adequacy ratios	%	%
CET1 (1)	**11.3**	11.4
Tier 1	**14.0**	13.9
Total	**16.9**	16.6
Capital	£m	£m
CET1 (1)	**14,828**	14,181
Tier 1	**18,346**	17,258
Total	**22,104**	20,629
Risk-weighted assets		
Credit risk	**112,096**	107,922
Counterparty credit risk	**630**	606
Market risk	**170**	71
Operational risk	**17,816**	15,923
Total RWAs	**130,712**	124,522
Leverage		
Tier 1 capital (£m)	**18,346**	17,258
Leverage exposure (£m) (2)	**411,371**	390,032
Leverage ratio (%) (1)	**4.5**	4.4

(1) The IFRS 9 transitional capital rules in respect of ECL provisions no longer apply as of 1 January 2025. (The impact of the IFRS 9 transitional adjustments at 31 December 2024 was £35 million. Excluding this adjustment at 31 December 2024, the CET1 ratio was 11.4% and the leverage ratio was 4.4%).

(2) Leverage exposure is broadly aligned to the accounting value of on and off-balance sheet exposures albeit subject to specific adjustments for derivatives, securities financing positions and off-balance sheet exposures.

- The CET1 ratio decreased by 10 basis points to 11.3%. The decrease in the CET1 ratio was due to a £6.2 billion increase in RWAs partially offset by a £0.6 billion increase in CET1 capital. The CET1 capital increase was primarily driven by the NWB Plc attributable profit of £1.6 billion and other movements on reserves and regulatory adjustments of £0.4 billion partially offset by a foreseeable ordinary dividend of £1.4 billion.

- NWB Plc issued a £0.5 billion internal Tier 1 instrument in March 2025.

- Total RWAs increased by £6.2 billion during the period mainly reflecting an increase in credit risk RWAs of £4.2 billion primarily driven by lending growth, balances acquired from Sainsbury's Bank and CRD IV models. These increases were partially offset by reductions due to RWA management actions. There was a further increase in operational risk RWAs of £1.9 billion following the annual recalculation.

Condensed consolidated income statement
for the period ended 30 June 2025 (unaudited)

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Interest receivable	**9,334**	8,798
Interest payable	**(4,791)**	(4,857)
Net interest income	**4,543**	3,941
Fees and commissions receivable	**1,180**	1,117
Fees and commissions payable	**(289)**	(260)
Other operating income	**926**	1,065
Non-interest income	**1,817**	1,922
Total income	**6,360**	5,863
Staff costs	**(1,727)**	(1,746)
Premises and equipment	**(539)**	(526)
Other administrative expenses	**(653)**	(712)
Depreciation and amortisation	**(530)**	(474)
Operating expenses	**(3,449)**	(3,458)
Profit before impairment losses	**2,911**	2,405
Impairment losses	**(351)**	(47)
Operating profit before tax	**2,560**	2,358
Tax charge	**(706)**	(639)
Profit for the period	**1,854**	1,719
Attributable to:		
Ordinary shareholders	**1,755**	1,626
Paid-in equity holders	**101**	95
Non-controlling interests	**(2)**	(2)
	1,854	1,719

Condensed consolidated statement of comprehensive income
for the period ended 30 June 2025 (unaudited)

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Profit for the period	**1,854**	1,719
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of retirement benefit schemes	**7**	(63)
Tax	**(3)**	17
	4	(46)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
FVOCI financial assets	**56**	26
Cash flow hedges (1)	**17**	233
Currency translation	**(4)**	(8)
Tax	**(21)**	(75)
	48	176
Other comprehensive income after tax	**52**	130
Total comprehensive income for the period	**1,906**	1,849
Attributable to:		
Ordinary shareholders	**1,807**	1,756
Paid-in equity holders	**101**	95
Non-controlling interests	**(2)**	(2)
	1,906	1,849

(1) Refer to footnote 1 of the condensed consolidated statement of changes in equity.

Condensed consolidated balance sheet
as at 30 June 2025 (unaudited)

	30 June 2025 £m	31 December 2024 £m
Assets		
Cash and balances at central banks	**32,079**	35,095
Derivatives	**2,307**	2,874
Loans to banks - amortised cost	**4,130**	3,426
Loans to customers - amortised cost	**336,200**	332,013
Amounts due from holding companies and fellow subsidiaries	**4,294**	3,736
Other financial assets	**48,251**	39,571
Other assets	**7,826**	7,594
Total assets	**435,087**	424,309
Liabilities		
Bank deposits	**30,473**	24,780
Customer deposits	**319,901**	318,290
Amounts due to holding companies and fellow subsidiaries	**50,100**	47,724
Derivatives	**1,235**	1,177
Other financial liabilities	**5,423**	4,999
Subordinated liabilities	**122**	122
Notes in circulation	**968**	935
Other liabilities	**3,080**	3,164
Total liabilities	**411,302**	401,191
Owners' equity	**23,773**	23,093
Non-controlling interests	**12**	25
Total equity	**23,785**	23,118
Total liabilities and equity	**435,087**	424,309

Condensed consolidated statement of changes in equity
for the period ended 30 June 2025 (unaudited)

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Called-up share capital - at beginning and end of period	**1,678**	1,678
Paid-in equity - at beginning of period	**3,317**	2,518
Redeemed	**(799)**	-
Issued	**1,241**	799
At end of period	**3,759**	3,317
Share premium account - at beginning and end of period	**2,225**	2,225
Merger reserve - at beginning of period	**10**	28
Amortisation	**1**	(19)
At end of period	**11**	9
FVOCI reserve - at beginning of period	**(63)**	(41)
Unrealised gains	**57**	23
Realised (gains)/losses	**(1)**	3
Tax	**(16)**	(9)
At end of period	**(23)**	(24)
Cash flow hedging reserve - at beginning of period	**(308)**	(600)
Amount recognised in equity (1)	**(102)**	253
Amount transferred from equity to earnings (2)	**119**	(20)
Tax	**(5)**	(66)
At end of period	**(296)**	(433)
Foreign exchange reserve - at beginning of period	**(123)**	(104)
Retranslation of net assets	**14**	(23)
Foreign currency (losses)/gains on hedges of net assets	**(18)**	15
At end of period	**(127)**	(112)
Capital redemption reserve - at beginning and end of period	**820**	820
Retained earnings - at beginning of period	**15,537**	14,871
Profit attributable to ordinary shareholders and other equity owners	**1,856**	1,721
Paid-in equity dividends paid	**(101)**	(95)
Ordinary dividends paid	**(1,584)**	(880)
Redemption of paid-in equity	**22**	-
Remeasurement of the retirement benefit schemes		
- gross	**7**	(63)
- tax	**(3)**	17
Employee share schemes	**9**	-
Share-based remuneration	**(6)**	5
Amortisation of merger reserve	**(1)**	19
Purchase of non-controlling interest	**(10)**	-
At end of period	**15,726**	15,595
Owners' equity at end of period	**23,773**	23,075

For the notes to this table refer the following page.

Condensed consolidated statement of changes in equity for the period ended 30 June 2025 continued (unaudited)

	Half year ended 30 June 2025 £m	30 June 2024 £m
Non-controlling interests - at beginning of period	**25**	35
Loss attributable to non-controlling interests	**(2)**	(2)
Purchase of non-controlling interest	**(11)**	-
At end of period	**12**	33
Total equity at end of period	**23,785**	23,108
Attributable to:		
Ordinary shareholders	**20,014**	19,758
Paid-in equity holders	**3,759**	3,317
Non-controlling interests	**12**	33
	23,785	23,108

(1) The change in the cash flow hedging reserve is driven by realised accrued interest transferred to the income statement and a decrease in swap rates in the year, where the portfolio of swaps are net pay fixed.
(2) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised cost, balances at central banks , bank deposits and customer deposits.

Condensed consolidated cash flow statement for the period ended 30 June 2025 (unaudited)

	Half year ended 30 June 2025 £m	30 June 2024 £m
Cash flows from operating activities		
Operating profit before tax	**2,560**	2,358
Adjustments for non-cash and other items	**977**	1,071
Net cash flows from trading activities	**3,537**	3,429
Changes in operating assets and liabilities	**4,890**	(1,458)
Net cash flows from operating activities before tax	**8,427**	1,971
Income taxes paid	**(828)**	(767)
Net cash flows from operating activities	**7,599**	1,204
Net cash flows from investing activities	**(8,666)**	(529)
Net cash flows from financing activities	**(1,009)**	(433)
Effects of exchange rate changes on cash and cash equivalents	**66**	(220)
Net (decrease)/increase in cash and cash equivalents	**(2,010)**	22
Cash and cash equivalents at beginning of period	**39,130**	52,001
Cash and cash equivalents at end of period	**37,120**	52,023

Notes

1. Presentation of condensed consolidated financial statements

The condensed consolidated financial statements should be read in conjunction with NatWest Bank Plc's 2024 Annual Report and Accounts. The accounting policies are the same as those applied in the consolidated financial statements.

The directors have prepared the condensed consolidated financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date they are approved and in accordance with IAS 34 'Interim Financial Reporting', as adopted by the UK and as issued by the International Accounting Standards Board (IASB), and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

2. Net interest income

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Balances at central banks and loans to banks - amortised cost	769	900
Loans to customers - amortised cost	7,618	7,117
Amounts due from holding companies and fellow subsidiaries	38	51
Other financial assets	909	730
Interest receivable	9,334	8,798
Bank deposits	691	580
Customer deposits	2,807	2,734
Amounts due to holding companies and fellow subsidiaries	1,084	1,253
Other financial liabilities	204	285
Subordinated liabilities	5	5
Interest payable	4,791	4,857
Net interest income	4,543	3,941

3. Operating expenses

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Salaries and other staff costs	1,347	1,387
Temporary and contract costs	59	62
Social security costs	169	153
Pension costs	152	144
- defined benefit schemes	50	51
- defined contribution schemes	102	93
Staff costs	1,727	1,746
Premises and equipment	539	526
Depreciation and amortisation (1)	530	474
Other administrative expenses (2)	653	712
Administrative expenses	1,722	1,712
Operating expenses	3,449	3,458

(1) Includes depreciation on right of use assets of £39 million (30 June 2024 - £44 million).
(2) Includes redress and litigation costs. Further details are provided in Note 8.

Notes

4. Segmental analysis

The business is organised into the following reportable segments: Retail Banking, Private Banking & Wealth Management, Commercial & Institutional and Central items & other.

Effective from Q2 2025, the reportable segment Private Banking was renamed Private Banking & Wealth Management.

Analysis of operating profit/(loss) before tax

The following tables provide a segmental analysis of operating profit/(loss) before tax by the main income statement captions.

Half year ended 30 June 2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Net interest income	**2,490**	**353**	**1,862**	**(162)**	**4,543**
Net fees and commissions	**167**	**157**	**565**	**2**	**891**
Other non-interest income	**35**	**17**	**122**	**752**	**926**
Total income	**2,692**	**527**	**2,549**	**592**	**6,360**
Depreciation and amortisation	**-**	**-**	**(53)**	**(477)**	**(530)**
Other operating expenses	**(1,222)**	**(325)**	**(1,160)**	**(212)**	**(2,919)**
Impairment losses	**(219)**	**(1)**	**(131)**	**-**	**(351)**
Operating profit/(loss)	**1,251**	**201**	**1,205**	**(97)**	**2,560**
Half year ended 30 June 2024					
Net interest income	2,092	285	1,553	11	3,941
Net fees and commissions	162	141	553	1	857
Other non-interest income	55	17	169	824	1,065
Total income	2,309	443	2,275	836	5,863
Depreciation and amortisation	(1)	-	(61)	(412)	(474)
Other operating expenses	(1,187)	(315)	(1,142)	(340)	(2,984)
Impairment (losses)/releases	(106)	11	44	4	(47)
Operating profit	1,015	139	1,116	88	2,358

Total revenue (1)

Half year ended 30 June 2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
External	**4,523**	**618**	**3,368**	**2,931**	**11,440**
Inter-segmental	**147**	**801**	**(607)**	**(341)**	**-**
Total	**4,670**	**1,419**	**2,761**	**2,590**	**11,440**
Half year ended 30 June 2024					
External	3,918	618	3,528	2,916	10,980
Inter-segmental	(40)	708	(766)	98	-
Total	3,878	1,326	2,762	3,014	10,980

(1) Total revenue comprises interest receivable, fees and commissions receivable and other operating income.

Notes

4. Segmental analysis continued

Analysis of net fees and commissions

Half year ended 30 June 2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Fees and commissions receivable					
- Payment services	**143**	**20**	**283**	**-**	**446**
- Credit and debit card fees	**166**	**10**	**102**	**-**	**278**
- Lending and financing	**7**	**4**	**248**	**-**	**259**
- Brokerage	**16**	**5**	**-**	**-**	**21**
- Investment management, trustee and fiduciary services	**1**	**124**	**-**	**-**	**125**
- Other	**5**	**2**	**41**	**3**	**51**
Total	**338**	**165**	**674**	**3**	**1,180**
Fees and commissions payable	**(171)**	**(8)**	**(109)**	**(1)**	**(289)**
Net fees and commissions	**167**	**157**	**565**	**2**	**891**
Half year ended 30 June 2024					
Fees and commissions receivable					
- Payment services	133	19	264	-	416
- Credit and debit card fees	161	7	97	2	267
- Lending and financing	7	3	247	-	257
- Brokerage	13	4	-	-	17
- Investment management, trustee and fiduciary services	1	112	-	-	113
- Other	5	6	35	1	47
Total	320	151	643	3	1,117
Fees and commissions payable	(158)	(10)	(90)	(2)	(260)
Net fees and commissions	162	141	553	1	857

Total assets and liabilities

30 June 2025	Retail Banking £m	Private Banking & Wealth Management £m	Commercial & Institutional £m	Central items & other £m	Total £m
Assets	**206,336**	**19,355**	**94,341**	**115,055**	**435,087**
Liabilities	**161,925**	**41,601**	**130,510**	**77,266**	**411,302**
31 December 2024					
Assets	199,579	18,916	92,653	113,161	424,309
Liabilities	159,989	42,603	127,878	70,721	401,191

Notes

5. Tax

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 25% (2024 – 25%), as analysed below:

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Profit before tax	**2,560**	2,358
Expected tax charge	**(640)**	(590)
Items not allowed for tax:		
- losses on disposals and write-downs	**(6)**	(9)
- UK bank levy	**(10)**	(10)
- regulatory and legal actions	**(1)**	(2)
- other disallowable items	**(13)**	(21)
Non-taxable items	**10**	2
Banking surcharge	**(72)**	(66)
Tax on paid-in equity dividends	**33**	26
Adjustments in respect of prior years	**(7)**	31
Actual tax charge	**(706)**	(639)

At 30 June 2025, NWB Group has recognised a deferred tax asset of £634 million (31 December 2024 - £808 million) and a deferred tax liability of £71 million (31 December 2024 - £83 million). These amounts include deferred tax assets recognised in respect of trading losses of £196 million (31 December 2024 - £333 million). NWB Group has considered the carrying value of these assets as at 30 June 2025 and concluded that they are recoverable.

Notes

6. Financial instruments - classification

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

	MFVTPL £m	FVOCI £m	Amortised cost £m	Other assets £m	Total £m
Assets					
Cash and balances at central banks			32,079		32,079
Derivatives (1)	2,307				2,307
Loans to banks - amortised cost (2)			4,130		4,130
Loans to customers - amortised cost (3)			336,200		336,200
Amounts due from holding companies and fellow subsidiaries	-		3,756	538	4,294
Other financial assets	283	33,545	14,423		48,251
Other assets				7,826	7,826
30 June 2025	2,590	33,545	390,588	8,364	435,087
Cash and balances at central banks			35,095		35,095
Derivatives (1)	2,874				2,874
Loans to banks - amortised cost (2)			3,426		3,426
Loans to customers - amortised cost (3)			332,013		332,013
Amounts due from holding companies and fellow subsidiaries	78		3,128	530	3,736
Other financial assets	534	29,335	9,702		39,571
Other assets				7,594	7,594
31 December 2024	3,486	29,335	383,364	8,124	424,309

	Held-for-trading £m	DFV £m	Amortised cost £m	Other liabilities £m	Total £m
Liabilities					
Bank deposits			30,473		30,473
Customer deposits			319,901		319,901
Amounts due to holding companies and fellow subsidiaries	44		49,882	174	50,100
Derivatives (1)	1,235				1,235
Other financial liabilities	145	-	5,278		5,423
Subordinated liabilities			122		122
Notes in circulation			968		968
Other liabilities (4)			490	2,590	3,080
30 June 2025	1,424	-	407,114	2,764	411,302
Bank deposits			24,780		24,780
Customer deposits			318,290		318,290
Amounts due to holding companies and fellow subsidiaries	27		47,555	142	47,724
Derivatives (1)	1,177				1,177
Other financial liabilities	202	250	4,547		4,999
Subordinated liabilities			122		122
Notes in circulation			935		935
Other liabilities (4)			528	2,636	3,164
31 December 2024	1,406	250	396,757	2,778	401,191

(1) Includes net hedging derivative assets of £223 million (31 December 2024 – £360 million) and net hedging derivative liabilities of £284 million (31 December 2024 – £255 million).
(2) Includes items in the course of collection from other banks of £8 million (31 December 2024 – £2 million).
(3) Includes finance lease receivables of £8,998 million (31 December 2024 – £8,939 million).
(4) Includes lease liabilities of £442 million (31 December 2024 – £490 million), held at amortised cost.

Notes

6. Financial instruments - valuation

Disclosures relating to the control environment, valuation techniques and related aspects pertaining to financial instruments measured at fair value are included in the NatWest Bank Plc 2024 Annual Report and Accounts. Valuation, sensitivity methodologies and inputs at 30 June 2025 are consistent with those described in Note 10 to the financial statements in the NatWest Bank Plc 2024 Annual Report and Accounts.

Fair value hierarchy

The table below shows the assets and liabilities held by NWB Group split by fair value hierarchy level. Level 1 are considered the most liquid instruments, and level 3 the most illiquid, valued using expert judgment and so carrying the most significant price uncertainty.

	30 June 2025				31 December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Derivatives								
Interest rate	-	2,033	3	2,036	-	2,539	7	2,546
Foreign exchange	-	271	-	271	-	328	-	328
Amounts due from holding companies and fellow subsidiaries	-	-	-	-	-	78	-	78
Other financial assets								
Loans	-	103	195	298	-	286	261	547
Securities	19,671	13,856	3	33,530	18,012	11,307	3	29,322
Total financial assets held at fair value	19,671	16,263	201	36,135	18,012	14,538	271	32,821
As % of total fair value assets	54%	45%	1%		55%	44%	1%	
Liabilities								
Derivatives								
Interest rate	-	1,022	4	1,026	-	1,033	10	1,043
Foreign exchange	-	196	-	196	-	124	-	124
Other	-	13	-	13	-	10	-	10
Amounts due to holding companies and fellow subsidiaries	-	44	-	44	-	27	-	27
Other financial liabilities								
Deposits	-	145	-	145	-	452	-	452
Total financial liabilities held at fair value	-	1,420	4	1,424	-	1,646	10	1,656
As % of total fair value liabilities	-	100%	0%		-	99%	1%	

(1) Level 1 – Instruments valued using unadjusted quoted prices in active and liquid markets, for identical financial instruments. Examples include government bonds, listed equity shares and certain exchange-traded derivatives.
Level 2 - Instruments valued using valuation techniques that have observable inputs. Observable inputs are those that are readily available with limited adjustments required. Examples include most government agency securities, investment-grade corporate bonds, certain mortgage products - including collateralised loan obligations (CLOs), most bank loans, repos and reverse repos, state and municipal obligations, most notes issued, certain money market securities, loan commitments and most over the counter (OTC) derivatives.
Level 3 - Instruments valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Examples include non-derivative instruments which trade infrequently, certain syndicated and commercial mortgage loans, private equity, and derivatives with unobservable model inputs.

(2) Transfers between levels are deemed to have occurred at the beginning of the quarter in which the instruments were transferred.

Notes

6. Financial instruments – valuation continued

Fair value of financial instruments measured at amortised cost on the balance sheet

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

	Carrying value	Fair value	Fair value hierarchy level			Items where fair value approximates carrying value
			Level 1	Level 2	Level 3	
30 June 2025	£bn	£bn	£bn	£bn	£bn	£bn
Financial assets						
Cash and balances at central banks	**32.1**	**32.1**	**-**	**-**	**-**	**32.1**
Loans to banks	**4.1**	**4.1**	**-**	**2.8**	**0.5**	**0.8**
Loans to customers	**336.2**	**331.3**	**-**	**27.0**	**304.3**	**-**
Amounts due from holding companies and fellow subsidiaries	**3.8**	**3.8**	**-**	**2.6**	**1.2**	**-**
Other financial assets						
Securities	**14.4**	**14.4**	**7.9**	**6.2**	**0.3**	**-**
31 December 2024						
Financial assets						
Cash and balances at central banks	35.1	35.1	-	-	-	35.1
Loans to banks	3.4	3.4	-	1.4	0.5	1.5
Loans to customers	332.0	327.9	-	31.8	296.1	-
Amounts due from holding companies and fellow subsidiaries	3.1	3.2	-	2.0	1.2	-
Other financial assets						
Securities	9.7	9.7	2.7	6.7	0.3	-
30 June 2025						
Financial liabilities						
Bank deposits	**30.5**	**30.4**	**-**	**27.1**	**0.1**	**3.2**
Customer deposits	**319.9**	**319.8**	**-**	**19.8**	**24.9**	**275.1**
Amounts due to holding companies and fellow subsidiaries	**49.9**	**50.1**	**-**	**41.7**	**3.3**	**5.1**
Other financial liabilities						
Settlement balances						
Debt securities in issue	**5.3**	**5.3**	**-**	**0.7**	**4.3**	**0.3**
Subordinated liabilities	**0.1**	**0.2**	**-**	**0.2**		**-**
Notes in circulation	**1.0**	**1.0**	**-**	**-**	**-**	**1.0**
31 December 2024						
Financial liabilities						
Bank deposits	24.8	24.6	-	21.5	-	3.1
Customer deposits	318.3	318.1	-	19.9	26.6	271.6
Amounts due to holding companies		-	-			
and fellow subsidiaries	47.6	47.8	-	39.8	3.3	4.7
Other financial liabilities						
Settlement balances	-	-	-	-	-	-
Debt securities in issue	4.5	4.5	-	0.7	3.8	-
Subordinated liabilities	0.1	0.2	-	0.2	-	-
Notes in circulation	0.9	0.9	-	-	-	0.9

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

Short-term financial instruments

For certain short-term financial instruments: cash and balances at central banks, items in the course of collection from other banks, settlement balances, items in the course of transmission to other banks, customer demand deposits and notes in circulation, carrying value is deemed a reasonable approximation of fair value.

Loans to banks and customers

In estimating the fair value of net loans to customers and banks measured at amortised cost, NWB Group's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans. Two principal methods are used to estimate fair value; contractual cash flows and expected cash flows.

Debt securities and subordinated liabilities

Most debt securities are valued using quoted prices in active markets or from quoted prices of similar financial instruments in active markets. For the remaining population, fair values are determined using market standard valuation techniques, such as discounted cash flows.

Bank and customer deposits

Fair value of deposits are estimated using discounted cash flow valuation techniques.

7. Loan impairment provisions

Economic loss drivers

Introduction

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

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

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

Economic scenarios

At 30 June 2025, the range of anticipated future economic conditions was defined by a set of four internally developed scenarios and their respective probabilities. In addition to the base case, they comprised upside, downside and extreme downside scenarios.

For 30 June 2025, the four scenarios were deemed appropriate in capturing the uncertainty in economic forecasts and the non-linearity in outcomes under different scenarios. These four scenarios were developed to provide sufficient coverage to current risks faced by the economy and consider varying outcomes across the labour market, inflation, interest rate, asset price and economic growth, around which there remains pronounced levels of uncertainty.

Since 31 December 2024, the near-term economic growth outlook has weakened. This was mainly due to the weaker economic performance in the second half of 2024 and the drag from international trade policy related uncertainty. Inflation has risen, with underlying price pressure remaining firm, particularly on services inflation. As a result, inflation is assumed to remain a little higher than 3% through most of 2025, taking longer to fall back to the target level of 2%. The labour market has continued to cool. The unemployment rate peak is now assumed to be modestly higher than at 31 December 2024, but it is still expected to remain low. The Bank of England is expected to continue cutting interest rates in a 'gradual and careful' manner with an assumed terminal rate in the base case of 3.5%. The housing market continues to show signs of resilience, with prices still expected to grow modestly.

High level narrative – potential developments, vulnerabilities and risks

Growth	**Outperformance sustained** – the economy continues to grow at a robust pace	Upside
	Steady growth – staying close to trend pace but with some near-term slowdown	Base case
	Stalling – lagged effect of higher inflation and cautious consumer amidst global trade policy and geopolitical uncertainty stalls the rebound	Downside
	Extreme stress – extreme fall in GDP, with policy support to facilitate sharp recovery	Extreme downside
Inflation	**Sticky** – strong growth and/or wage policies and/or interest rate cuts keep services inflation well above target	Upside
	Battle won – Beyond near-term volatility, downward drift in services inflation continues, ensuring 2% target is met on a sustained basis	Base case
	Structural factors – sustained bouts of energy, food and goods price inflation on geopolitics/deglobalisation	Downside
	Close to deflation – inflationary pressures diminish amidst pronounced weakness in demand	Extreme downside
Labour market	**Tighter, still** – job growth rebounds strongly, pushing unemployment back down to 3.5%	Upside
	Cooling continues – gradual loosening prompts a gentle rise in unemployment (but remains low), job growth recovers	Base case
	Job shedding – prolonged weakness in economy prompts redundancies, reduced hours, building slack	Downside
	Depression – unemployment hits levels close to previous peaks amid severe stress	Extreme downside
Rates short-term	**Limited cuts** – higher growth and inflation keeps the Monetary Policy Committee cautious	Upside
	Steady – approximately one cut per quarter	Base case
	Mid-cycle quickening – sharp declines through 2025 to support recovery	Downside
	Sharp drop – drastic easing in policy to support a sharp deterioration in the economy	Extreme downside
Rates long-term	**Above consensus** – 4%	Upside
	Middle – 3.5%	Base case
	Close to 2010s – 1-2%/2.5%	Downside/Extreme downside

Notes

7. Loan impairment provisions continued

Main macroeconomic variables

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

	30 June 2025					31 December 2024				
	Upside	Base case	Downside	Extreme downside	Weighted average	Upside	Base case	Downside	Extreme downside	Weighted average
Five-year summary	%	%	%	%	%	%	%	%	%	%
GDP	**2.1**	**1.3**	**0.6**	**(0.1)**	**1.2**	2.0	1.3	0.5	(0.2)	1.1
Unemployment rate	**3.8**	**4.6**	**5.4**	**7.1**	**4.9**	3.6	4.3	5.0	6.7	4.6
House price index	**5.7**	**3.4**	**0.5**	**(4.3)**	**2.5**	5.8	3.5	0.8	(4.3)	2.7
Commercial real estate price	**6.1**	**2.0**	**(0.3)**	**(4.8)**	**1.8**	5.4	1.2	(1.0)	(5.7)	1.1
Consumer price index	**2.4**	**2.2**	**3.7**	**1.7**	**2.5**	2.4	2.2	3.5	1.6	2.4
Bank of England base rate	**4.1**	**3.6**	**2.5**	**1.2**	**3.2**	4.4	4.0	3.0	1.6	3.6
Stock price index	**5.2**	**3.8**	**2.6**	**0.7**	**3.5**	6.3	5.0	3.4	1.1	4.5
World GDP	**3.7**	**3.0**	**2.3**	**1.4**	**2.8**	3.8	3.2	2.5	1.6	3.0
Probability weight	**21.7**	**45.0**	**20.7**	**12.6**		23.2	45.0	19.1	12.7	

(1) The five-year summary runs from 2025-2029 for 30 June 2025 and from 2024-2028 for 31 December 2024.
(2) The table shows compound annual growth rate (CAGR) for GDP, average levels for the unemployment rate and Bank of England base rate and Q4 to Q4 CAGR for other parameters.

Climate transition

Since 2023, NatWest Group explicitly includes assumptions about the changes in transition policy, expressed as an additional implicit sectoral carbon price, in the base case macroeconomic scenario.

In 2025, NatWest Group has individually assessed 50 active and potential transition policies that have a significant impact on the cost of emissions and converted them into equivalent sectoral carbon prices, calculated as the cost per tonne of the emissions abated, as a result of each policy. This approach enables NatWest Group to estimate an aggregate macroeconomic impact of the transition policies, and as a result, ECL contribution.

NatWest Group and its customers have a dependency on timely and appropriate government policies to provide the necessary impetus for technology development and customer behaviour changes, to enable the UK's successful transition to net zero. Policy delays and the risks outlined in the UK CCC annual Progress Reports, if not adequately addressed in a timely manner, put at risk the UK's net zero transition and in turn, that of NatWest Group and its customers.

Probability weightings of scenarios

NWB Group's quantitative approach to IFRS 9 multiple economic scenarios involves selecting a suitable set of discrete scenarios to characterise the distribution of risks in the economic outlook and assigning appropriate probability weights. This quantitative approach is used for 30 June 2025.

The approach involves comparing GDP paths for NWB Group's scenarios against a set of 1,000 model runs, following which, a percentile in the distribution is established that most closely corresponded to the scenario. The probability weight for base case is set first based on judgement, while probability weights for the alternate scenarios are assigned based on these percentiles scores.

The weights were broadly comparable to those used at 31 December 2024 but with slightly more downside skew. The assigned probability weights were judged to be aligned with the subjective assessment of balance of the risks in the economy as global trade policy uncertainty increased, and geopolitical risks remained elevated. US trade policy remains a key area of uncertainty for the economy. NWB Group is comfortable that the adjustments made to the base case view reflect much of the adverse economic impacts from tariffs, while the downside scenarios give good coverage to the potential for more significant economic damage, including higher inflation and downturns in business investment and consumer spending. Given the balance of risks that the economy is exposed to, NWB Group judges it appropriate that downside-biased scenarios have higher combined probability weights than the upside-biased scenario. It presents good coverage to the range of outcomes assumed in the scenarios, including the potential for a robust recovery on the upside and exceptionally challenging outcomes on the downside. A 21.7% weighting was applied to the upside scenario, a 45.0% weighting applied to the base case scenario, a 20.7% weighting applied to the downside scenario and a 12.6% weighting applied to the extreme downside scenario.

Notes

7. Loan impairment provisions continued

Annual figures

GDP - annual growth	Upside %	Base case %	Downside %	Extreme downside %	Weighted average %
2025	1.4	1.1	1.0	(0.8)	0.9
2026	2.9	1.1	(0.2)	(3.6)	0.6
2027	2.9	1.5	(0.4)	1.3	1.4
2028	1.8	1.4	0.9	1.4	1.4
2029	1.6	1.4	1.6	1.4	1.5
2030	1.5	1.4	1.5	1.4	1.4
Unemployment rate - annual average					
2025	4.5	4.6	4.7	4.8	4.6
2026	3.7	4.7	5.4	7.0	4.9
2027	3.5	4.6	5.8	8.4	5.1
2028	3.5	4.5	5.6	7.9	4.9
2029	3.6	4.5	5.3	7.3	4.8
2030	3.6	4.4	5.1	6.7	4.7
House price index - four quarter change					
2025	4.1	3.5	(0.3)	(2.6)	2.1
2026	7.9	3.4	(2.2)	(11.9)	1.4
2027	5.8	3.4	(2.7)	(15.9)	0.8
2028	5.2	3.4	3.6	4.2	4.0
2029	5.6	3.4	4.3	6.5	4.4
2030	5.5	3.4	4.2	6.2	4.3
Commercial real estate price - four quarter change					
2025	10.6	2.3	(2.0)	(10.5)	1.6
2026	6.3	2.3	(6.5)	(24.8)	(1.5)
2027	5.7	2.6	2.2	4.1	3.4
2028	4.7	1.5	2.6	5.8	2.9
2029	3.3	1.6	2.5	5.5	2.6
2030	3.0	1.4	2.5	5.3	2.4
Consumer price index - four quarter change					
2025	3.2	2.9	4.2	2.4	3.2
2026	2.7	2.2	5.8	0.7	2.9
2027	2.3	2.0	3.0	1.6	2.2
2028	2.0	2.0	2.8	2.0	2.2
2029	2.0	2.0	2.5	2.0	2.1
2030	2.0	2.0	2.5	2.0	2.1
Bank of England base rate - annual average					
2025	4.32	4.21	4.07	3.58	4.12
2026	4.00	3.52	2.25	0.11	2.93
2027	4.00	3.50	2.00	0.30	2.89
2028	4.00	3.50	2.00	0.64	2.94
2029	4.00	3.50	2.00	1.47	3.04
2030	4.00	3.50	2.44	2.03	3.20
Stock price index - four quarter change					
2025	9.7	6.1	(3.1)	(19.3)	1.8
2026	5.7	3.3	(0.9)	(9.5)	1.7
2027	4.0	3.3	5.8	14.0	4.9
2028	3.5	3.3	5.8	12.3	4.7
2029	3.1	3.3	5.8	11.0	4.5
2030	3.3	3.3	5.8	10.1	4.5

Notes

7. Loan impairment provisions continued

Worst points

	30 June 2025					31 December 2024				
	Downside %	Quarter	Extreme downside %	Quarter	Weighted average %	Downside %	Quarter	Extreme downside %	Quarter	Weighted average %
GDP	**-**	**Q2 2027**	**(4.8)**	**Q2 2026**	**-**	-	Q1 2024	(4.1)	Q4 2025	-
Unemployment rate - peak	**5.8**	**Q2 2027**	**8.5**	**Q3 2027**	**5.1**	5.6	Q4 2026	8.5	Q1 2027	4.9
House price index	**(5.0)**	**Q4 2027**	**(28.0)**	**Q1 2028**	**-**	(1.9)	Q2 2027	(25.6)	Q3 2027	-
Commercial real estate price	**(8.4)**	**Q4 2026**	**(33.5)**	**Q1 2027**	**-**	(10.5)	Q2 2026	(35.0)	Q3 2026	(1.8)
Consumer price index										
- highest four quarter change	**6.1**	**Q3 2026**	**3.2**	**Q2 2025**	**3.3**	6.1	Q1 2026	3.5	Q1 2024	3.5
Bank of England base rate										
- extreme level	**2.0**	**Q1 2025**	**0.1**	**Q1 2025**	**2.9**	2.0	Q1 2024	0.1	Q1 2024	2.9
Stock price index	**(6.6)**	**Q2 2026**	**(32.1)**	**Q2 2026**	**-**	(0.2)	Q4 2025	(27.4)	Q4 2025	-

(1) The figures show falls relative to the starting period for GDP, house price index, commercial real estate price and stock price index. For unemployment rate, it shows highest value through the scenario horizon. For consumer price index, it shows highest annual percentage change. For Bank of England base rate, it shows highest or lowest value through the horizon. The calculations are performed over five years, with a starting point of Q4 2024 for 30 June 2025 scenarios and Q4 2023 for 31 December 2024 scenarios.

Governance and post model adjustments

The IFRS 9 PD, EAD and LGD models are subject to NWB Group's model risk policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. Various post model adjustments were applied where management judged they were necessary to ensure an adequate level of overall ECL provision. All post model adjustments were subject to review, challenge and approval through model or provisioning committees.

Post model adjustments will remain a key focus area of NWB Group's ongoing ECL adequacy assessment process. A holistic framework has been established including reviewing a range of economic data, external benchmark information and portfolio performance trends with a particular focus on segments of the portfolio (both Personal and Non-Personal) that are likely to be more susceptible to high inflation, high interest rates and supply chain disruption.

ECL post model adjustments

The table below shows ECL post model adjustments.

	Retail Banking		Private Banking & Wealth	Commercial & Institutional	
	Mortgages	Other	Management	Institutional	Total
30 June 2025	£m	£m	£m	£m	£m
Deferred model calibrations	**-**	**-**	**1**	**12**	**13**
Economic uncertainty	**52**	**25**	**7**	**108**	**192**
Other adjustments	**-**	**-**	**-**	**15**	**15**
Total	**52**	**25**	**8**	**135**	**220**
Of which:					
- *Stage 1*	***38***	***10***	***4***	***57***	***109***
- *Stage 2*	***14***	***15***	***4***	***78***	***111***
- *Stage 3*	**-**	**-**	**-**	**-**	**-**
31 December 2024					
Deferred model calibrations	-	-	1	14	15
Economic uncertainty	83	19	8	137	247
Other adjustments	-	-	-	15	15
Total	83	19	9	166	277
Of which:					
- *Stage 1*	*54*	*8*	*5*	*69*	*136*
- *Stage 2*	*24*	*11*	*4*	*96*	*135*
- *Stage 3*	*5*	-	-	*1*	*6*

7. Loan impairment provisions continued

Post model adjustments reduced since 31 December 2024, reflecting updates to post model adjustment parameters.

- **Retail Banking** – As at 30 June 2025, the post model adjustments for economic uncertainty decreased to £77 million (31 December 2024 – £102 million). This reduction primarily reflected a revision to the cost of living post model adjustment, which reduced to £77 million (31 December 2024 – £97 million). This change was based on an updated review of back-testing default outcomes for higher-risk segments, consistent with the reduction in rate shock risk in the mortgage portfolio. Despite ongoing economic and geopolitical uncertainty, the Retail Banking portfolios demonstrated resilience, supported by a robust risk appetite. The cost of living post model adjustment continued to address the risk in segments of the Retail Banking portfolio that were more susceptible to affordability challenges. It focused on key affordability factors, including lower-income customers in fuel poverty, over-indebted borrowers, and customers vulnerable to higher mortgage rates.
- **Commercial & Institutional** – As at 30 June 2025, the post model adjustment for economic uncertainty decreased to £108 million (31 December 2024 – £137 million). The inflation, supply chain and liquidity post model adjustment of £93 million (31 December 2024 – £114 million) for lending prior to 1 January 2024, remained the largest component of this adjustment. Downgrades to risk profiles were applied to the sectors that were considered most at risk from the current economic and geopolitical headwinds. The £21 million decrease reflected improved risk metrics along with reduced exposure in the portfolio subject to the adjustment.

Measurement uncertainty and ECL sensitivity analysis

The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation, particularly in times of economic volatility and uncertainty. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions underlying the estimate.

The impact arising from the base case, upside, downside and extreme downside scenarios was simulated. In the simulations, NWB Group has assumed that the economic macro variables associated with these scenarios replace the existing base case economic assumptions, giving them a 100% probability weighting and therefore serving as a single economic scenario.

These scenarios were applied to all modelled portfolios in the analysis below, with the simulation impacting both PDs and LGDs. Post model adjustments included in the ECL estimates that were modelled were sensitised in line with the modelled ECL movements, but those that were judgemental in nature, primarily those for deferred model calibrations and economic uncertainty, were not (refer to the Governance and post model adjustments section) on the basis these would be re-evaluated by management through ECL governance for any new economic scenario outlook and not be subject to an automated calculation. As expected, the scenarios create differing impacts on ECL by portfolio and the impacts are deemed reasonable.

In this simulation, it is assumed that existing modelled relationships between key economic variables and loss drivers hold, but in practice other factors would also have an impact, for example, potential customer behaviour changes and policy changes by lenders that might impact on the wider availability of credit.

The focus of the simulations is on ECL provisioning requirements on performing exposures in Stage 1 and Stage 2. The simulations are run on a stand-alone basis and are independent of each other; the potential ECL impacts reflect the simulated impact at 30 June 2025.

Scenario impacts on significant increase in credit risk (SICR) should be considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios the total exposure was the same but exposure by stage varied in each scenario.

Stage 3 provisions are not subject to the same level of measurement uncertainty – default is an observed event as at the balance sheet date. Stage 3 provisions therefore were not considered in this analysis.

NWB Group's core criterion to identify a SICR is founded on PD deterioration. Under the simulations, PDs change and result in exposures moving between Stage 1 and Stage 2 contributing to the ECL impact.

Notes

7. Loan impairment provisions continued

Measurement uncertainty and ECL sensitivity analysis

30 June 2025	Actual	Base scenario	Moderate upside scenario	Moderate downside scenario	Extreme downside scenario
Stage 1 modelled loans (£m)					
Retail Banking - mortgages	164,002	165,192	167,520	162,428	152,336
Retail Banking - unsecured	8,907	9,010	9,300	8,757	7,900
Non-Personal - property	20,472	20,553	20,599	20,470	18,552
Non-Personal - non-property	92,678	93,018	93,339	92,663	79,854
	286,059	287,773	290,758	284,318	258,642
Stage 1 modelled ECL (£m)					
Retail Banking - mortgages	47	48	48	46	39
Retail Banking - unsecured	195	200	193	196	180
Non-Personal - property	60	47	41	62	133
Non-Personal - non-property	137	121	114	140	214
	439	416	396	444	566
Stage 2 modelled loans (£m)					
Retail Banking - mortgages	19,570	18,380	16,052	21,144	31,236
Retail Banking - unsecured	2,866	2,763	2,473	3,016	3,873
Non-Personal - property	2,180	2,099	2,053	2,182	4,100
Non-Personal - non-property	10,123	9,783	9,462	10,138	22,947
	34,739	33,025	30,040	36,480	62,156
Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	47	43	35	53	93
Retail Banking - unsecured	321	307	265	342	458
Non-Personal - property	42	37	33	43	96
Non-Personal - non-property	206	187	167	210	435
	616	574	500	648	1,082
Stage 1 and Stage 2 modelled loans (£m)					
Retail Banking - mortgages	183,572	183,572	183,572	183,572	183,572
Retail Banking - unsecured	11,773	11,773	11,773	11,773	11,773
Non-Personal - property	22,652	22,652	22,652	22,652	22,652
Non-Personal - non-property	102,801	102,801	102,801	102,801	102,801
	320,798	320,798	320,798	320,798	320,798
Stage 1 and Stage 2 modelled ECL (£m)					
Retail Banking - mortgages	94	91	83	99	132
Retail Banking - unsecured	516	507	458	538	638
Non-Personal - property	102	84	74	105	229
Non-Personal - non-property	343	308	281	350	649
	1,055	990	896	1,092	1,648
Stage 1 and Stage 2 coverage (%)					
Retail Banking - mortgages	0.05%	0.05%	0.05%	0.05%	0.07%
Retail Banking - unsecured	4.38%	4.31%	3.89%	4.57%	5.42%
Non-Personal - property	0.45%	0.37%	0.33%	0.46%	1.01%
Non-Personal - non-property	0.33%	0.30%	0.27%	0.34%	0.63%
	0.33%	0.31%	0.28%	0.34%	0.51%
Reconciliation to Stage 1 and Stage 2 ECL (£m)					
ECL on modelled exposures	1,055	990	896	1,092	1,648
ECL on non-modelled exposures	111	111	111	111	111
Total Stage 1 and Stage 2 ECL	1,166	1,101	1,007	1,203	1,759
Variance to actual total Stage 1 and Stage 2 ECL		(65)	(159)	37	593
Reconciliation to Stage 1 and Stage 2 flow exposure (£m)					
Modelled loans	320,798	320,798	320,798	320,798	320,798
Non-modelled loans	21,047	21,047	21,047	21,047	21,047
Other asset classes	75,800	75,800	75,800	75,800	75,800

(1) Variations in future undrawn exposure values across the scenarios are modelled. However, the exposure position reported is that used to calculate modelled ECL as at 30 June 2025 and therefore does not include variation in future undrawn exposure values.
(2) Reflects ECL for all modelled exposure in scope for IFRS 9. The analysis excludes non-modelled portfolios and exposure relating to bonds and cash.
(3) All simulations were run on a stand-alone basis and are independent of each other, with the potential ECL impact reflecting the simulated impact as at 30 June 2025. The simulations change the composition of Stage 1 and Stage 2 exposure but total exposure was unchanged under each scenario as the loan population was static.
(4) Refer to the Economic loss drivers section for details of economic scenarios.
(5) Refer to the NatWest Bank Plc 2024 Annual Report and Accounts for 31 December 2024 comparatives.

Notes

7. Loan impairment provisions continued

Measurement uncertainty and ECL adequacy

- If the economics were as negative as observed in the extreme downside (i.e. 100% probability weighting), total Stage 1 and Stage 2 ECL was simulated to increase by £0.6 billion (approximately 51%). In this scenario, Stage 2 exposure increased significantly and was the key driver of the simulated ECL rise. The movement in Stage 2 balances in the other simulations was less significant.
- In the Non-Personal portfolio, there was a significant increase in ECL under the extreme downside scenario. The Non-Personal property ECL increase was mainly due to commercial real estate prices which showed negative growth until 2026 and significant deterioration in the stock index. The non-property increase was mainly due to GDP contraction and significant deterioration in the stock index.
- Given the continued economic uncertainty, NatWest Group utilised a framework of quantitative and qualitative measures to support the levels of ECL coverage. This included economic data, credit performance insights and problem debt trends. This was particularly important for consideration of post model adjustments.
- As the effects of these economic risks evolve, there is a risk of further credit deterioration. However, the income statement effect of this should be mitigated by the forward-looking provisions retained on the balance sheet at 30 June 2025.
- There are a number of key factors that could drive further downside to impairments, through deteriorating economic and credit metrics and increased stage migration as credit risk increases for more customers. Such factors which could impact the IFRS 9 models, include an adverse deterioration in unemployment, GDP and stock price index.
- The newly acquired Sainsbury's Bank portfolio (£2.2 billion in Stage 1 at 30 June 2025) with associated ECL of £0.1 billion was not included in the modelled sensitivity analysis.

Loan exposure and impairment metrics

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

	30 June 2025 £m	31 December 2024 £m
Loans - amortised cost		
Stage 1	**304,102**	298,209
Stage 2	**34,738**	35,517
Stage 3	**4,751**	4,798
Inter-group (1)	**3,759**	3,130
Total	**347,350**	341,654
ECL provisions (2)		
Stage 1	**539**	482
Stage 2	**627**	667
Stage 3	**1,808**	1,599
Inter-group	**3**	2
	2,977	2,750
ECL provisions coverage (3)		
Stage 1 (%)	**0.18**	0.16
Stage 2 (%)	**1.80**	1.88
Stage 3 (%)	**38.06**	33.33
Inter-group (%)	**0.08**	0.06
	0.86	0.81

	Half year ended	
	30 June 2025 £m	30 June 2024 £m
Impairment losses		
ECL (release)/charge (4)		
Stage 1	**(43)**	(303)
Stage 2	**143**	170
Stage 3	**250**	179
Third party	**350**	46
Inter-group	**1**	1
	351	47
Amounts written-off	**154**	298

(1) NWB Group's intercompany assets were classified in Stage 1.
(2) Includes £4 million (31 December 2024 – £4 million) related to assets classified as fair value through other comprehensive income (FVOCI).
(3) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful (nm) coverage ratio.
(4) Includes nil (30 June 2024 – £6 million) related to other financial assets, of which nil (30 June 2024 – £5 million) related to assets classified as FVOCI; and £10 million (30 June 2024 – £3 million) related to contingent liabilities.
(5) The table shows gross loans only and excludes amounts that were outside the scope of the ECL framework. Refer to the Financial instruments within the scope of the IFRS 9 ECL framework section in the NatWest Bank Plc 2024 Annual Report and Accounts for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totaling £31.5 billion (31 December 2024 – £34.6 billion) and debt securities of £47.8 billion (31 December 2024 – £39.1 billion).

Notes

7. Loan impairment provisions continued

- During H1 2025, overall ECL increased following Non-Personal Stage 3 charges and an increase in good book ECL in the Personal portfolio, driven by the portfolio acquisition from Sainsbury's Bank.
- For the Non-Personal portfolio, the increase in ECL was from a small number of individual Stage 3 charges in the Commercial & Institutional portfolio. This was partially offset by post model adjustment releases in the good book.
- In the Personal portfolio, default inflows were broadly stable in H1 2025. However, Stage 3 ECL and stock increased on all unsecured portfolios, with reduced debt sale activity. There was a reduction of Stage 3 ECL on mortgages related to an enhancement to the application of the definition of default, resulting in a migration of loans from Stage 3 back to the good book.
- Judgemental ECL post model adjustments decreased to £220 million (31 December 2024 – £277 million) and represented 7% of total ECL (31 December 2024 – 10%). This reflected revisions to the Retail Banking cost of living post model adjustment after regular back testing, and Non-Personal portfolio improvements in underlying risk profile. Refer to the Governance and post model adjustments section for further details.

Sector analysis

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

	Loans - amortised cost and FVOCI				Off-balance sheet		ECL provisions			
	Stage 1	Stage 2	Stage 3	Total	Loan commitments	Contingent liabilities	Stage 1	Stage 2	Stage 3	Total
30 June 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Personal	**192,909**	**22,582**	**2,696**	**218,187**	**41,333**	**38**	**330**	**371**	**934**	**1,635**
Mortgages	**179,838**	**19,704**	**1,720**	**201,262**	**12,644**	**-**	**56**	**48**	**197**	**301**
Credit cards	**5,373**	**1,633**	**179**	**7,185**	**22,366**	**-**	**117**	**171**	**125**	**413**
Other personal	**7,698**	**1,245**	**797**	**9,740**	**6,323**	**38**	**157**	**152**	**612**	**921**
Non-Personal	**111,193**	**12,156**	**2,055**	**125,404**	**59,067**	**2,636**	**209**	**256**	**874**	**1,339**
Financial institutions	**35,924**	**189**	**125**	**36,238**	**4,030**	**474**	**13**	**6**	**96**	**115**
Sovereign	**372**	**141**	**17**	**530**	**110**	**-**	**8**	**2**	**6**	**16**
Corporate and other	**74,897**	**11,826**	**1,913**	**88,636**	**54,927**	**2,162**	**188**	**248**	**772**	**1,208**
Of which:										
Mobility and logistics	***12,403***	***2,182***	***109***	***14,694***	***7,801***	***361***	***22***	***34***	***36***	***92***
Commercial real estate	***12,899***	***731***	***239***	***13,869***	***4,817***	***77***	***51***	***15***	***73***	***139***
Consumer Industries	***9,247***	***2,202***	***352***	***11,801***	***8,831***	***392***	***26***	***57***	***169***	***252***
Total	**304,102**	**34,738**	**4,751**	**343,591**	**100,400**	**2,674**	**539**	**627**	**1,808**	**2,974**
31 December 2024										
Personal	185,937	22,254	2,909	211,100	34,954	41	248	371	864	1,483
Mortgages	175,823	19,214	2,052	197,089	11,799	-	73	56	228	357
Credit cards	4,136	1,652	147	5,935	16,655	-	66	159	98	323
Other personal	5,978	1,388	710	8,076	6,500	41	109	156	538	803
Non-Personal	112,272	13,263	1,889	127,424	58,756	2,935	234	296	735	1,265
Financial institutions	38,683	908	56	39,647	3,757	581	14	8	38	60
Sovereign	375	133	21	529	145	-	7	2	5	14
Corporate and other	73,214	12,222	1,812	87,248	54,854	2,354	213	286	692	1,191
Of which:										
Mobility and logistics	*11,840*	*2,275*	*111*	*14,226*	*7,173*	*451*	*23*	*34*	*42*	*99*
Commercial real estate	*12,138*	*871*	*243*	*13,252*	*4,794*	*65*	*54*	*18*	*78*	*150*
Consumer Industries	*9,407*	*2,557*	*382*	*12,346*	*8,810*	*439*	*37*	*75*	*159*	*271*
Total	298,209	35,517	4,798	338,524	93,710	2,976	482	667	1,599	2,748

7. Loan impairment provisions continued

Flow statements

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

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

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
NWB Group total	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	368,461	482	37,181	667	4,758	1,599	410,400	2,748
Currency translation and other adjustments	(933)	(1)	(22)	(1)	61	78	(894)	76
Transfers from Stage 1 to Stage 2	(15,801)	(91)	15,801	91	-	-	-	-
Transfers from Stage 2 to Stage 1	13,256	187	(13,256)	(187)	-	-	-	-
Transfers to Stage 3	(193)	(2)	(1,167)	(112)	1,360	114	-	-
Transfers from Stage 3	68	7	640	25	(708)	(32)	-	-
Net re-measurement of ECL on stage transfer		(128)		237	-	235		344
Changes in risk parameters		(58)		(12)	-	149		79
Other changes in net exposure	16,495	143	(2,885)	(81)	(677)	(120)	12,933	(58)
Other (P&L only items)		-		(1)	-	(14)		(15)
Income statement (releases)/charges		(43)		143		250		350
Amounts written-off	-	-	-	-	(154)	(154)	(154)	(154)
Unwinding of discount	-	-		-		(61)		(61)
At 30 June 2025	381,353	539	36,292	627	4,640	1,808	422,285	2,974
Net carrying amount	380,814		35,665		2,832		419,311	
At 1 January 2024	361,888	566	33,756	794	4,440	1,512	400,084	2,872
2024 movements	(7,315)	(100)	(495)	(128)	86	8	(7,724)	(220)
At 30 June 2024	354,573	466	33,261	666	4,526	1,520	392,360	2,652
Net carrying amount	354,107		32,595		3,006		389,708	

Notes

7. Loan impairment provisions continued

Flow statements

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Retail Banking - mortgages	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	162,865	73	19,152	55	1,857	217	183,874	345
Currency translation and other adjustments	-	-	-	-	40	40	40	40
Transfers from Stage 1 to Stage 2	(7,934)	(10)	7,934	10	-	-	-	-
Transfers from Stage 2 to Stage 1	6,441	10	(6,441)	(10)	-	-	-	-
Transfers to Stage 3	(6)	-	(390)	(3)	396	3	-	-
Transfers from Stage 3	14	-	535	8	(549)	(8)	-	-
Net re-measurement of ECL on stage transfer		(3)		2		4		3
Changes in risk parameters		(12)		(12)		26		2
Other changes in net exposure	4,615	(2)	(1,203)	(3)	(214)	(60)	3,198	(65)
Other (P&L only items)		-		-		(7)		(7)
Income statement (releases)/charges		(17)		(13)		(37)		(67)
Amounts written-off	-	-	-	-	(8)	(8)	(8)	(8)
Unwinding of discount		-		-		(29)		(29)
At 30 June 2025	165,995	56	19,587	47	1,522	185	187,104	288
Net carrying amount	165,939		19,540		1,337		186,816	
At 1 January 2024	163,974	83	15,942	55	1,600	171	181,516	309
2024 movements	(6,133)	(37)	2,453	8	177	25	(3,503)	(4)
At 30 June 2024	157,841	46	18,395	63	1,777	196	178,013	305
Net carrying amount	157,795		18,332		1,581		177,708	

- ECL coverage for mortgages decreased during the first half of 2025, primarily driven by the reduction in economic uncertainty post model adjustments (supported by back-testing) and an enhancement to the application of the definition of default. The latter resulted in a migration of loans from Stage 3 back to the good book.
- PDs and Stage 3 inflows remained broadly stable, with the portfolio showing continued resilience during times when a number of customers have had affordability pressures.
- The net flows into Stage 2 from Stage 1 were offset by a similar level of outflows from Stage 2 to Stage 1 and balance paydown in Stage 2, supporting a stable Stage 2 exposure population during 2025 to date.
- The relatively small ECL cost for net re-measurement on transfer into Stage 3 included the effect of risk targeted ECL adjustments, when previously in the good book. Refer to the Governance and post model adjustments section for further details.
- Write-off occurs once the repossessed property has been sold and there is a residual shortfall balance remaining outstanding. This would typically be within five years from default but can be longer.

Notes

7. Loan impairment provisions continued

Flow statements

Retail Banking - credit cards	Stage 1 Financial assets £m	Stage 1 ECL £m	Stage 2 Financial assets £m	Stage 2 ECL £m	Stage 3 Financial assets £m	Stage 3 ECL £m	Total Financial assets £m	Total ECL £m
At 1 January 2025	**3,876**	**66**	**1,716**	**159**	**134**	**98**	**5,726**	**323**
Currency translation and other adjustments	**-**	**-**	**-**	**-**	**2**	**2**	**2**	**2**
Transfers from Stage 1 to Stage 2	**(971)**	**(22)**	**971**	**22**	**-**	**-**	**-**	**-**
Transfers from Stage 2 to Stage 1	**590**	**50**	**(590)**	**(50)**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(14)**	**(1)**	**(85)**	**(30)**	**99**	**31**	**-**	**-**
Transfers from Stage 3	**1**	**1**	**5**	**2**	**(6)**	**(3)**	**-**	**-**
Net re-measurement of ECL on stage transfer		**(34)**		**85**		**36**		**87**
Changes in risk parameters		**9**		**14**		**8**		**31**
Other changes in net exposure	**1,568**	**48**	**(320)**	**(32)**	**(6)**	**(1)**	**1,242**	**15**
Other (P&L only items)		**-**		**-**		**-**		**-**
Income statement (releases)/charges		**23**		**67**		**43**		**133**
Amounts written-off	**-**	**-**	**-**	**-**	**(43)**	**(43)**	**(43)**	**(43)**
Unwinding of discount		**-**		**-**		**(4)**		**(4)**
At 30 June 2025	**5,050**	**117**	**1,697**	**170**	**180**	**124**	**6,927**	**411**
Net carrying amount	**4,933**		**1,527**		**56**		**6,516**	
At 1 January 2024	2,869	58	1,656	166	117	73	4,642	297
2024 movements	585	10	(147)	(10)	22	15	460	15
At 30 June 2024	3,454	68	1,509	156	139	88	5,102	312
Net carrying amount	3,386		1,353		51		4,790	

- Overall ECL for cards increased during 2025, driven primarily by the acquisition of Sainsbury’s Bank credit card balances into Stage 1 (around £1 billion at 30 June 2025) alongside continued organic portfolio growth, reflecting strong customer demand, while sustaining robust risk appetite.
- While portfolio performance remained stable, a net flow into Stage 2 from Stage 1 was observed, with the typical maturation of lending after a period of strong growth in recent years.
- Flow rates into Stage 3 were slightly higher in 2025 compared to 2024. This was linked to recent growth and portfolio maturation, but in line with expectations.
- Charge-off (analogous to partial write-off) typically occurs after 12 missed payments.

Notes

7. Loan impairment provisions continued

Flow statements

	Stage 1		Stage 2		Stage 3		Total	
	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL	Financial assets	ECL
Retail Banking - other personal unsecured	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2025	4,542	106	1,236	156	688	529	6,466	791
Currency translation and other adjustments	-	-	-	-	14	13	14	13
Transfers from Stage 1 to Stage 2	(860)	(39)	860	39	-	-	-	-
Transfers from Stage 2 to Stage 1	623	66	(623)	(66)	-	-	-	-
Transfers to Stage 3	(31)	(1)	(130)	(50)	161	51	-	-
Transfers from Stage 3	3	1	10	4	(13)	(5)	-	-
Net re-measurement of ECL on stage transfer		(42)		90		21		69
Changes in risk parameters		(11)		(5)		50		34
Other changes in net exposure	1,741	75	(152)	(16)	(39)	(19)	1,550	40
Other (P&L only items)		-		-		10		10
Income statement (releases)/charges		22		69		62		153
Amounts written-off	-	-	-	-	(24)	(24)	(24)	(24)
Unwinding of discount		-		-		(13)		(13)
At 30 June 2025	6,018	155	1,201	152	787	603	8,006	910
Net carrying amount	5,863		1,049		184		7,096	
At 1 January 2024	4,247	126	1,371	201	796	625	6,414	952
2024 movements	395	(4)	(348)	(32)	(94)	(92)	(47)	(128)
At 30 June 2024	4,642	122	1,023	169	702	533	6,367	824
Net carrying amount	4,520		854		169		5,543	

- Total ECL increased, driven primarily by the acquisition of Sainsbury's Bank loan balances into Stage 1 (around £1.2 billion at 30 June 2025) alongside continued organic loan book growth.
- Stable arrears performance was observed during 2025 to date, which is reflected in the good book ECL, with coverage levels showing a modest reduction since 31 December 2024.
- Flow rates into Stage 3 remained stable during the first half of 2025, in line with broader portfolio trends on arrears, with overall Stage 3 balances increasing as a result of reduced debt sale activity.
- Write-off occurs once recovery activity with the customer has been concluded or there are no further recoveries expected, but no later than six years after default.

Notes

7. Loan impairment provisions continued

Flow statements

Commercial & Institutional - corporate	Stage 1 Financial assets £m	Stage 1 ECL £m	Stage 2 Financial assets £m	Stage 2 ECL £m	Stage 3 Financial assets £m	Stage 3 ECL £m	Total Financial assets £m	Total ECL £m
At 1 January 2025	**50,516**	**143**	**10,082**	**233**	**1,321**	**536**	**61,919**	**912**
Currency translation and other adjustments	**(465)**	**(1)**	**(22)**	**(1)**	**6**	**7**	**(481)**	**5**
Inter-group transfers	**92**	**-**	**28**	**1**	**-**	**-**	**120**	**1**
Transfers from Stage 1 to Stage 2	**(4,295)**	**(16)**	**4,295**	**16**	**-**	**-**	**-**	**-**
Transfers from Stage 2 to Stage 1	**3,534**	**44**	**(3,534)**	**(44)**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(68)**	**-**	**(413)**	**(25)**	**481**	**25**	**-**	**-**
Transfers from Stage 3	**26**	**4**	**53**	**9**	**(79)**	**(13)**	**-**	**-**
Net re-measurement of ECL on stage transfer		**(36)**		**44**		**125**		**133**
Changes in risk parameters		**(29)**		**(6)**		**38**		**3**
Other changes in net exposure	**1,624**	**13**	**(863)**	**(28)**	**(310)**	**(33)**	**451**	**(48)**
Other (P&L only items)		**-**		**-**		**(14)**		**(14)**
Income statement (releases)/charges		**(52)**		**10**		**116**		**74**
Amounts written-off	**-**	**-**	**-**	**-**	**(70)**	**(70)**	**(70)**	**(70)**
Unwinding of discount		**-**		**-**		**(10)**		**(10)**
At 30 June 2025	**50,964**	**122**	**9,626**	**199**	**1,349**	**605**	**61,939**	**926**
Net carrying amount	**50,842**		**9,427**		**744**		**61,013**	
At 1 January 2024	49,945	185	10,287	281	1,213	484	61,445	950
2024 movements	1,137	(42)	(1,738)	(64)	(8)	9	(609)	(97)
At 30 June 2024	51,082	143	8,549	217	1,205	493	60,836	853
Net carrying amount	50,939		8,332		712		59,983	

- ECL increased in H1 2025 due to the impact of a small number of flows into default. The charge on those cases is seen through net re-measurement of ECL on stage transfer, reflecting the difference between good book ECL and defaulted ECL.
- Performing ECL coverage decreased in line with ECL reductions in the portfolio book as risk metrics improved, in particular from point-in-time economics inputs, and reduced post model adjustments.
- Stage 2 exposure levels marginally reduced in the period as flows into Stage 2 were more than offset through flows back to Stage 1, repayments, and flows into Stage 3.

Commercial & Institutional - property	Stage 1 Financial assets £m	Stage 1 ECL £m	Stage 2 Financial assets £m	Stage 2 ECL £m	Stage 3 Financial assets £m	Stage 3 ECL £m	Total Financial assets £m	Total ECL £m
At 1 January 2025	**18,526**	**58**	**2,124**	**44**	**357**	**139**	**21,007**	**241**
Currency translation and other adjustments	**4**	**-**	**-**	**-**	**-**	**6**	**4**	**6**
Inter-group transfers	**(86)**	**-**	**(12)**	**(1)**	**-**	**-**	**(98)**	**(1)**
Transfers from Stage 1 to Stage 2	**(954)**	**(3)**	**954**	**3**	**-**	**-**	**-**	**-**
Transfers from Stage 2 to Stage 1	**721**	**9**	**(721)**	**(9)**	**-**	**-**	**-**	**-**
Transfers to Stage 3	**(1)**	**-**	**(68)**	**(4)**	**69**	**4**	**-**	**-**
Transfers from Stage 3	**15**	**2**	**12**	**2**	**(27)**	**(4)**	**-**	**-**
Net re-measurement of ECL on stage transfer		**(8)**		**12**		**8**		**12**
Changes in risk parameters		**(8)**		**(3)**		**6**		**(5)**
Other changes in net exposure	**1,126**	**5**	**(102)**	**(2)**	**(54)**	**(6)**	**970**	**(3)**
Other (P&L only items)		**-**		**-**		**-**		**-**
Income statement (releases)/charges		**(11)**		**7**		**8**		**4**
Amounts written-off	**-**	**-**	**-**	**-**	**(8)**	**(8)**	**(8)**	**(8)**
Unwinding of discount		**-**		**-**		**(3)**		**(3)**
At 30 June 2025	**19,351**	**55**	**2,187**	**42**	**337**	**142**	**21,875**	**239**
Net carrying amount	**19,296**		**2,145**		**195**		**21,636**	
At 1 January 2024	16,667	66	2,141	63	395	119	19,203	248
2024 movements	883	(18)	(39)	(19)	(75)	12	769	(25)
At 30 June 2024	17,550	48	2,102	44	320	131	19,972	223
Net carrying amount	17,502		2,058		189		19,749	

- ECL reduced marginally in the first half of 2025. Flows to Stage 3 and associated charges were reduced from the first half of 2024.
- Exposure in Stage 2 increased as flows into Stage 2 were higher than flows out and repayments, but remained at broadly stable levels of exposure within a growing portfolio.
- Performing ECL reductions were driven by improved risk metrics and reductions in post model adjustments.

Notes

7. Loan impairment provisions continued

Flow statements

Commercial & Institutional - other	Stage 1 Financial assets £m	Stage 1 ECL £m	Stage 2 Financial assets £m	Stage 2 ECL £m	Stage 3 Financial assets £m	Stage 3 ECL £m	Total Financial assets £m	Total ECL £m
At 1 January 2025	5,347	10	1,367	8	72	43	6,786	61
Currency translation and other adjustments	(21)	-	-	-	-	7	(21)	7
Inter-group transfers	(6)	-	(16)	-	-	-	(22)	-
Transfers from Stage 1 to Stage 2	(115)	(1)	115	1	-	-	-	-
Transfers from Stage 2 to Stage 1	782	2	(782)	(2)	-	-	-	-
Transfers to Stage 3	(64)	-	(3)	-	67	-	-	-
Transfers from Stage 3	-	-	2	-	(2)	-	-	-
Net re-measurement of ECL on stage transfer		(1)		-		39		38
Changes in risk parameters		(1)		-		17		16
Other changes in net exposure	350	1	(117)	-	(4)	(1)	229	-
Other (P&L only items)		-		-		-		-
Income statement (releases)/charges		(1)		-		55		54
Amounts written-off	-	-	-	-	-	-	-	-
Unwinding of discount		-		-		-		-
At 30 June 2025	6,273	10	566	7	133	105	6,972	122
Net carrying amount	6,263		559		28		6,850	
At 1 January 2024	5,285	11	634	5	49	7	5,968	23
2024 movements	831	(2)	(196)	(1)	37	34	672	31
At 30 June 2024	6,116	9	438	4	86	41	6,640	54
Net carrying amount	6,107		434		45		6,586	

- ECL increased, primarily driven by Stage 3 exposures that defaulted in the first half of 2025.
- The portion of good book exposure in Stage 2 reduced with flows from Stage 1 into Stage 2 more than offset by flows back to Stage 1.

Mortgage LTV distribution by stage

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

	Mortgages				ECL provisions				ECL provisions coverage			
30 June 2025	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 %	Stage 2 %	Stage 3 %	Total %
≤50%	60,595	7,629	719	68,943	14	11	85	110	-	0.1	11.8	0.2
>50% and ≤70%	61,628	7,326	579	69,533	21	18	65	104	-	0.2	11.2	0.2
>70% and ≤80%	25,006	2,430	134	27,570	10	8	16	34	-	0.3	11.9	0.1
>80% and ≤90%	16,933	1,762	76	18,771	7	9	11	27	-	0.5	14.5	0.1
>90% and ≤100%	2,846	240	17	3,103	1	1	4	6	-	0.4	23.5	0.2
>100%	11	2	8	21	-	-	4	4	-	-	50.0	19.0
Total with LTVs	167,019	19,389	1,533	187,941	53	47	185	285	-	0.2	12.1	0.2
Other	368	1	-	369	3	-	-	3	0.8	-	-	0.8
Total	167,387	19,390	1,533	188,310	56	47	185	288	-	0.2	12.1	0.2
31 December 2024												
≤50%	58,257	7,173	865	66,295	19	14	102	135	-	0.2	11.8	0.2
>50% and ≤70%	59,790	7,225	724	67,739	28	21	76	125	-	0.3	10.5	0.2
>70% and ≤80%	24,638	2,298	160	27,096	13	8	18	39	0.1	0.3	11.3	0.1
>80% and ≤90%	16,505	1,718	79	18,302	9	9	11	29	0.1	0.5	13.9	0.2
>90% and ≤100%	4,051	506	25	4,582	2	3	5	10	-	0.6	20.0	0.2
>100%	13	4	11	28	-	-	5	5	-	-	45.5	17.9
Total with LTVs	163,254	18,924	1,864	184,042	71	55	217	343	-	0.3	11.6	0.2
Other	190	1	1	192	2	-	-	2	1.1	-	-	1.0
Total	163,444	18,925	1,865	184,234	73	55	217	345	-	0.3	11.6	0.2

Notes

8. Provisions for liabilities and charges

	Redress and other litigation £m	Property £m	Financial commitments and guarantees £m	Other (1) £m	Total £m
At 1 January 2025	255	59	39	124	477
Expected credit losses impairment charge	-	-	-	8	8
Currency translation and other movements	22	-	-	-	22
Charge to income statement	19	11	-	102	132
Release to income statement	(8)	(8)	-	(10)	(26)
Provisions utilised	(43)	(5)	-	(44)	(92)
At 30 June 2025	245	57	39	180	521

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

Provisions are liabilities of uncertain timing or amount and are recognised when there is a present obligation as a result of a past event, the outflow of economic benefit is probable and the outflow can be estimated reliably. Any difference between the final outcome and the amounts provided will affect the reported results in the period when the matter is resolved.

9. Dividends

The Board of National Westminster Bank Plc has declared an interim dividend for H1 2025 of £1,404 million to be paid to NWH Ltd in H2 2025 (H1 2024 - £1,636 million).

10. Contingent liabilities and commitments

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 30 June 2025. Although NWB Group is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of NWB Group's expectation of future losses.

	30 June 2025 £m	31 December 2024 £m
Contingent liabilities and commitments		
Guarantees	1,645	1,748
Other contingent liabilities	1,004	1,142
Standby facilities, credit lines and other commitments	100,377	93,758
Total	103,026	96,648

Commitments and contingent obligations are subject to NWB Group's normal credit approval processes.

Indemnity deed

In April 2019, NWM Plc and NWB Plc entered into a cross indemnity agreement for losses incurred within the entities in relation to business transferred to or from the ring-fenced bank under the NatWest Group's structural re-organisation. Under the agreement, NWM Plc is indemnified by NWB Plc against losses relating to the NWB Plc transferring businesses and ringfenced bank obligations and NWB Plc is indemnified by NWM Plc against losses relating to NWM Plc transferring businesses and non-ring-fenced bank obligations with effect from the relevant transfer date.

Notes

11. Litigation and regulatory matters

NWB Plc and its subsidiary and associated undertakings ('NWB Group') are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the United Kingdom (UK), the United States (US), the European Union (EU) and other jurisdictions.

NWB Group recognises a provision for a liability in relation to these Matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

In many of the Matters, it is not possible to determine whether any loss is probable, or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and regulatory matters or as a result of adverse impacts or restrictions on NWB Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the probability of a liability, if any, arising can reasonably be estimated in respect of any Matter. NWB Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for Matters that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

There are situations where NWB Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending or contesting Matters, even for those for which NWB Group believes it has credible defences and should prevail on the merits. The uncertainties inherent in all Matters affect the amount and timing of any potential economic outflows for both Matters with respect to which provisions have been established and other contingent liabilities in respect of any such Matter.

It is not practicable to provide an aggregate estimate of potential liability for our Matters as a class of contingent liabilities.

The future economic outflow in respect of any Matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NWB Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised. NWB Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWB Group will be necessary, in amounts that are expected to be substantial in some instances. Refer to Note 8 for information on material provisions.

Matters which are, or could be, material, either individually or in aggregate, having regard to NWB Group, considered as a whole, in which NWB Group is currently involved are set out below. We have provided information on the procedural history of certain Matters, where we believe appropriate, to aid the understanding of the Matter.

For a discussion of certain risks associated with NWB Group's litigation and regulatory matters (including the Matters), refer to the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 186 to 187 of NatWest Bank Plc's 2024 Annual Report and Accounts.

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

In August 2020, a complaint was filed in the United States District Court for the Northern District of California by several United States retail borrowers against the USD ICE LIBOR panel banks and their affiliates (including NatWest Group plc, NWM Plc, NWMSI and NWB Plc), alleging (i) that the very process of setting USD ICE LIBOR amounts to illegal price-fixing; and (ii) that banks in the United States have illegally agreed to use LIBOR as a component of price in variable retail loans. In September 2022, the district court dismissed the complaint. In December 2024, the United States Court of Appeals for the Ninth Circuit affirmed the district court's decision. In June 2025, the United States Supreme Court denied the claimants' petition for review.

Offshoring VAT assessments

HMRC, as part of an industry-wide review, issued protective tax assessments in 2018 against NatWest Group plc totalling £143 million relating to unpaid VAT in respect of the UK branches of two NatWest Group companies registered in India for the period from 1 January 2014 until 31 December 2017 inclusive. NatWest Group formally requested reconsideration by HMRC of their assessments, and this process was completed in November 2020. HMRC upheld their original decision and, as a result, NatWest Group plc lodged an appeal with the Tax Tribunal and an application for judicial review with the High Court of Justice of England and Wales, both in December 2020.

In order to lodge the appeal with the Tax Tribunal, NatWest Group plc was required to pay amounts totalling £153 million (including statutory interest) to HMRC in December 2020 and May 2022. The appeal and the application for judicial review were previously stayed behind a separate case involving another bank.

11. Litigation and regulatory matters continued

NatWest Group plc was informed in late 2024 that the other bank had settled its case with HMRC by agreement. NatWest Group plc is currently considering the appropriate next steps for the appeal and the application for judicial review, in the expectation of progressing the appeal before the Tax Tribunal.

The amount of £153 million continues to be recognised as an asset that NatWest Group plc expects to recover. Since 1 January 2018, NatWest Group plc has paid VAT on intra-group supplies from the India-registered NatWest Group companies.

Regulatory matters

NWB Group's financial condition can be affected by the actions of various governmental and regulatory authorities in the UK, the US, the EU and elsewhere. NWB Group and/or NatWest Group have engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the UK, the US, the EU and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes.

NWB Group expects government and regulatory intervention in financial services to be high for the foreseeable future, including increased scrutiny from competition and other regulators in the retail and SME business sectors.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NWB Group, remediation of systems and controls, public or private censure, restriction of NWB Group's business activities and/or fines. Any of the events or circumstances mentioned in this paragraph or below could have a material adverse effect on NWB Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it, or lead to material additional provisions being taken.

NWB Group is co-operating fully with the matters described below.

Investment advice review

In October 2019, the FCA notified NatWest Group of its intention to appoint a Skilled Person under section 166 of the Financial Services and Markets Act 2000 to conduct a review of whether NatWest Group's past business review of investment advice provided during 2010 to 2015 was subject to appropriate governance and accountability and led to appropriate customer outcomes. The Skilled Person's review has concluded and, after discussion with the FCA, NatWest Group is undertaking additional review / remediation work.

Notes

12. Related party transactions

UK Government

In May 2025, the UK Government through His Majesty's Treasury (HMT) sold its remaining shareholding in NatWest Group plc. Under UK listing rules the UK Government and UK Government-controlled bodies remained related parties until 12 July 2025, 12 months after the UK Government shareholding in NatWest Group plc fell below 20%.

NWB Group enters into transactions with many of these bodies. Transactions include the payment of: taxes – principally UK corporation tax and value added tax; national insurance contributions; local authority rates; regulatory fees and levies; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

Bank of England facilities

NWB Group may participate in a number of schemes operated by the Bank of England in the normal course of business.

Other related parties

(a) In their roles as providers of finance, NWB Group companies provide development and other types of capital support to businesses. These investments are made in the normal course of business.

(b) To further strategic partnerships, NWB Group may seek to invest in third parties or allow third parties to hold a minority interest in a subsidiary of NWB Group. We disclose as related parties for associates and joint ventures and where equity interest are over 10%. Ongoing business transactions with these entities are on normal commercial terms.

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

(d) In accordance with IAS 24, transactions or balances between NWB Group entities that have been eliminated on consolidation are not reported.

Full details of NWB Group's related party transactions for the year ended 31 December 2024 are included in the NatWest Bank Plc 2024 Annual Report and Accounts.

NWB Group's financial assets and liabilities include amounts due from/to holding companies and fellow subsidiaries as below:

	30 June 2025			31 December 2024		
	Holding companies £m	**Fellow subsidiaries £m**	**Total £m**	Holding companies £m	Fellow subsidiaries £m	Total £m
Assets						
Loans to banks - amortised cost	**-**	**3,742**	**3,742**	-	3,116	3,116
Loans to customers - amortised cost	**-**	**14**	**14**	-	12	12
Other financial assets	**-**	**-**	**-**	78	-	78
Other assets	**119**	**419**	**538**	121	409	530
Amounts due from holding companies and fellow subsidiaries	**119**	**4,175**	**4,294**	199	3,537	3,736
Derivatives (1)	**175**	**928**	**1,103**	168	1,476	1,644
Liabilities						
Bank deposits	**-**	**29,077**	**29,077**	-	28,632	28,632
Customer deposits	**9,438**	**1**	**9,439**	8,638	1	8,639
Subordinated liabilities	**4,079**	**-**	**4,079**	3,648	-	3,648
MREL instruments issued to NatWest Holdings Ltd	**7,287**	**-**	**7,287**	6,636	-	6,636
Other financial liabilities	**28**	**16**	**44**	-	27	27
Other liabilities	**21**	**153**	**174**	-	142	142
Amounts due to holding companies and fellow subsidiaries	**20,853**	**29,247**	**50,100**	18,922	28,802	47,724
Derivatives (1)	**196**	**619**	**815**	284	505	789

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

13. Post balance sheet events

There have been no significant events between 30 June 2025 and the date of approval of this announcement which would require a change to, or additional disclosure in, the announcement.

14. Date of approval

This announcement was approved by the Board of Directors on 24 July 2025.

Independent review report to National Westminster Bank Plc

Conclusion

We have been engaged by National Westminster Bank Plc (the 'Group') to review the condensed consolidated financial statements in the interim results for the six months ended 30 June 2025 which comprises of the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement, and related Notes 1 to 14 (together the 'condensed consolidated financial statements'). We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the interim results for the six months ended 30 June 2025 are not prepared, in all material respects, in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting, as adopted by the United Kingdom (UK) and as issued by the International Accounting Standards Board (IASB), and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards, and International Financial Reporting Standards as issued by the IASB. The condensed consolidated financial statements included in the interim results have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the UK and as issued by the IASB, and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

Conclusions relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

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

Auditor's responsibilities for the review of the financial information

In reviewing the interim results, we are responsible for expressing to the Group a conclusion on the condensed consolidated financial statements in the interim results. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London, United Kingdom
24 July 2025

NatWest Bank Plc Summary Risk Factors

Summary of Principal Risks and Uncertainties

Set out below is a summary of the principal risks and uncertainties for the remaining six months of the financial year which could adversely affect NWB Group. This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties; a fuller description of these and other risk factors is included on pages 173 to 190 of the NatWest Bank Plc 2024 Annual Report and Accounts. Any of the risks identified may have a material adverse effect on NatWest Group's business, operations, financial condition or prospects.

Economic and political risk

- NWB Group, its customers and its counterparties face continued economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, and geopolitical developments.
- Changes in interest rates will continue to affect NWB Group's business and results.
- Fluctuations in currency exchange rates may adversely affect NWB Group's results and financial condition.

Business change and execution risk

- The implementation and execution of NatWest Group's (of which NWB Group forms part) strategy carries execution and operational risks and it may not achieve its stated aims and targeted outcomes.
- Acquisitions, divestments, or other transactions by NatWest Group (and/or NWB Group) may not be successful.
- The transfer of NatWest Group's Western European corporate portfolio involves certain risks.

Financial resilience risk

- NWB Group may not achieve its ambitions or targets, meet its guidance, or generate sustainable returns.
- NWB Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWB Group.
- NWB Group operates in markets that are highly competitive, with competitive pressures and technology disruption.
- NWB Group may not meet the prudential regulatory requirements for liquidity and funding or may not be able to adequately access sources of liquidity and funding, which could trigger the execution of certain management actions or recovery options.
- NWB Group may not meet the prudential regulatory requirements for regulatory capital and MREL, or manage its capital effectively, which could trigger the execution of certain management actions or recovery options.
- NWB Group is reliant on NatWest Group for capital and funding support, and is substantially reliant on NatWest Group plc's ability to issue sufficient amounts of capital and external MREL securities and downstream the proceeds to NWB Group. The inability to do so may adversely affect NWB Group.
- Any reduction in the credit rating and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWB Plc or other NWB Group subsidiaries) or any of their respective debt securities could adversely affect the availability of funding for NWB Group, reduce NWB Group's liquidity and funding position and increase the cost of funding.
- NWB Group may be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests.
- NWB Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.
- NWB Group's financial statements are sensitive to underlying accounting policies, judgements, estimates and assumptions.
- Changes in accounting standards may materially impact NWB Group's financial results.
- NatWest Group (including NWB Group) may become subject to the application of UK statutory stabilisation or resolution powers which may result in, for example, the write-down or conversion of NWB Group's eligible liabilities.
- NatWest Group is subject to regulatory oversight in respect of resolution, and NWB Group could be adversely affected should the BoE in the future deem NatWest Group's preparations to be inadequate.

Operational and IT resilience risk

- Operational risks (including reliance on third party suppliers and outsourcing of certain activities) are inherent in NWB Group's businesses.
- NWB Group is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.
- NWB Group's operations and strategy are highly dependent on the accuracy and effective use of data.
- NWB Group's operations are highly dependent on its complex IT systems and any IT failure could adversely affect NWB Group.
- NWB Group relies on attracting, retaining and developing diverse senior management and skilled personnel, and is required to maintain good employee relations.
- A failure in NWB Group's risk management framework could adversely affect NWB Group, including its ability to achieve its strategic objectives.
- NWB Group's operations are subject to inherent reputational risk.

NatWest Bank Plc Summary Risk Factors

Summary of Principal Risks and Uncertainties continued

Legal and regulatory risk

- NWB Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWB Group.
- NWB Group is exposed to the risks of various litigation matters, regulatory and governmental actions and investigations as well as remedial undertakings, the outcomes of which are inherently difficult to predict, and which could have an adverse effect on NWB Group.
- Changes in tax legislation (or application thereof) or failure to generate future taxable profits may impact the recoverability of certain deferred tax assets recognised by NWB Group.

Climate and sustainability-related risks

- NWB Group and its Value Chain face climate and sustainability-related risks that may adversely affect NWB Group.
- NatWest Group's strategy relating to climate change, ambitions, targets and transition plan entail significant execution and/or reputational risks and are unlikely to be achieved without significant and timely government policy, technology and customer behavioural changes.
- There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and other sustainability-related data that contribute to substantial uncertainties in accurately modelling and reporting on climate and sustainability information, as well as making appropriate important internal decisions.
- NWB Group is becoming subject to more extensive, and sophisticated climate and other sustainability-related laws, regulation and oversight and there is an increasing risk of regulatory enforcement, investigation and litigation.

Statement of directors' responsibilities

We, the directors listed below, confirm that to the best of our knowledge:

- the condensed financial statements have been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Richard Haythornthwaite Chair	John-Paul Thwaite Chief Executive Officer	Katie Murray Chief Financial Officer

24 July 2025

Board of directors

Chair

Richard Haythornthwaite

Executive directors

John-Paul Thwaite
Katie Murray

Non-executive directors

Francesca Barnes
Karin Cook
Roisin Donnelly
Patrick Flynn
Geeta Gopalan
Yasmin Jetha
Stuart Lewis
Mark Rennison
Gillian Whitehead
Lena Wilson

Additional Information

Presentation of information

National Westminster Bank Plc (NWB Plc or NatWest Bank Plc) is a wholly-owned subsidiary of NatWest Holdings Limited ('NWH Ltd' or 'the intermediate holding company'). The term 'NatWest Bank Group' or 'NWB Group' or 'we' refers to NWB Plc and its subsidiary and associated undertakings. The term 'NWH Group' refers to NWH Ltd and its subsidiary and associated undertakings. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings. Effective from Q2 2025, the reportable segment Private Banking was renamed Private Banking & Wealth Management. This does not change the financial results of Private Banking & Wealth Management or the consolidated financial results of NatWest Bank Group.

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

Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2024 have been filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

Contact

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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 NWB Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NWB Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: NWB Group's economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NatWest Group's strategy, its climate and sustainability related ambitions and targets, its access to adequate sources of liquidity and funding, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, and general economic and political conditions, exposure to third party risk, operational risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational risk, and the impact of climate and sustainability related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or the NWB Group's actual results are discussed in the NWB Plc's 2024 Annual Report and Accounts, NWB Plc's Interim Results for H1 2025, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NWB Plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

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