NatWest Group plc
Q3 2024 Pillar 3

Contents

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 that include, without limitation, the words ‘expect’, ‘estimate’, ‘project’, ‘anticipate’, ‘commit’, ‘believe’, ‘should’, ‘intend’, ‘will’, ‘plan’, ‘could’, ‘probability’, ‘risk’, ‘Value-at-Risk (VaR)’, ‘target’, ‘goal’, ‘objective’, ‘may’, ‘endeavour’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NatWest Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NatWest Group plc in respect of, but not limited to: its outlook, guidance and targets (including in relation to RoTE, income, operating costs, loan impairment rate, CET1 ratio, RWA levels, payment of dividends and participation in directed buybacks), its economic and political risks, its financial position, profitability and financial performance, the implementation of its strategy, increasing competition from incumbents, challengers and new entrants and disruptive technologies, its access to adequate sources of liquidity and funding, its regulatory capital position and related requirements, its exposure to third party risks, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NatWest Group’s exposure to operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, 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, general economic and political conditions and uncertainties (such as the direct and indirect impacts of escalating armed conflicts) and the impact of climate-related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Group plc's actual results are discussed in NatWest Group plc's 2023 Annual Report on Form 20-F, NatWest Group plc’s Interim Results for H1 2024 on Form 6-K, Natwest Group plc’s Interim Management Statement for Q1 and Q3 2024 on Form 6-K, and its other public filings. The forward-looking statements contained in this document speak only as of the date of this document and NatWest Group 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.

Presentation of information

This document presents the consolidated Pillar 3 disclosures for NatWest Group at 30 September 2024, which complement those in the NatWest Group Q3 2024 Interim Management Statement (IMS), which is published in the same location at: investors.natwestgroup.com/reports-archive/2024.

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

The disclosures for NatWest Group are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and completed in accordance with the Disclosure (CRR) part of the PRA rulebook.

The Pillar 3 disclosures required for NatWest Group's ring-fenced body sub-group (NWH Group) and those required for NatWest Group's large subsidiaries (National Westminster Bank Plc, The Royal Bank of Scotland plc, NatWest Markets Plc, Coutts & Company, RBS Holdings N.V. and The Royal Bank of Scotland International Limited) will be published separately in November 2024. They will be available on the NatWest Group website, located at natwestgroup.com/results:investors.natwsetgroup.com/reports-archive/2024.

Within this document, row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL disclosures have been prepared using the uniform format published by the EBA. Any rows or columns that are not applicable have not been shown.

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

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

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

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

NatWest Group - Key points

CET1 ratio

13.9%

(Q2 2024 – 13.6%)

The Common Equity Tier 1 (CET1) ratio increased by 30 basis points to 13.9%. The increase in the CET1 ratio was due to a £0.7 billion increase in CET1 capital partially offset by a £0.9 billion increase in RWAs.

The CET1 capital increase was mainly driven by an attributable profit in the period of £0.7 billion (net of foreseeable ordinary dividend accrual) and other movements on reserves and regulatory adjustments.

RWAs

£181.7 bn

(Q2 2024 - £180.8bn)

Total Risk Weighted Assets (RWAs) increased by £0.9 billion to £181.7 billion mainly reflecting:

- an increase in credit risk RWAs of £0.6 billion primarily driven by lending growth and the Metro Bank mortgage portfolio acquisition within Retail banking and an increase in drawdowns and new facilities within Commercial & Institutional banking. These movements were partially offset by active RWA management and a reduction in risk weighted assets from foreign exchange movements due to sterling appreciation versus euro and US dollar.
- an increase in counterparty credit risk RWAs of £0.1 billion to £7.3 billion driven by over-the-counter exposures.
- an overall increase in market risk RWAs of £0.2 billion driven by higher SVaR-based RWAs under the IMA, partially offset by lower standardised RWAs.

UK leverage ratio

5.0%

(Q2 2024 – 5.2%)

The leverage ratio decreased by 20 basis points to 5.0% driven by a £29.0 billion increase in leverage exposure partially offset by a £0.7 billion increase in Tier 1 capital. The key drivers in the leverage exposure were an increase in other financial assets, trading assets and other off balance sheet items.

UK average leverage ratio

5.0%

(Q2 2024 – 5.1%)

The average leverage ratio decreased by 10 basis points to 5.0%, driven by a £12.3 billion increase in average leverage exposure partially offset by a £0.3 billion increase in 3-month average Tier 1 capital. The key drivers in the average leverage exposure were an increase in trading assets, other financial assets and other off balance sheet items.

LCR average

149%

(Q2 2024 – 147%)

The Liquidity Coverage Ratio (LCR) increased 2% compared to Q2 2024 from 147% to 149%, mainly due to increased customer deposits partially offset by increased lending.

NSFR average

136%

(Q2 2024 - 136%)

The Net Stable Funding Ratio (NSFR) was unchanged compared to Q2 2024, mainly due to increased customer deposits partially offset by increased lending.

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

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. The remaining Tier 2 instruments subject to CRR2 grandfathering provisions were derecognised during Q3 2023 following regulatory approvals. NatWest Group has elected to take advantage of the IFRS9 transitional capital rules in respect of ECL provisions. The revised transition amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

		30 September 2024 £m	30 June 2024 £m	31 March 2024 £m	31 December 2023 £m	30 September 2023 £m
Available own funds (amounts)						
1	Common equity tier 1 (CET1) capital	**25,296**	24,607	25,068	24,440	24,585
2	Tier 1 capital	**29,966**	29,277	28,943	28,315	28,460
3	Total capital	**35,790**	35,201	34,980	33,632	33,945
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	**181,714**	180,768	186,295	182,989	181,553
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	**13.9**	13.6	13.5	13.4	13.5
6	Tier 1 ratio (%)	**16.5**	16.2	15.5	15.5	15.7
7	Total capital ratio (%)	**19.7**	19.5	18.8	18.4	18.7
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	**1.8**	1.8	1.8	1.8	1.7
UK 7b	Additional AT1 SREP requirements (%)	**0.6**	0.6	0.6	0.6	0.6
UK 7c	Additional Tier 2 SREP requirements (%)	**0.8**	0.8	0.8	0.8	0.7
UK 7d	Total SREP own funds requirements (%)	**11.2**	11.2	11.2	11.2	11.0
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (1)	**1.7**	1.7	1.7	1.7	1.7
11	Combined buffer requirement (%)	**4.2**	4.2	4.2	4.2	4.2
UK 11a	Overall capital requirements (%)	**15.4**	15.4	15.4	15.4	15.2
12	CET1 available after meeting the total SREP own funds requirements (%)	**7.6**	7.3	7.1	7.1	7.3
Leverage ratio						
13	Total exposure measure excluding claims on central banks	**594,716**	565,726	562,831	562,843	563,481
14	Leverage ratio excluding claims on central banks (%)	**5.0**	5.2	5.1	5.0	5.1
Additional leverage ratio disclosure requirements						
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0**	5.2	5.1	5.0	5.0
UK 14b	Leverage ratio including claims on central banks (%)	**4.3**	4.3	4.3	4.3	4.2
UK 14c	Average leverage ratio excluding claims on central banks (%)	**5.0**	5.1	5.0	5.0	5.0
UK 14d	Average leverage ratio including claims on central banks (%)	**4.3**	4.3	4.2	4.2	4.2
UK 14e	Countercyclical leverage ratio buffer (%) (1)	**0.6**	0.6	0.6	0.6	0.6
Liquidity coverage ratio						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	**156,537**	156,387	154,770	155,485	160,287
UK 16a	Cash outflows - Total weighted value	**116,806**	117,942	119,602	122,306	126,100
UK 16b	Cash inflows - Total weighted value	**11,706**	11,381	11,605	11,998	13,056
16	Total net cash outflows (adjusted value)	**105,100**	106,561	107,997	110,308	113,044
17	Liquidity coverage ratio (%) (2)	**149**	147	143	141	142
Net stable funding ratio						
18	Total available stable funding	**417,196**	412,609	408,908	407,678	411,008
19	Total required stable funding	**306,254**	302,877	300,597	296,874	292,545
20	NSFR ratio (%) (3)	**136**	136	136	137	140

(1) The institution-specific Countercyclical Capital buffer (CCyB) requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The UK CCyB buffer is currently being maintained at 2%, The countercyclical leverage ratio buffer is set at 35% of NatWest Group plc CCyB.

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

(3) The Net Stable Funding ratio (NSFR) is calculated as the average of the preceding four quarters. The prior period comparatives for HQLA within required stable funding have been restated for March 2024 and December 2023.

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

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

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

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

		30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
Available capital (amounts) - transitional		£m	£m	£m	£m	£m
1	Common equity tier 1	**25,296**	24,607	25,068	24,440	24,585
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**25,254**	24,568	24,994	24,238	24,362
3	Tier 1 capital	**29,966**	29,277	28,943	28,315	28,460
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**29,924**	29,238	28,869	28,113	28,237
5	Total capital	**35,790**	35,201	34,980	33,632	33,945
6	Total capital as if IFRS 9 transitional arrangements had not been applied	**35,748**	35,162	35,004	33,686	33,993
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	**181,714**	180,768	186,295	182,989	181,553
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	**181,711**	180,767	186,292	182,972	181,525
Capital ratios		**%**	%	%	%	%
9	Common equity tier 1 ratio	**13.9**	13.6	13.5	13.4	13.5
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**13.9**	13.6	13.4	13.2	13.4
11	Tier 1 ratio	**16.5**	16.2	15.5	15.5	15.7
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	**16.5**	16.2	15.5	15.4	15.6
13	Total capital ratio	**19.7**	19.5	18.8	18.4	18.7
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	**19.7**	19.5	18.8	18.4	18.7
Leverage ratio						
15	Leverage ratio exposure measure (£m)	**594,716**	565,726	562,831	562,843	563,481
16	Leverage ratio (%)	**5.0**	5.2	5.1	5.0	5.1
17	Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	**5.0**	5.2	5.1	5.0	5.0

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

UK OV1: Overview of risk-weighted exposure amounts

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

		a	b	c
		Risk-weighted exposure amounts (RWAs)		Total own funds requirements
		30 September 2024 £m	30 June 2024 £m	30 September 2024 £m
1	Credit risk (excluding counterparty credit risk)	140,636	140,570	11,251
2	*Of which: standardised approach*	18,597	18,099	1,488
3	*Of which: the foundation IRB (FIRB) approach*	-	-	-
4	*Of which: slotting approach*	12,254	12,024	980
UK 4a	*Of which: equities under the simple risk-weighted approach*	1,471	1,380	118
5	*Of which: the advanced IRB (AIRB) approach (1)*	108,314	109,067	8,665
5a	*Of which: non-credit obligation assets (3)*	3,941	3,783	315
6	Counterparty credit risk	7,153	7,049	572
7	*Of which: standardised approach*	1,073	1,130	86
8	*Of which: internal model method (IMM)*	3,792	3,682	303
UK 8a	*Of which: exposures to a CCP*	130	135	10
UK 8b	*Of which: credit valuation adjustment (CVA)*	981	998	79
9	*Of which: other counterparty credit risk*	1,177	1,104	94
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	4,914	4,372	393
17	*Of which: SEC-IRBA approach*	1,397	1,086	112
18	*Of which: SEC-ERBA (including IAA)*	233	290	19
19	*Of which: SEC-SA approach*	3,235	2,948	258
UK 19a	*Of which: 1,250%/deduction*	49	48	4
20	*Position, foreign exchange and commodities risk (market risk)*	7,190	6,956	575
21	*Of which: standardised approach*	960	1,240	77
22	*Of which: IMA*	6,230	5,716	498
UK 22a	Large exposures	-	-	-
23	Operational risk	21,821	21,821	1,746
UK 23a	*Of which: basic indicator approach*	-	-	-
UK 23b	*Of which: standardised approach*	21,821	21,821	1,746
UK 23c	*Of which: advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight) (2)	1,846	1,758	148
29	Total	181,714	180,768	14,537

(1) Of which £181 million RWAs (30 June 2024 – £329 million) relate to equity IRB under the probability of default/loss given default approach.
(2) The amount is shown for information only, as these exposures are already included in rows 1 and 2.
(3) 5a is subset of total IRB RWAs disclosed in Row 5

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

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

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

		a
		RWAs
		£m
1	At 31 December 2023	119,733
2	Asset size	977
3	Asset quality	136
4	Model updates	296
7	Foreign exchange movements	(111)
9	At 31 March 2024	121,031
2	Asset size	(2,359)
3	Asset quality	(64)
4	Model updates	(368)
7	Foreign exchange movements	(80)
8	Other	(1,181)
9	At 30 June 2024	116,979
2	Asset size	1,705
3	Asset quality	(567)
4	Model updates	157
7	Foreign exchange movements	(654)
8	Other	(1,174)
9	At 30 September 2024	116,446

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

Q3 2024

- The increase in RWAs related to asset size was primarily driven by an increase in mortgages and unsecured lending within Retail Banking. Additional increases were attributed to drawdowns and new facilities within Commercial & Institutional.
- The reduction in RWAs relating to asset quality was primarily driven by customers moving into default within Commercial & Institutional and improved risk metrics in Retail Banking and Commercial & Institutional.
- The increase in RWAs for model updates was mainly due to an increase in the internal ratings based Temporary Model Adjustment, mainly related to mortgages within Retail Banking, partially offset by Commercial & Institutional due to its overall RWA decrease.
- The decrease in foreign exchange movements was mainly a result of sterling strengthening against the US dollar and the euro during the period.
- The decrease in Other reflects securitisation activity in Commercial & Institutional.

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

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

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

		a
		RWAs £m
1	At 31 December 2023	4,117
2	Asset size	(283)
3	Credit quality of counterparties	3
7	Foreign exchange movements	(41)
9	At 31 March 2024	3,796
2	Asset size	(81)
3	Credit quality of counterparties	(18)
7	Foreign exchange movements	(15)
9	At 30 June 2024	3,682
2	Asset size	240
3	Credit quality of counterparties	(34)
7	Foreign exchange movements	(96)
9	At 30 September 2024	3,792

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

Q3 2024

- IMM RWAs increased during the third quarter, reflecting an overall increase in asset size driven by over-the-counter derivatives. This was partially offset by sterling strengthening against the US dollar and the euro over the period.

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

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

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

		a	b	c	e	f	g
		Value-at-risk (VaR) £m	Stressed value-at-risk (SVaR) £m	Incremental risk charge £m	Other risks-not-in Var (RNIV) £m	Total RWAs £m	Total own funds requirements £m
1	At 31 December 2023	1,698	2,501	814	1,305	6,318	505
1a	*Regulatory adjustment (1)*	*(1,290)*	*(1,951)*	*(169)*	-	*(3,410)*	*(273)*
1b	*RWAs at 31 December 2023 (end of day)*	*408*	*550*	*645*	*1,305*	*2,908*	*232*
2	Movement in risk levels	(92)	(54)	440	(151)	143	12
3	Model updates/changes	-	-	-	(116)	(116)	(9)
8a	*RWAs at 31 March 2024 (end of day)*	*316*	*496*	*1,085*	*1,038*	*2,935*	*235*
8b	*Regulatory adjustment (1)*	*1,426*	*1,847*	*9*	-	*3,282*	*262*
8	At 31 March 2024	1,742	2,343	1,094	1,038	6,217	497
1a	*Regulatory adjustment (1)*	*(1,426)*	*(1,847)*	*(9)*	-	*(3,282)*	*(262)*
1b	*RWAs at 31 March 2024 (end of day)*	*316*	*496*	*1,085*	*1,038*	*2,935*	*235*
2	Movement in risk levels	194	321	116	128	759	61
3	Model updates/changes	-	-	-	(110)	(110)	(9)
8a	*RWAs at 30 June 2024 (end of day)*	*510*	*817*	*1,201*	*1,056*	*3,584*	*287*
8b	*Regulatory adjustment (1)*	*736*	*1,396*	-	-	*2,132*	*170*
8	At 30 June 2024	1,246	2,213	1,201	1,056	5,716	457
1a	*Regulatory adjustment (1)*	*(736)*	*(1,396)*	-	-	*(2,132)*	*(170)*
1b	*RWAs at 30 June 2024 (end of day)*	*510*	*817*	*1,201*	*1,056*	*3,584*	*287*
2	Movement in risk levels	(72)	194	(121)	37	38	3
3	Model updates/changes	(135)	(274)	(8)	44	(373)	(30)
8a	*RWAs at 30 September 2024 (end of day)*	*303*	*737*	*1,072*	*1,137*	*3,249*	*260*
8b	*Regulatory adjustment (1)*	*939*	*1,944*	*98*	-	*2,981*	*238*
8	At 30 September 2024	1,242	2,681	1,170	1,137	6,230	498

(1) Regulatory adjustments in rows 1a and 8b represent the difference in RWA terms between the risk spot measure at the end of the reporting period and the 60-day average of that measure, multiplied by the multiplication factor.
(2) The following rows and/or columns are not presented because they had zero values or are not used by NatWest Group: column (d) comprehensive risk measure; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q3 2024

- Overall, market risk RWAs under the IMA increased during the third quarter, largely driven by higher SVaR-based RWAs.
- Both VaR and SVaR-based RWAs were affected by increases in interest rate risk. These movements were partially offset by additional products coming into the scope of the model following regulatory approval.
- The moderate increase in RNIV-based RWAs reflects various offsetting movements.

Annex XI: Leverage

UK LR2 - LRCom: Leverage ratio common disclosure

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

		30 September 2024	30 June 2024
Capital and total exposure measure		£m	£m
UK-24b	Total exposure measure excluding claims on central banks	**594,716**	565,726
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**5.0**	5.2
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.0**	5.2
UK-25c	Leverage ratio including claims on central banks (%)	**4.3**	4.3
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	**0.6**	0.6
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.6**	0.6
Additional leverage ratio disclosure requirements - disclosure of mean values			
UK-31	Average total exposure measure excluding claims on central banks	**588,446**	576,132
UK-32	Average total exposure measure including claims on central banks	**690,296**	682,661
UK-33	Average leverage ratio excluding claims on central banks (%)	**5.0**	5.1
UK-34	Average leverage ratio including claims on central banks (%)	**4.3**	4.3

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

Annex XIII: Liquidity

UK LIQ1: Quantitative information of LCR

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

		Total unweighted value (average)				Total weighted value (average)			
		30 September 2024	30 June 2024	31 March 2024	31 December 2023	**30 September 2024**	30 June 2024	31 March 2024	31 December 2023
	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
		£m	£m	£m	£m	**£m**	£m	£m	£m
	High - quality liquid assets								
1	Total high-quality liquid assets (HQLA)					**156,537**	156,387	154,770	155,485
	Cash - outflows								
2	Retail deposits and deposits from small business customers, of which:	**260,918**	258,770	256,611	255,992	**18,905**	18,816	18,884	19,120
3	*Stable deposits*	***142,019***	*143,238*	*145,596*	*147,741*	***7,101***	*7,162*	*7,280*	*7,387*
4	*Less stable deposits*	***86,557***	*86,334*	*87,009*	*88,906*	***10,999***	*10,944*	*11,004*	*11,219*
5	Unsecured wholesale funding	**146,662**	148,600	151,395	155,960	**69,417**	70,318	71,439	72,977
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**58,630**	59,732	60,862	62,980	**14,338**	14,613	14,896	15,425
7	*Non-operational deposits (all counterparties)*	***83,501***	*84,228*	*86,129*	*89,234*	***50,548***	*51,065*	*52,139*	*53,806*
8	*Unsecured debt*	***4,531***	*4,640*	*4,404*	*3,746*	***4,531***	*4,640*	*4,404*	*3,746*
9	Secured wholesale funding					**1,529**	1,307	1,093	964
10	Additional requirements	**80,810**	81,338	81,582	81,987	**22,533**	23,025	23,233	23,300
11	*Outflows related to derivative exposures and other collateral requirements*	***5,980***	*6,323*	*6,759*	*7,131*	***5,840***	*6,154*	*6,530*	*6,841*
12	*Outflows related to loss of funding on debt products*	***172***	*172*	*83*	*146*	***172***	*172*	*83*	*146*
13	*Credit and liquidity facilities*	***74,658***	*74,843*	*74,740*	*74,710*	***16,521***	*16,699*	*16,620*	*16,313*
14	Other contractual funding obligations	**25,699**	21,385	17,263	12,444	**2,049**	1,858	1,890	2,175
15	Other contingent funding obligations	**51,007**	50,081	49,717	50,255	**2,373**	2,618	3,063	3,770
16	Total cash outflows					**116,806**	117,942	119,602	122,306
	Cash - inflows								
17	Secured lending (e.g. reverse repos)	**59,754**	57,098	54,328	49,346	**1,102**	1,020	944	857
18	Inflows from fully performing exposures	**7,313**	7,210	7,335	7,459	**5,859**	5,825	5,929	6,038
19	Other cash inflows	**22,995**	19,509	17,012	13,936	**4,745**	4,536	4,732	5,103
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**-**	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					**-**	-	-	-
20	Total cash inflows	**90,062**	83,817	78,675	70,741	**11,706**	11,381	11,605	11,998
UK-20a	*Fully exempt inflows*								
UK-20b	*Inflows subject to 90% cap*								
UK-20c	*Inflows subject to 75% cap*	***87,875***	*81,633*	*76,552*	*68,566*	***11,706***	*11,381*	*11,605*	*11,998*
	Total adjusted value								
UK-21	Liquidity buffer					**156,537**	156,387	154,770	155,485
22	Total net cash outflows					**105,100**	106,561	107,997	110,308
23	Liquidity coverage ratio (%)					**149**	147	143	141

Annex XIII: Liquidity continued

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

LCR inputs and results over time

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

All figures included in the table represent a 12-month rolling average. The average LCR ratio for the 12 months to 30 September 2024 has increased 2% over the previous quarter, from 147% to 149%, mainly due to increased customer deposits partially offset by increased lending.

Concentration of funding sources

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

Liquidity buffer composition

HQLA is primarily held in Level 1 cash and central bank Reserves (63%) and Level 1 high quality securities (31%). Level 2 securities account for 6%.

Derivative exposures and potential collateral calls

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

Currency mismatch in the LCR

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