Dated 16 March 2026

NatWest Markets Plc

(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)

2026 Registration Document

TABLE OF CONTENTS

Page

INTRODUCTION

This document constitutes a registration document ('**Registration Document**') for the purposes of PRM 2.3.1 of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the "**PRM**"), and has been prepared for the purpose of giving information with respect to NatWest Markets Plc which, according to the particular nature of the Issuer and the securities which it may offer to the public within the United Kingdom (the '**UK**') or apply to have admitted to trading on the London Stock Exchange's regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

In this Registration Document, unless otherwise stated or the context otherwise requires, references to the '**Issuer**' and to '**NWM Plc**' are to NatWest Markets Plc and references to the '**NWM Group**' are to NWM Plc and its subsidiaries.

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer, the information contained in this Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect the import of such information.

This Registration Document has been approved by the Financial Conduct Authority (the '**FCA**'), in accordance with the rules in the PRM. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in the PRM. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase any securities of the Issuer. Each investor contemplating purchasing any securities of the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities of the Issuer.

The delivery of this Registration Document shall not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should carefully review and evaluate, *inter alia*, the most recent financial disclosure of the Issuer from time to time incorporated by reference herein when deciding whether or not to purchase any securities of the Issuer.

The distribution of this Registration Document and the offer or sale of any securities of the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any securities of the Issuer come must inform themselves about, and observe, any such restrictions.

Any securities to be issued by the Issuer in connection with this Registration Document have not been and will not be registered under the United States Securities Act of 1933, as amended (the '**Securities Act**') or with any securities regulatory authority of any state or other jurisdiction of the United States ('**US**'). Accordingly, any such securities may not be offered, sold, pledged or otherwise transferred within the US or to or for the account or benefit of US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. There will be no public offering of Securities in the United States.

Any securities to be issued by the Issuer in connection with this Registration Document have not been approved or disapproved by the US Securities and Exchange Commission ('**SEC**'), any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of any such securities or the accuracy or the adequacy of this Registration Document. Any representation to the contrary is a criminal offence in the United States.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by the FCA or filed with it, shall be deemed to be incorporated in, and to form part of, this Registration Document and this Registration Document should be read and construed in conjunction with such documents:

(a) the Articles of Association of the Issuer;

(b) the audited consolidated financial statements of NWM Group, together with the audit report thereon, for the year ended 31 December 2025, set forth in the section 'Financial Statements' on pages 66 to 150 and the section 'Risk and Capital Management' on pages 18 to 60 (only where the information is identified as 'audited') of the Issuer's annual report which was published via the regulated news service of the London Stock Exchange ('**RNS**') on 13 February 2026 (the '**2025 Financial Statements**'); and

(c) the audited consolidated financial statements of NWM Group, together with the audit report thereon, for the year ended 31 December 2024, set forth in the section 'Financial Statements' on pages 74 to 157 and the section 'Risk and Capital Management' on pages 18 to 68 (only where the information is identified as 'audited') of the Issuer's annual report which was published via RNS on 14 February 2025 (the '**2024 Financial Statements**' and, together with the 2025 Financial Statements, the '**Financial Statements**').

Any statement contained in a document which is deemed to be incorporated by reference into this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein, or in a later dated document incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered, upon the oral or written request of such person, a copy of any or all of the information which is incorporated herein by reference. Written or oral requests for such information should be directed to the Issuer at NatWest Markets Plc, 250 Bishopsgate, London, EC2M 4AA, United Kingdom.

A copy of any or all of the information which is incorporated by reference in this Registration Document can be obtained from the website of the Issuer at https://investors.natwestgroup.com/regulatory-news/company-announcements and from the London Stock Exchange's website at https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Except as set forth above, no information or documents included on the website of the Issuer are part of or shall be incorporated by reference into this Registration Document.

Where only certain parts of a document are incorporated by reference into this Registration Document, the non-incorporated parts are either not relevant to investors or are covered elsewhere in this Registration Document. Any information not listed in the above cross-reference list but included in the documents incorporated by reference is given for information purpose only.

IMPORTANT INFORMATION FOR INVESTORS

Special Notice Regarding Forward-Looking Statements

Certain sections in this Registration Document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability-related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group's (including NWM Group's) beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this Registration Document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, impairment loss rates, capital generation pre-distributions, customer assets and liabilities growth rate, cost-income ratio, balance sheet reduction (including the reduction of RWAs), CET1 ratio (and key drivers of the CET1 ratio, including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as climate and sustainability-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, climate, sustainable and transition funding and financing, and financed and facilitated emissions.

NWM Group cautions you that a large number of important factors could adversely affect NWM Group's results or its ability to implement its strategy, cause it to fail to meet its targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this Registration Document. These factors include, but are not limited to, those set forth in the section '*Risk Factors*' in this Registration Document. The principal risks and uncertainties that could adversely affect NWM Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to:

- economic and political risk, including in respect of:
  - economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, protectionist policies, and geopolitical developments; and
  - changes in interest rates and foreign currency exchange rates;
- business change and execution risk, including in respect of:
  - NatWest Group's strategy and NatWest Group's creation of its Commercial & Institutional business segment (of which NWM Group forms part);
  - the competitive environment; and
  - the transfer of NatWest Group's EU corporate portfolio;
- financial resilience risk, including in respect of:
  - NWM Group's ability to meet targets, generate returns or implement its strategy effectively;
  - prudential regulatory requirements for capital;
  - NWM Group's reliance on access to capital markets directly or indirectly through its parent (NatWest Group plc) for the subscription to its internal capital and MREL;
  - prudential regulatory requirements for funding and liquidity;
  - capital, funding and liquidity risk;
  - reductions in the credit ratings and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWM Group) or any of their respective debt securities;
  - counterparty and borrower risk;
  - model risk;
  - sensitivity to accounting policies, judgements, estimates and assumptions (and the economic, climate, competitive and other forward-looking information affecting those judgements, estimates and assumptions);

- changes in applicable accounting standards;
- the requirements of regulatory stress tests and the adequacy of NatWest Group's resolution plans; and
- the application of UK statutory stabilisation or resolution powers to NatWest Group;

- operational and IT resilience risk, including in respect of:
  - operational risks (including reliance on third party suppliers);
  - cyberattacks;
  - the accuracy and effective use of data;
  - artificial intelligence;
  - attracting, retaining and developing senior management and skilled personnel;
  - complex IT systems;
  - NWM Group's risk management framework; and
  - NWM Group's reputational risk;

- legal and regulatory risk, including in respect of:
  - the impact of substantial regulation and oversight;
  - the outcome of legal, regulatory and governmental actions and investigations as well as remedial undertakings; and
  - changes in tax legislation or failure to generate future taxable profits;

- climate and sustainability-related risk, including in respect of:
  - climate and sustainability-related risks;
  - both the execution and reputational risk relating to NatWest Group's (including NWM Group) climate and sustainability-related strategy, ambitions, targets, commitments, and transition plan;
  - climate and sustainability-related data and model risk;
  - increasing levels of climate, environmental, human rights and other sustainability-related laws, regulation and oversight;
  - climate, environmental, human rights and other sustainability-related litigation, enforcement actions, investigations and conduct risk.

Additional factors that could cause NWM Group's actual business, results of operations or financial condition to differ from the forward-looking statements include, but are not limited to, the other factors that NWM Group has indicated in other parts of this Registration Document that could materially adversely affect its business and financial performance.

Should one or more of these factors or uncertainties materialise, or should any underlying assumptions prove to be incorrect, NWM Group's actual results of operations or financial position could differ materially from that described herein as anticipated, believed, estimated or expected. The Issuer urges investors to read the sections of this Registration Document entitled '*Risk Factors*,' '*Operating and Financial Review*,' '*Description of NWM Group*' and '*Regulation and Supervision*' for a more complete discussion of the factors that could affect NWM Group's future performance and the industry in which NWM Group operates.

The forward-looking statements contained in this Registration Document are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's and NWM Group's strategy or operations, which may result in NWM Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements.

The forward-looking statements contained in this Registration Document speak only as at the date hereof, and the Issuer does not assume or undertake any obligation or responsibility to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required by law. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Registration Document.

NWM Group's climate and sustainability-related disclosures are limited by the availability of high-quality, verifiable, accurate, reliable, auditable, consistent and comparable data in some areas and NWM Group's own ability to timely collect and process such data. These limitations affect the accuracy and completeness of climate and sustainability-related disclosures. Users are therefore advised to interpret the disclosures with appropriate caution, taking into account the assumptions, data sources and constraints.

Significant data gaps persist across sectors and sub-sectors. When adequate climate and sustainability-related data is not publicly available or cannot be obtained directly from individual counterparties, financial institutions often rely on proxies or aggregated sector-level data provided by third parties. However, this data may be based on varying methodologies, assumptions, or interpretations, which may not accurately reflect underlying climate and sustainability related characteristics and can lead to inconsistencies and reduce its accuracy. In addition, there is currently no single global data provider that offers comprehensive, consistent coverage of the data needed to assess emissions and climate and sustainability related risks across sectors and portfolios. Climate and sustainability-related reporting frameworks differ in how they define and measure data quality, and customers vary widely in how they collect and disclose climate and sustainability-related data.

Climate and sustainability-related disclosures are inherently complex and rely on assumptions, scenarios, and forward-looking estimates, all of which involve material risks and uncertainty. Key judgements and estimates used in the preparation of climate and sustainability-related disclosures are likely to change over time, and, when coupled with the longer timeframes used in such disclosures, make any assessment of key topics inherently uncertain. The key areas involving significant judgement or complexity include the assessment of climate and sustainability related risk and the calculation of facilitated emissions. There is a high risk that these assumptions or estimates may prove inaccurate.

There is currently no globally recognised or accepted, consistent and comparable standard or definition (legal, regulatory or otherwise) of, nor widespread cross-market consensus as to what (i) constitutes 'green', 'sustainable', or similarly labelled activities, products, or assets; or (ii) precise attributes are required for a particular activity, product or asset to be defined as 'green', or 'sustainable' or such other equivalent label. Interpretations vary across markets and institutions, and while several initiatives are working toward harmonisation, a consistent, comparable, and widely accepted framework has yet to emerge. Therefore, users of this Registration Document must not assume that NWM Group's reporting or description of activities, products or assets will meet those users' past, present or future expectations or requirements for describing or classifying funding, financing and facilitation activities as 'green', or 'sustainable' or attributing similar labels (unless a definition or standard is specified in this Registration Document).

Climate and sustainability-related reporting standards continue to develop. While internationally recognised standards have been developed, there is no universal standard accepted for institutions like NWM Group to fully align with and those that exist remain subject to refinement and jurisdictional adoption.

Climate and sustainability-related reporting is less mature than traditional financial reporting. Non-financial reporting systems are less developed than financial reporting systems, often involving manual processes and less robust controls, which may affect data quality and consistency. Please also refer to the '*Climate and sustainability-related risk factors'* set forth in the section '*Risk Factors*' in this Registration Document.

The processes NWM Group has adopted to define, collect and report data on its climate and sustainability-related performance, as well as the associated metrics and disclosures, are not subject to the same formal processes adopted for financial reporting in accordance with established reporting standards. They involve a higher degree of judgement, assumptions and estimates, including in relation to the classification of climate and sustainability-related (including social, sustainability, sustainability-linked, green, climate and transition) funding, financing and facilitation activities, than is required for NWM Group's reporting of historical financial information prepared in accordance with established reporting standards. As a result, climate and sustainability-related disclosures may be amended, updated or restated over time. However, NWM Group does not undertake to restate prior disclosures except where required by applicable law or regulation, even if subsequently available data or methodologies differ from those used at the time of the original disclosure.

Sustainability-related (including social, sustainability, sustainability-linked, green, climate, transition) funding, financing and facilitation currently represents only a relatively small proportion of NWM Group's overall funding, financing and facilitation activities. Accordingly, disclosures relating sustainability-related funding, financing and facilitation should be read in the context of NWM Group's broader balance sheet, risk profile and funding, financing and facilitation activities, and should not be interpreted as indicative of NWM Group's overall funding, financing or facilitation strategy.

Certain Defined Terms

The following terms used in this Registration Document have the meanings assigned to them below:

'**2024 Financial Statements**'	the audited consolidated financial statements of NWM Group as at and for the year ended 31 December 2024 as well as the 'Capital and Risk Management' section (only where information is identified as 'audited').
'**2025 Financial Statements**'	the audited consolidated financial statements of NWM Group as at and for the year ended 31 December 2025 as well as the 'Capital and Risk Management' section (only where the information is identified as 'audited').
'**AI**'	artificial intelligence.
'**AML**'	anti-money laundering.
'**ALCo**'	Assets & Liabilities Committee.
'**AQ**'	asset quality.
'**AT1**'	additional tier 1.
'**Authorities**'	the SRR, HM Treasury, the BoE and the PRA and FCA, collectively.
'**Bank**,' '**Issuer**,' or '**NWM Plc**'	NatWest Markets Plc.
'**Banking Act**'	the Banking Act 2009, as amended.
'Bank Rate'	the Bank of England Official Bank Rate
'**Basel III**'	the Basel Committee on Banking Supervision's regulatory capital framework.
'**BCBS**'	Basel Committee on Banking Supervision.
'**BNZ**'	balanced net zero.
'**Board of Directors**' or '**Board**'	the board of directors of the Issuer.
'**BoE**'	the Bank of England.
'**Brexit**'	the withdrawal of the UK from the European Union and the European Economic Area on 31 January 2021.
'**CAT**'	UK Competition Appeal Tribunal.
'**CCF**'	credit conversion factors.
'**CCI**'	credit cycle indices.
'**CCR**'	counterparty credit risk.
'**CCyB**'	the UK countercyclical buffer.

‘**CDF**’	climate decisioning framework.
‘**CDIO**’	Chief Digital and Information Officer.
‘**CEC**’	control environment certification.
‘**CET1**’	common equity tier 1.
‘**CPI**’	Consumer Price Index.
‘**CRA Regulation**’	Regulation (EC) No. 1060/2009, as amended.
‘**CRD**’	the Capital Requirements Directive (2013/36/EU).
‘**CRD IV**’	the CRD and CRR, together.
‘**CRD V**’	the Capital Requirements Directive V.
‘**CREM**’	credit risk enhancement and mitigation.
‘**CRR**’	Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended or replaced from time to time.
‘**CRR 2**’	the Capital Requirements Regulation 2.
‘**CSD**’	Capital Support Deed.
‘**CVA**’	credit valuation adjustment.
‘**DNB**’	the De Nederlandsche Bank.
‘**DoJ**’	the US Department of Justice.
‘**DORA**’	the EU Digital Operational Resilience Act.
‘**D-SIB**’	Domestic Systemically Important Banks.
‘**EAD**’	exposure at default.
‘**ECB**’	the European Central Bank.
‘**ECL**’	expected credit loss.
‘**EDF**’	Environmental Decisioning Framework.
‘**EEA**’	the European Economic Area.
‘**EEA transfer customers**’	has the meaning assigned thereto in the section ‘*Operating and Financial Review—Primary Factors Affecting NWM Group’s Results of Operations—Recent Changes to NWM Group’s Scope of Activities Relating to the UK’s Exit From The EU.’*
‘**EMIR**’	European Market Infrastructure Regulation.
‘**ESMA**	European Securities and Markets Authority
‘**ESE**’	environmental, social and ethical.

'**ESG**'	environmental, social and governance.
'**EU**'	the European Union.
'**EUA**'	European Union Allowances.
'**EUWA**'	the European Union (Withdrawal) Act 2018, as amended.
'**FCA**'	the United Kingdom Financial Conduct Authority.
'**FDIC**'	the Federal Deposit Insurance Corporation.
'**FDIC**'	the Federal Deposit Insurance Corporation.
'**FICC**'	Fixed income, Currencies and Commodities.
'**Financial Statements**'	the 2024 Financial Statements and the 2025 Financial Statements, collectively.
'**Fitch**'	Fitch Ratings Ltd or successors thereto.
'**FPC**'	the Financial Policy Committee.
'**FS Act** '	the Financial Services Act 2021, as amended.
'**FSMA**'	the Financial Services and Markets Act 2000, as amended.
'**FSMA 2023**'	the Financial Services and Markets Act 2023.
'**Funded Guarantee**'	has the meaning assigned thereto in section *'Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From The EU.'*
'**FVOCI**'	fair value through other comprehensive income.
'**FX**'	foreign exchange.
'**GAAP**'	generally accepted accounting principles.
'**GDP**'	gross domestic product.
'**G-SIB**'	the Global Systemically Important Banks.
'**HQLA**'	high quality liquid assets.
'**IAS**'	International Accounting Standards.
'**IASB**'	the International Accounting Standards Board.
'**ICAAP**'	internal capital adequacy assessment process.
'**IFRS**'	International Financial Reporting Standards issued by the IASB (as adopted pursuant to Regulation (EC) No. 1606/2002 as it applies to the European Union), International Financial Reporting Standards as issued

	by the IASB and UK adopted international accounting standards.
'**IPU**'	intermediate parent undertaking.
'**IRB**'	internal ratings based.
'**IRC**'	incremental risk charge.
'**IT**'	information technology.
'**LCR**'	liquidity coverage ratio.
'**LGD**'	loss given default.
'**LIBOR**'	London interbank offered rate.
'**Member State**'	Member State of the EU.
'**MES**'	multiple economic scenarios.
'**MiFID II**'	Directive 2014/65/EU, as amended.
'**MiFIR**'	Regulation (EU) No 600/2014, as amended, as it forms part of domestic law by virtue of the EUWA.
'**MLD5**'	the Fifth Money Laundering Directive.
'**Moody's**'	Moody's Investors Service Limited or successors thereto.
'**MREL**'	the minimum requirement for own funds and eligible liabilities.
'**MTNs**'	medium-term notes.
'**NatWest Group**'	NatWest Group plc together with its subsidiary and associated undertakings.
'**NatWest Holdings Group**'	NWH Ltd and its subsidiaries.
'**NCA**'	National Crime Agency.
'**NGFS**'	Network for Greening the Financial System.
'**NIM**'	net interest margin.
'**NPA**'	non-prosecution agreement.
'**NSFR**'	net stable funding ratio.
'**NTIRR**'	non-traded interest rate risk.
'**NWB**'	National Westminster Bank Plc.
'**NWH Ltd**'	NatWest Holdings Limited.
'**NWM Group**'	the Issuer and its consolidated subsidiaries.
'**NWM N.V.**'	NatWest Markets N.V.

‘**NWMSI**’	NatWest Markets Securities Inc.
‘OCA’	Own credit adjustments.
‘PCAF’	Partnership for Carbon Accounting Financials.
‘**pounds sterling**’, ‘**£’** or **‘sterling’**	the currency of the United Kingdom.
‘**PRA**’	the Prudential Regulation Authority.
‘**PRM**’	the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook.
‘**PD**’	probability of default.
‘**P&L’**	profit and loss.
‘**RBS Plc**’	The Royal Bank of Scotland Plc.
‘**RBSH N.V.**’	RBS Holdings N.V.
‘**RBSI**’	RBS International Limited.
‘**repo**’	repurchase agreement.
‘**Revenue Share Agreements**’	has the meaning assigned thereto in the section ‘*Operating and Financial Review—Primary Factors Affecting NWM Group’s Results of Operations—Relationship with NatWest Group—Revenue Share Agreements.’*
‘**Revenue Sharing Entities**’	has the meaning assigned thereto in the section ‘*Operating and Financial Review—Primary Factors Affecting NWM Group’s Results of Operations─Relationship with NatWest Group─Revenue Share Agreements.’*
‘**RFB Entities**’	NWB, The Royal Bank of Scotland Plc and Ulster Bank Ireland DAC, collectively.
‘**RNS**’	regulated news service of the London Stock Exchange.
‘**RWAs**’	the risk weighted assets.
‘**S&P**’	S&P Global Ratings UK Limited or successors thereto.
‘**SEC**’	the US Securities and Exchange Commission.
‘**Securities Act**’	the United States Securities Act of 1933, as amended.
‘**SMF**’	the Sterling Monetary Framework.
‘**SOC**’	the stressed outflow coverage.
‘**SRR**’	the special resolution regime.
‘**SVaR**’	Stressed value-at-risk.

'**SWES**'	system-wide exploratory scenario.
'**TCR**'	the total capital requirements.
'**Transfer Business**'	NatWest Group plc's Western European corporate portfolio (principally consisting of term funding and revolving credit facilities).
'**Transfer Scheme**'	has the meaning assigned thereto in the section '*Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From The EU.'*
'**UK**'	the United Kingdom.
'**UK CCC**'	the UK Climate Change Committee.
'**UK CRA Regulation**'	Regulation (EU) No. 1060/2009 (as amended), as it forms part of domestic law of the UK by virtue of the EUWA.
'**US**'	the United States.
'**US dollar**' or '**US$**'	the currency of the United States.
'**USAO CT**'	the United States Attorney's Office for the District of Connecticut.
'**VaR**'	value-at-risk.
'**VAT**'	value-added-tax.

Statistical Data

The statistical data included in this Registration Document is not intended to, and does not, comply with subpart 1400 of Regulation S-K under the Securities Act applicable to offerings of securities by bank holding companies that are registered with the SEC.

Presentation of Financial Information

General

Except as discussed below, the historical financial information of NWM Group and the Issuer presented in this Registration Document has been derived from the Financial Statements. The 2025 Financial Statements and the 2024 Financial Statements are prepared in accordance with UK adopted International Accounting Standards ('**IAS**'), IFRS as issued by the International Accounting Standards Board ('**IASB**') and IFRS as adopted by the European Union, include consolidated financial information of NWM Group as at and for the years ended 31 December 2025, 2024 and 2023 and have been audited by Ernst & Young LLP. The Financial Statements and the reports of Ernst & Young LLP on the 2025 Financial Statements and the 2024 Financial Statements are incorporated by reference into this Registration Document. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Certain historical financial information of NWM Group, including as set forth in '*Selected Statistical Data and Other Information*' has been derived from NWM Group's regularly maintained accounting records, operating systems, accounting systems or other systems. Such historical financial information has not been audited.

Certain financial and other information set forth in this Registration Document has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row in a table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Registration Document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

NWM Group's financial year ends on 31 December and references in this Registration Document to any specific financial year are to the 12-month period ended 31 December of such year.

Financial information previously published for any financial periods can differ from subsequently published financial information due to the retrospective implementation of subsequent changes in accounting policies and other retrospective adjustments made in accordance with IFRS.

NWM Group publishes its financial statements in pounds sterling ('**£**' or '**sterling**'). The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling, respectively, and references to 'pence' represent pence in the UK.

Note on recent changes to the scope of NWM Group's activities

To improve efficiencies and best serve customers following the withdrawal of the UK from the European Union and the European Economic Area on 31 January 2021 ('**Brexit'**), certain assets, liabilities, transactions and activities of NatWest Group's Transfer Business have been, and may continue to be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group, and/or (ii) transferred to the ringfenced subgroup of NatWest Group from NWM Group, subject to regulatory and customer requirements. The timing, success and quantum of future transfers remain uncertain as is the impact of these transactions on its go-forward results of operations. These changes are discussed below under '*Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From The EU.'*

Non-GAAP Measures of Financial Performance

The discussion of the results of operations of NWM Group included in '*Risk Factors*,' '*Overview of Consolidated Financial Information and Other Data*,' '*Operating and Financial Review*' and '*Description of NWM Group*' is based on the Financial Statements. The Issuer prepares its financial statements in accordance with UK adopted IAS and IFRS as issued by the IASB, which constitutes a body of generally accepted accounting principles ('**GAAP'**). This Registration Document contains a number of non-IFRS financial measures (or non-GAAP financial measures), and alternative performance measures (as defined under the European Securities and Markets Authority ("**ESMA**") guidance). These measures are adjusted for certain items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison.

The non-IFRS financial measures used in this Registration Document provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. The non-IFRS measures also include a calculation of metrics that are used throughout the banking industry. These non-IFRS financial measures are not a substitute for, and should be read in conjunction with, reported IFRS measures.

NWM Group uses 'funded assets' as a non-GAAP financial measure in this Registration Document. This measure allows a review of balance sheet trends exclusive of the volatility associated with derivative fair values. Funded assets are represented by NWM Group's total assets in accordance with the published IFRS balance sheet, less derivative assets.

NWM Group also presents a management view of operating expenses alongside the statutory measure. This analysis of operating expenses aims to remove more volatile items within litigation and conduct costs. A reconciliation between the statutory and non-statutory presentations of operating expenses is set out in the section '*Operating and Financial Review - Consolidated Financial Information for the Years Ended and as at 31 December 2025 and 2024.*'

NWM Group presents a management view of income by business, including separate itemisation of transfer pricing arrangements with fellow NatWest Group subsidiaries; own credit adjustments (‘**OCA**’); income including shared revenue and before OCA; and income excluding OCA.

Transfer pricing arrangements with fellow NatWest Group subsidiaries include:

- Revenue share arrangements pursuant to which a proportion of the income generated by NWM Group products from customers that have their primary relationship with other NatWest Group subsidiaries is shared between NWM Group and those subsidiaries.

- A profit share arrangement that was entered into during 2023 between NWM Group and fellow NatWest Group subsidiaries to reward NWM Group on an arm’s length basis for its contribution to the performance of the NatWest Group C&I business segment, of which NWM Group forms part (the “**Profit Share Arrangement**”). The profit share is not allocated to individual NWM Group product areas.

OCA’s are applied to positions for which NWM Group believes that the counterparties would consider NWM Group’s creditworthiness when pricing trades. The fair value of certain issued debt securities, including structured notes, is adjusted to reflect the changes in own credit spreads and the resulting gain or loss recognised in income.

Auditors

Ernst & Young LLP (‘**EY’**) are the current auditors of NWM Plc. Following a tender undertaken in 2022, overseen by the NatWest Group plc Audit Committee, NWM Plc intends to appoint PricewaterhouseCoopers LLP (‘**PwC’**) as auditors for the financial period ending 31 December 2026. The financial period ending 31 December 2025 was the last period of audit by EY as they will not be proposed for re-appointment as auditors by NWM Plc for the year ending 31 December 2026. PwC will be appointed to fill a casual vacancy on the EY resignation date (31 March 2026) and a resolution to reappoint PwC as NWM Plc’s auditors will be proposed at the 2026 NWM Plc Annual General Meeting. PwC has shadowed the 2025 year-end audit, which was completed by EY, and attended NWM Plc Audit Committee meetings during 2025, as appropriate.

RISK FACTORS

Set out below are certain risk factors that, if they were to materialise, could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and cause the Issuer's future results to be materially different from expected results, thereby potentially affecting the Issuer's ability to fulfil its obligations in respect of securities issued by it. Where such material adverse effects are identified below, they should not be read as mutually exclusive of one another and any such effects could materialise as a result of the risks identified. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer's businesses face. The Issuer has described only those risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's solvency risk. The term Issuer, for the purpose of this section (but not others), also refers, where the context so permits, to any group company of the Issuer.

The order in which the following risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects and risks have been grouped by topic rather than presented by expected magnitude or probability. The risk factors set out below are the ones that the Issuer believes are the most significant risks facing NWM Group.

As of the date of this Registration Document, geopolitical developments, armed conflict, changes in interest rates and inflationary pressures continue to add significant uncertainty to the Issuer's operating environment and may have the effect of magnifying the risks and uncertainties described in this section "Risk Factors".

Economic and political risk

NWM 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, protectionist policies, and geopolitical developments.

NWM Group is affected by global economic and market conditions and is particularly exposed to those conditions in the UK. Uncertain and volatile economic conditions in the UK or globally can create a challenging operating environment for financial services companies such as NWM Group. The outlook for the UK and the global economy is affected by many dynamic factors including: GDP, unemployment, inflation and interest rates, asset prices (including residential and commercial property), energy prices, monetary and fiscal policy (such as increases in bank taxes), supply chain disruption, protectionist policies or trade barriers (including tariffs).

Economic and market conditions could be exacerbated by a number of factors including: instability in the UK and/or global financial systems, market volatility and change, fluctuations in the value of the pound sterling, new or extended economic sanctions, volatility in commodity prices, political uncertainty or instability, concerns regarding sovereign debt (including sovereign credit ratings), any lack or perceived lack of creditworthiness of a counterparty or borrower that may trigger market-wide liquidity problems, changing demographics in the markets that NWM Group and its customers serve, rapid changes to the economic environment due to the adoption of technology, digitisation, automation, artificial intelligence, or due to the consequences of climate change, biodiversity loss, environmental degradation, and widening social and economic inequalities.

NWM Group is also exposed to risks arising out of geopolitical events or political developments that may hinder economic or financial activity levels and may, directly or indirectly, impact UK, regional or global trade and/or NWM Group's customers and counterparties. NWM Group's business and performance could be negatively affected by political, military or diplomatic events, geopolitical tensions, armed conflict (for example, the Russia-Ukraine conflict and Middle East conflicts), terrorist acts or threats (including to critical infrastructures), more severe and frequent extreme weather events, widespread public health crises, and the responses to any of the above scenarios by various governments and markets.

NWM Group may face political uncertainty in Scotland if there is another Scottish independence referendum. Scottish independence may adversely affect NWM Group plc both in relation to its entities incorporated in Scotland and in other jurisdictions.

Any changes to Scotland's relationship with the UK or the EU may adversely affect the environment in which NatWest Group plc and its subsidiaries operate and may require further changes to NatWest Group (including NWM

Group's structure), independently or in conjunction with other mandatory or strategic structural and organisational changes, any of which could adversely affect NWM Group.

The value of NWM Group's own and other securities may be materially affected by market risk (including as a result of market fluctuations). Market volatility, illiquid market conditions and disruptions in the financial markets may make it very difficult to value certain of NWM Group's own and other securities, particularly during periods of market displacement. This could cause a decline in the value of NWM Group's own and other securities, or inaccurate carrying values for certain financial instruments. Similarly, NWM Group trades a considerable amount of financial instruments (including derivatives) and volatile market conditions could result in a significant decline in NWM Group's net trading income or result in a trading loss.

In addition, financial markets are susceptible to severe events evidenced by, or resulting in, rapid depreciation in asset values, which may be accompanied by a reduction in asset liquidity. Under these conditions, hedging and other risk management strategies may not be as effective at mitigating losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously (and often automatically) and on a large scale, increasing NWM Group's counterparty risk. NWM Group's risk management and monitoring processes seek to quantify and mitigate NWM Group's exposure to extreme market moves. However, market events have historically been difficult to predict, and NWM Group, its customers and its counterparties could realise significant losses if severe market events were to occur.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Fluctuations in currency exchange rates may adversely affect NWM Group's results and financial condition.

Decisions of central banks (including the Bank of England ('**BoE**'), the European Central Bank ('**ECB**'), and the US Federal Reserve) and political or market events which are outside NWM Group's control, may lead to unexpected fluctuations in currency exchange rates. Although NWM Group is principally a UK-focused banking group, it is subject to structural foreign exchange risk from capital deployed in NWM Group and its foreign subsidiaries and branches. NWM Group also issues instruments in non-sterling currencies, such as USD, that assist in meeting NWM Group's regulatory requirements. In addition, NWM Group conducts banking activity in non-sterling currencies (for example, loans, deposits and dealing activity) which affect its revenue. NWM Group also uses service providers based outside the UK for certain services and as a result certain operating expenses are subject to fluctuations in currency exchange rate. NWM Group maintains policies and procedures designed to manage the impact of its exposure to fluctuations in currency exchange rates. Nevertheless, changes in currency exchange rates, particularly in the sterling-US dollar and sterling-euro rates, may adversely affect various accounting and financial metrics including the value of assets, liabilities (including the total amount of instruments eligible to contribute towards the minimum requirement for own funds and eligible liabilities ('MREL')), income and expenses, RWAs and hence the reported earnings and financial condition of NWM Group.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Changes in interest rates will continue to affect NWM Group's business and results.

NWM Group's performance is affected by changes in interest rates. Benchmark overnight interest rates, such as the UK base rate, decreased in 2025. Forward rates imply UK short term interest rates, including the UK base rate, will continue to decline in 2026, while they anticipate longer term swap rates, such as the GBP 5 and 10-year swap rates, will rise slightly across 2026. Stable interest rates support more predictable income flow and less volatility in asset and liability valuations, although persistently low and negative interest rates may adversely affect NWM Group. Further, volatility in interest rates may result in unexpected outcomes both for interest income and asset and liability valuations which may adversely affect NWM Group. For example, decreases in key benchmark rates such as the UK base rate may adversely affect NWM Group's net interest margin, and unexpected movements in spreads between key benchmark rates such as sovereign and swap rates may, in turn, affect liquidity portfolio valuations. In addition, unexpected sharp rises in rates may also have negative impacts on some asset and derivative valuations.

Moreover, customer and investor responses to rapid changes in interest rates can have an adverse effect on NWM Group. For example, customers may make deposit choices that provide them with higher returns than those being offered by NWM Group. Alternatively, NWM Group may not respond with competitive products as rapidly, for example following an interest rate change which may in turn decrease NWM Group's net interest income.

Movements in interest rates also influence and reflect the macroeconomic situation more broadly, affecting factors such as business and consumer confidence, property prices, default rates on loans, customer behaviour (which may adversely impact the effectiveness of NWM Group's hedging strategy), and other indicators that may indirectly affect NWM Group.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Business change and execution risk

NWM Group has been in a period of, and may continue to be subject to, significant structural and other change.

As part of NatWest Group's strategy (including the strategic priorities of disciplined growth, leveraging simplification and active balance sheet and risk management), NWM Group's own strategy has evolved to mostly focus on serving NatWest Group's corporate and institutional customer base via the creation of NatWest Group's C&I business segment. NatWest Group plc reports NWM Group's results under the C&I operating segment structure, although NWM Plc continues to also report on a standalone legal entity basis.

The C&I business segment was created to promote closer operational and strategic alignment to support NatWest Group growth, with more integrated services to customers across NatWest Group entities, within and outside the ring-fenced banks with the potential increased risk of breach of the UK ring-fencing regime requiring effective conflicts of interest policies. As a result of further focusing on NatWest Group's core C&I customers, NWM Group's prospects have become further dependent on the success and strategy of NatWest Group and its C&I business segment in particular.

NWM Group's ability to serve its customers may be adversely affected by the execution of NatWest Group's strategy in respect of its C&I business segment and customer reactions to the changing nature of NWM Group's business model may be more adverse than expected. Previously anticipated revenue and profitability levels may not be achieved (including in relation to: the ability to support customer transactions whilst meeting NWM Group capital targets, and changes to the availability of risk capital), in the timescales envisaged or at all. An adverse macroeconomic environment, political and regulatory uncertainty, market volatility and change, strong market competition, the emergence of digital assets and digital currencies operating alongside the traditional monetary system, and/or the complexity of deployment and integration of artificial intelligence in NWM Group's processes, controls, and products may require NWM Group to make adjustments to its strategy or planned implementation timeline.

NWM Group's strategy requires it to focus on bank-wide simplification, a significant proportion of which is dependent on simplification of its IT systems and therefore may not be realised if IT capabilities are not delivered in line with assumptions. The scale of changes that have been concurrently implemented require the implementation and application of robust governance and controls frameworks and robust IT systems. There is a risk that NWM Group may not be successful in maintaining such governance and control frameworks and IT systems.

The financial, operational and capital targets and expectations envisaged by NWM's strategy may not be met or maintained in the timeframes expected or at all. In addition, targets and expectations for NWM Group are based on management plans, projections and models, and are subject to a number of key assumptions and judgements, any of which may prove to be inaccurate. NWM Group has implemented a shared services model and transfer pricing arrangements with some entities within NatWest Group's ring-fenced sub-group (including NatWest Bank Plc and The Royal Bank of Scotland Plc). NWM Group therefore relies directly or indirectly on NatWest Group entities to provide services to itself and its customers. This reliance has increased as a result of NWM Group joining NatWest Group's C&I business segment.

A failure of NWM Group to receive these services may result in operational risk. See 'Operational risks (including reliance on third party suppliers and outsourcing of certain activities) are inherent in NWM Group's businesses.' In addition, any change to the cost and/or scope of services provided by NatWest Group may impact NWM Group's competitive position and its ability to meet its other targets.

NWM's strategy entails legal, execution, operational and regulatory (including compliance with the UK ring-fencing regime), conflicts, IT system, cybersecurity, culture, people, conduct, business and financial risks to NWM Group. As a result, NWM Group may not be able to successfully implement some or all aspects of its strategy or may not meet any or all of the related strategic targets or expectations.

Additionally, certain aspects of the services provided by NWM Group require local licences or individual equivalence decisions (temporary or otherwise) by relevant regulators. In April 2024, the European Parliament approved the Banking Package (CRR III/CRD VI). From 11 January 2027, non-EU firms providing 'banking services' will be required to apply for and obtain authorisation to operate as third country branches in each relevant EU member state where they provide these services, unless an exemption applies.

NatWest Group continues to evaluate its EU operating model, making adaptations as necessary. For instance, in December 2024, NWM N.V., a subsidiary of NWM Group, became the primary corporate and institutional customer-facing entity of the NatWest Group in Europe.

Changes to, or uncertainty regarding NWM Group's EU operating model have been, and may continue to be, costly and may: (i) adversely affect customers and counterparties who are dependent on trading with the EU or personnel from the EU; and/or (ii) result in regulatory sanction and/or further costs due to a failure to receive the required regulatory permissions and/or further changes to NWM Group's business operations, product offering, customer engagement, and regulatory requirements (including as a result of CRD VI). These changes will also impact NWM Plc's direct access to euro ECB liquidity facilities and euro central bank reserves.

Furthermore, transferring business to an EEA based subsidiary, including in connection with NatWest Group's EU corporate portfolio, is a complex exercise and involves legal, regulatory and execution risks, and could result in a loss of business and/or customers or higher than anticipated costs (refer to 'The transfer of NatWest Group's EU corporate portfolio involves certain risks.'). Any of the above could, in turn, adversely affect NWM Group.

As a result of RBS Holdings N.V. and its subsidiary NWM N.V. (both subsidiaries of NWM Group) being classified as a "significant supervised group", ECB direct supervision of both subsidiaries began on 1 January 2024, which could have an adverse effect on NWM Group's business strategy, operating model and prudential requirements in the short and medium term.

Each of these risks, and others identified in this section entitled 'Principal Risks and Uncertainties', could jeopardise the implementation and delivery of NWM Group's strategy individually or collectively, and adversely affect NWM Group's products and services offering or office locations, competitive position, ability to meet targets and commitments, reputation with customers or business model and may result in higher-than-expected costs. There is a risk that the intended benefits of NatWest Group's and NWM Group's strategies may not be realised in the timelines or in the manner contemplated, or at all. Various aspects of NWM Group's strategy may not be successful, may not be completed as planned, or at all, or could be phased or could progress in a manner other than as expected. This could lead to additional management actions by NatWest Group (or NWM Group), regulatory action or reduced liquidity and/or funding opportunities.

Any of the above may lead to NWM Group not being viable, competitive, or profitable, and may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group operates in markets that are highly competitive, with competitive pressures and technology disruption.

NatWest Group (including NWM Group) faces increasing competitive pressures and technology disruption from incumbent traditional UK banks, challenger banks and building societies (including those formed through mergers), fintech companies (including companies offering buy-now-pay-later and payment platforms), large technology conglomerates and new market entrants leveraging technology and/or other advantages to compete for customer engagement.

"BigTech" companies pose a threat to incumbent banking providers because of their customer innovation and global reach. In addition, digital-first banks (often referred to as "neobanks") and fintechs are aiming to compete to serve customers that increasingly use a constellation of providers to support their complex and evolving needs (e.g., personal financial management, buy now and pay later, and paying for goods and services in foreign currency).

Competition is expected to continue and intensify due to: evolving customer behaviour, technological changes (including digital currencies, stablecoins and the growth of digital banking), competitor behaviour, new market entrants, competitive foreign exchange offerings, industry trends resulting in increased disaggregation or unbundling of financial services or, conversely, the re-intermediation of traditional banking services, and the impact of regulatory actions, among others. In particular, NWM Group may be unable to grow or retain market share due to new (or more competitive) banking, lending and payment offerings by rapidly evolving incumbents and challengers (including private credit, shadow banks, alternative or direct lenders and new entrants). These competitive pressures may result in a shift in customer behaviour and impact NWM Group's revenues and profitability. Moreover, innovations in biometrics, artificial intelligence, automation, cloud services, blockchain, cryptocurrencies and quantum computing may rapidly facilitate industry transformation.

Increasingly, many of NWM Group's products and services are, and will become, more technology intensive, including through digitalisation, automation and the use of artificial intelligence while needing to continue complying with applicable and evolving regulations. NWM Group's ability to develop or acquire digital solutions and their integration into NWM Group's structures, systems and controls has become increasingly important for retaining and growing NWM Group's market share and customer-facing businesses.

NWM Group's innovation strategy (which includes investments in its IT capability intended to improve its core infrastructure and customer interface capabilities as well as investments and strategic partnerships with third party technology providers) may not be successful or may not result in NWM Group offering innovative products and services in the future. Furthermore, competitors may outperform NWM Group in deploying technologies to deliver products or services to customers, which may adversely affect NWM Group's competitive position. In addition, continued industry consolidation and/or technological developments could result in the emergence of new competitors or strengthening NWM Group's current competitors, including in their ability to offer a broader and more attractive or better value range of products and services and geographic diversity. For example, new market entrants, including non-traditional financial services providers, such as technology conglomerates, may benefit from scale, technology and customer engagement advantages and may be able to deliver financial services at a lower cost base.

Failure to offer competitive, attractive, innovative, and profitable products that are also released in a timely manner, may result in lost market share, losses on some or all of NWM Group's initiatives and missed growth opportunities. For example, NWM Group is investing in the automation of certain solutions and interactions within its customer-facing businesses, including through artificial intelligence. There can be no certainty that such initiatives will allow NWM Group to compete effectively or will deliver the expected cost savings for NWM Group.

In addition, the implementation of NatWest Group's strategy, delivery on its climate ambition and cost-controlling measures, may also have an adverse effect on competitiveness and returns. Moreover, activist investor engagement and increased intervention may challenge NatWest Group's (and NWM Group's) strategic initiatives.

NWM Group may also fail to identify opportunities or derive benefits from technological innovation, shifting customer behaviour or regulatory changes. Competitors may better attract and retain customers and key employees, operate more effective IT systems, and have access to lower cost funding and/or be able to attract deposits or provide investment-banking services on more favourable terms than NWM Group. Although NWM Group invests in new technologies and participates in industry and research-led technology development initiatives, such investments may be insufficient or ineffective, especially given NWM Group's focus on business simplification and cost efficiencies. This could affect NWM Group's ability to offer innovative products or technologies to customers.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

The transfer of NatWest Group's EU corporate portfolio involves certain risks.

To improve efficiencies and best serve customers, certain assets, liabilities, transactions and activities of NatWest Group (including its Western European corporate portfolio principally consisting of term funding and revolving credit facilities) (the 'Transfer Business'), have been or may be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group, and/or (ii) transferred to the ring-fenced subgroup of NatWest Group from NWM Group, subject to customer and regulatory requirements, such as CRD VI. The timing, success and quantum of any of these transfers remain uncertain as is the impact of these transactions on its results of operations.

As a result, this may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Financial resilience risk

NWM Group may not achieve its ambitions or targets, meet its guidance, generate returns, or implement its strategy effectively.

NWM Group has set a number of financial, capital and operational targets and provided guidance including in respect of: CET1, MREL and leverage ratio targets, targets in relation to local regulation, funding plans and requirements, employee engagement, diversity and inclusion as well as it contributes to NatWest Group's climate and sustainability-related ambitions, targets and commitment and the implementation of NatWest Group's climate transition plan.

NWM Group's ability to meet its ambitions, targets, guidance, and make discretionary capital distributions is subject to various internal and external factors, risks and uncertainties. These include but are not limited to: UK and global macroeconomic, political, market and regulatory uncertainties, customer behaviour, operational risks and risks relating to NWM Group's business model and strategy (including risks associated with climate and other sustainability-related issues). Refer to 'NWM 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, protectionist policies, and geopolitical developments.'

A number of factors may impact NWM Plc and NWM N.V.'s abilities to meet and maintain their respective CET1 ratio targets, including the macroeconomic environment, impairments, the extent of organic capital generation and the receipt and payment of dividends. Refer to 'NWM Plc and/or its regulated subsidiaries may not meet the prudential regulatory requirements for regulatory capital.' Furthermore, the focus on maintaining a disciplined cost base may result in limited investment in other areas which could affect NWM Group's long-term product offering or competitive position and its ability to meet its other targets, including those related to customer satisfaction. In addition, challenging trading conditions may adversely affect NWM Group's business and its ability to achieve its targets, meet its guidance, and execute its strategy. Furthermore, NWM Group's strategy may not be successfully executed or it may not meet its ambitions, targets, guidance and expectations.

Any of the above may lead to NWM Group not being a viable, competitive or profitable banking business and may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Plc and/or its regulated subsidiaries may not meet the prudential regulatory requirements for regulatory capital.

NWM Group is required by regulators in the UK, the EU and other jurisdictions in which it undertakes regulated activities to maintain adequate financial resources. Adequate capital provides NWM Group with financial flexibility in the face of turbulence and uncertainty in the global economy and specifically in its core UK operations.

NWM Plc's and NWM N.V.'s target CET1 ratios are based on regulatory requirements and management actions (see the targets set forth in each respective entity's Outlook section) that rely on internal modelling and risk appetite (including under stress). As at 31 December 2025, NWM Plc's solo CET1 ratio was 18.4 % and its CET1 target ratio for the medium term is around 14%. NWM Plc's current capital strategy is based on the management of RWAs and other capital management initiatives (including the optimisation of RWAs and the periodic payment of dividends to NatWest Group plc, NWM Plc's parent company).

A number of factors may impact NWM Plc and NWM N.V.'s ability to maintain their CET1 ratio target and achieve their capital strategy. These include:

- a depletion of NWM Plc or NWM N.V.'s capital resources through reduced profits (which would in turn impact retained earnings) and may result from revenue attrition or increased liabilities, sustained periods of low interest rates, reduced asset values resulting in write-downs or reserve adjustments, impairments, changes in accounting policy, accounting charges or foreign exchange movements;

- an increase in the quantum of NWM Plc's or NWM N.V.'s RWAs, stemming from exceeding target RWA levels, regulatory changes (including their interpretation or application), foreign exchange movements or a failure in internal controls or procedures to accurately measure and report RWAs/leverage exposure.;

- changes in prudential regulatory requirements including the Total Capital Requirement for NWM Plc (as regulated by the PRA) or NWM N.V. (as regulated by the ECB), including Pillar 2 requirements and regulatory buffers as well as any applicable scalars;

- further losses (including as a result of extreme one-off incidents such as cyberattack, fraud or conduct issues) would deplete capital resources and place downward pressure on the CET1 ratio; or

- the timing of planned liquidation, disposal and/or capital releases of capital including on activity or legacy entities owned by NWM Plc and NWM N.V. Refer to 'NWM Group has been in a period of, and may continue to be subject to, significant structural and other change.'

Management actions taken under a stress scenario may affect, among other things, NWM Group's product offering, its credit ratings, its ability to operate its businesses and pursue its strategy, any of which may negatively impact investor confidence, and the value of NWM Group's securities. Refer to 'NWM Plc and/or its regulated subsidiaries may not manage their capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options,' 'NatWest Group (including NWM 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 NWM Group entities' Eligible Liabilities', and 'NWM Group could be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests, or if NatWest Group's resolution preparations are deemed inadequate.'

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group is reliant on access to the capital markets to meet its funding requirements, both directly through wholesale markets, and indirectly through its parent (NatWest Group plc) for the subscription to its internal capital and MREL. The inability to do so may adversely affect NWM Group.

NWM Plc's funding plan is based on its current and anticipated business activities. NWM Group (which includes NWM N.V.) therefore has significant anticipated funding requirements, which may increase in the future (including as a result of changes to NatWest Group's and NWM Group's EU operating model), and is reliant on frequent access to the capital markets for funding, at a cost that can be passed through to its customers. This access entails execution risk, regulatory risk, risk of reduced commercial activity, risk of loss of market confidence in NWM Group if it cannot finance its activities and risk of a ratings downgrade, which could be influenced by a number of internal or external factors, including, those summarised in these risk factors.

In addition, NWM Plc receives capital and funding from NatWest Group plc. NWM Plc has set target levels for different tiers of capital and for the internal MREL, as percentages of its RWAs. The level of capital and funding required for NWM Plc to meet its internal targets is therefore a function of the level of RWAs and its leverage exposure in NWM Plc and this may vary over time. NWM Plc's internal MREL comprises the regulatory value of capital instruments and loss-absorbing senior funding issued by NWM Plc to its parent, NatWest Group plc, in all cases with a residual maturity of at least one year.

The BoE has identified that the preferred resolution strategy for NatWest Group is as a single point-of-entry. As a result, NatWest Group plc is the only entity able to issue Group MREL eligible liabilities to third-party investors, using the proceeds to fund the internal capital and MREL targets and/or requirements of its operating entities, including NWM Plc.

NWM Plc is therefore dependent not only on NatWest Group plc to fund its internal capital targets, but also on NatWest Group plc's ability to source appropriate funding. NWM Plc is also dependent on NatWest Group plc to continue to fund NWM Plc's internal MREL targets over time and its ability to issue and maintain sufficient amounts of external MREL liabilities to support this. In turn, NWM Plc is required to fund the internal capital requirements and MREL of its subsidiaries. If NatWest Group plc is unable to issue securities externally as planned, this may have a negative impact on NWM Plc's current and forecasted MREL position, particularly if NatWest

Group plc is unable to downstream capital and/or funding to NWM Plc. This could exacerbate funding and liquidity risk, which may adversely affect NWM Group.

Any inability of NWM Group to adequately access the capital markets, to manage its balance sheet in line with assumptions in its funding plans, or to issue internal capital and MREL may adversely affect NWM Group, such that NWM Group may not constitute a viable banking business and/or NWM Plc or NWM N.V. may fail to meet their respective regulatory capital and/or MREL targets, as applicable.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM 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.

Liquidity and the ability to raise funds continues to be a key area of focus for NWM Group and the industry as a whole. NatWest Group and NWM Plc (on a standalone basis) are required by regulators in the UK, the EU and other jurisdictions in which they undertake regulated activities to maintain adequate liquidity and funding resources. To satisfy its liquidity and funding requirements, NWM Group may therefore access sources of liquidity and funding through deposits and wholesale funding, including debt capital markets and trading liabilities such as repurchase agreements. As at 31 December 2025, NWM Group held £15.7 billion in deposits from banks and customers.

The level of deposits and wholesale funding may fluctuate due to factors outside NWM Group's control. These factors include: loss of customers, changes in customer behaviour, loss of customer and/or investor confidence (including in individual NWM Group entities or the UK banking sector or the banking sector as a whole), macroeconomic developments, political uncertainty, changes in interest rates, market volatility, increasing competitive pressures for bank funding (including from new entrants, fintech companies, or new deposit offerings (such as digital assets), or the reduction or cessation of deposits and other funding by counterparties, any of which could lead to result in a significant outflow of deposits or reduction in wholesale funding in sterling or in foreign currencies within a short period of time, higher funding costs and failure to comply with regulatory capital, funding and leverage requirements. As a result, NWM Plc and its subsidiaries could be required to change their funding plans and/or their funding operations. For example, impairments or other losses as well as increases to capital deductions may result in a decrease to NWM Plc's capital base, and/or that of its subsidiaries.

Refer to 'NWM Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWM Group'. An inability to grow, roll-over, or any material decrease in, NWM Group's deposits, short-term wholesale funding and short-term liability financing could, particularly if accompanied by one of the other factors described above, adversely affect NWM Group.

NWM Group engages from time to time in 'fee based borrow' transactions whereby collateral (such as government bonds) is borrowed from counterparties on an unsecured basis in return for a fee. This borrowed collateral may be used by NWM Group to finance parts of its balance sheet, either in its repo financing business, derivatives portfolio or more generally across its balance sheet. If such 'fee based borrow' transactions are unwound whilst used to support the financing of parts of NWM Group's balance sheet, then unsecured funding from other sources would be required to replace such financing. There is a risk that NWM Group would be unable to replace such financing on acceptable terms or at all, which could adversely affect its liquidity position and have an adverse effect on NWM Group. In addition, because 'fee based borrow' transactions are conducted off-balance sheet (due to the collateral being borrowed) investors may find it more difficult to gauge NWM Group's creditworthiness, which may be affected if these transactions were to be unwound in a stress scenario. Any lack of or perceived lack of creditworthiness may adversely affect NWM Group.

As at 31 December 2025, NWM Plc reported an average liquidity coverage ratio of 198% for the preceding 12 months. If its liquidity position and/or funding were to come under stress and if NWM Group is unable to raise funds through deposits, wholesale funding sources or other reliable funding sources, on acceptable terms, or at all, its liquidity position would likely be adversely affected. This would mean that NWM Group might be unable to: meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature, meet its obligations under committed financing facilities, comply with regulatory funding requirements, undertake certain capital and/or debt management activities, or fund new loans, investments and businesses.

If, under a stress scenario, the level of liquidity falls outside of NWM Group's risk appetite, there are a range of recovery management actions that NWM Group could take to manage its liquidity levels, but any such actions may not be sufficient to restore adequate liquidity levels, and the related implementation may have adverse consequences for NWM Group. Under the PRA Rulebook, NatWest Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM Group's applicable liquidity requirements would trigger consideration of NWM Plc's recovery actions, and in turn may prompt consideration and execution of NatWest Group's recovery plan, to attempt to remediate a deficient liquidity position.

NWM Group may need to liquidate assets to meet its liabilities, including disposals of assets not previously identified for disposal to reduce its funding or payment commitments or trigger the execution of certain management actions or recovery options. This could also lead to higher funding costs and/or changes to NWM Group's funding plans or its operations. In a time of reduced market liquidity or market stress, NWM Group may be unable to sell some of its assets or may need to sell assets at depressed prices, which in either case may adversely affect NWM Group.

NWM Group entities independently manage liquidity risk on a stand-alone basis, including through holding their own liquidity portfolios. They have restricted access to liquidity or funding from other NatWest Group entities.

NWM Group entities' management of their own liquidity portfolios and the structure of capital support are subject to operational and execution risk. Continuing market volatility may impact capital and RWAs and NWM Group and its subsidiaries may be required to adapt their funding plans or change their operations in order to satisfy their respective capital and funding requirements, which may have a negative impact on NWM Group. Market volatility may also result in increases to leverage exposure.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Plc and/or its regulated subsidiaries may not manage their capital, liquidity or funding effectively which could trigger the execution of certain management actions or recovery options.

Under the PRA Rulebook, NatWest Group must maintain a recovery plan acceptable to its regulator, such that a breach of NWM Plc's applicable capital or leverage, liquidity or funding requirements would trigger consideration of NWM Plc's recovery actions, and in turn may prompt consideration and execution of NatWest Group's recovery actions. If, under stressed conditions, the liquidity, capital or leverage ratio were to decline, there are a range of recovery management actions (focused on risk reduction and mitigation) that NWM Plc could undertake that may or may not be sufficient to restore adequate liquidity, capital and leverage ratios. Additional management options relating to existing capital issuances, asset or business disposals, capital payments and dividends from NWM Plc to its parent, could also be undertaken to support NWM Plc's capital and leverage requirements. NatWest Group may also address a shortage of capital in NWM Plc by providing parental support to NWM Plc. NatWest Group's (and NWM Plc's) regulator may also request that NWM Group carry out additional capital management actions. The BoE has identified single point-of-entry at NatWest Group plc, as the preferred resolution strategy for NatWest Group. However, under certain conditions set forth in the BRRD, as implemented in the UK through the Banking Act 2009, the BoE in its capacity as the UK resolution authority also has the power to execute the 'bail-in' of certain securities of NWM Group without further action at NatWest Group level.

Any capital management actions taken under a stress scenario may, in turn, affect: NWM Group's product offering, credit ratings, ability to operate its businesses and pursue its strategy as well as negatively impacting investor confidence and the value of NWM Group's securities. Refer to 'NatWest Group (including NWM 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 NWM Group entities' Eligible Liabilities.' In addition, if NWM Plc or NWM N.V.'s liquidity position were to be adversely affected, this may require assets to be liquidated or may result in higher funding costs, which may adversely affect NWM Group's operating performance.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Any reduction in the credit rating and/or outlooks assigned to NatWest Group plc, any of its subsidiaries (including NWM Plc or NWM Group subsidiaries) or any of their respective debt securities could adversely

affect the availability of funding for NWM Group, reduce NWM Group's liquidity and funding position and increase the cost of funding.

Rating agencies regularly review NatWest Group plc, NWM Plc and other NatWest Group entities' credit ratings and outlooks. NWM Group entities' credit ratings and outlooks, could be negatively affected (directly and indirectly) by a number of factors that can change over time, including, without limitation: credit rating agencies' assessment of NWM Group's strategy and management's capability; its financial condition including in respect of profitability, asset quality, capital, funding and liquidity, and risk management practices; the level of political support for the sectors and regions in which NWM Group operates; the legal and regulatory frameworks applicable to NWM Group's legal structure; business activities and the rights of its creditors; changes in rating methodologies; changes in the relative size of the loss-absorbing buffers protecting bondholders and depositors; the competitive environment; political, geopolitical and economic conditions in NWM Group's key markets (including inflation and interest rates, supply chain disruption, protectionist policies and geopolitical developments); any reduction of the UK's sovereign credit rating and market uncertainty. In addition, credit rating agencies take into consideration sustainability-related factors, including climate, environmental, social and governance-related risk, as part of the credit rating analysis (as do investors in their investment decisions).

Any reductions in the credit rating of NatWest Group plc, NWM Plc or of certain other NatWest Group entities could have adverse consequences including, without limitation, (i) reduced access to capital markets (ii) a reduction in NWM Group's deposit base; and (iii) triggering additional collateral or other requirements in NWM Group's funding arrangements or the need to amend such arrangements. Any of these consequences could adversely affect NWM Group's liquidity and funding position, cost of funding, and could limit the range of counterparties willing to enter into transactions with NWM Group on favourable terms, or at all. This may in turn adversely affect NWM Group's competitive position and threaten its prospects.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group has significant exposure to counterparty and borrower risk including credit losses, which may have an adverse effect on NWM Group.

Credit risk may arise from a variety of business activities, including, but not limited to: extending credit to customers through various lending commitments; entering into swap or other derivative contracts under which counterparties have obligations to make payments to NWM Group (including uncollateralised derivatives); providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools, whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans. Any negative developments in the activities listed above may negatively impact NWM Group's customers and credit exposures, which may, in turn, adversely affect NWM Group's profitability. Refer to 'Risk and capital management — Credit Risk'.

NWM N.V., a subsidiary of NWM Plc, has a portfolio of loans and loan commitments to EU corporate customers. As a result, through the NWM N.V. business and NWM Group's other activities, NWM Group has exposure to many different sectors, customers and counterparties, and risks arising from actual or perceived changes in credit quality and the recoverability of monies due from borrowers and other counterparties are inherent in a wide range of NWM Group's businesses. These risks may be concentrated for those businesses for which customer income is heavily weighted towards a specific geographic region, industry or customer base. Furthermore, these risks are likely to increase due to a potential transfer of NatWest Group's Transfer Business (see 'The transfer of NatWest Group's EU corporate portfolio involves certain risks').

The credit quality of NWM Group's borrowers and other counterparties may be affected by UK and global macroeconomic and political uncertainties, as well as prevailing economic and market conditions. Refer to 'NWM 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, protectionist policies, and geopolitical developments'. Any further deterioration in these conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality or impact the enforcement of contractual rights, increasing credit risk.

NWM Group is exposed to the financial sector, including sovereign debt securities, financial institutions, financial intermediation providers (including providing facilities to financial sponsors and funds, backed by assets or investor commitments) and securitised products (typically senior lending to special purpose vehicles backed by pools of segregated financial assets). Concerns about, or a default by, a financial institution or intermediary could lead to significant liquidity problems and losses or defaults by other financial institutions or intermediaries, since the commercial and financial soundness of many financial institutions and intermediaries is closely related and interdependent as a result of credit, trading, clearing and other relationships. These risks may increase where a significant proportion of NWM Group's business activities relate to a single counterparty, a related and/or connected group of counterparties or a similar type of customer, product, sector or geography. Any perceived lack of creditworthiness of a counterparty or borrower may lead to market-wide liquidity problems and losses for NWM Group. In addition, the value of collateral may be correlated with the probability of default by the relevant counterparty ('wrong way risk'), which would increase NWM Group's potential loss. Any of the above risks may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which NWM Group interacts on a regular basis. Refer to 'NWM Group is reliant on access to the capital markets to meet its funding requirements, both directly through wholesale markets, and indirectly through its parent (NatWest Group plc) for the subscription to its internal capital and MREL. The inability to do so may adversely affect NWM Group.' and 'NWM 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.' As a result, adverse changes in borrower and counterparty credit risk may cause additional impairment charges under IFRS 9, increased repurchase demands, higher costs, additional write-downs and losses for NWM Group and an inability to engage in routine funding transactions.

The value or effectiveness of any credit protection that NWM Group has acquired through significant risk transfer (SRT) transactions depends on the value of the underlying assets and the financial condition of the counterparties and protection providers, and prevailing market spreads. Although extensive assessments are undertaken prior to execution, there can be no assurance that such protection will remain effective or enforceable. SRT transactions anticipated capital relief is subject to ongoing regulatory recognition and the performance of the securitised portfolio. Any deterioration in asset quality, structural breaches, operational errors or changes in regulatory interpretation could reduce or eliminate the expected benefit. These transactions also introduce counterparty and model risk. As with other forms of credit protection, fluctuations in fair value or deterioration in the financial condition or perceived creditworthiness of counterparties may lead to additional valuation adjustments or impairments. Any such developments or fair value changes may have an adverse effect on NWM Group.

NWM Group has applied an internal analysis of multiple economic scenarios (MES) together with the determination of specific overlay adjustments to inform its IFRS 9 ECL (Expected Credit Loss). The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic scenarios 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. Refer to 'Risk and capital management – Credit risk'. A credit deterioration would also lead to RWA increases. Furthermore, the assumptions and judgements used in the MES and ECL assessment at 31 December 2025 may not prove to be adequate, resulting in incremental ECL provisions for NWM Group.

NWM Group has exposure to shadow banking entities (i.e. entities which carry out activities of a similar nature to banks but without the same regulatory oversight), and is, as result, required to identify and monitor its exposure to these entities, implement and maintain an internal framework for the identification, management, control and mitigation of the risks associated with exposure to shadow banking entities, and ensure effective reporting and governance in respect of such exposure. If NWM Group is unable to properly identify and monitor its shadow banking exposure, maintain an adequate framework, and/or ensure effective reporting and governance in respect of shadow banking exposure, this may adversely affect NWM Group.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group could incur losses or be required to maintain higher levels of capital as a result of limitations or failure of various models.

Given the complexity of NWM Group's business, strategy and capital requirements, NWM Group relies on models for a wide range of purposes, including to manage its business, assess the value of its assets and its risk exposure, as well as to anticipate capital and funding requirements (including to facilitate NatWest Group's mandated stress testing). In addition, NWM Group utilises models for valuations, credit approvals, calculation of loan impairment charges on an IFRS 9 basis, financial reporting and to help address criminal activities in the form of money laundering, terrorist financing, bribery and corruption, tax evasion and sanctions as well as external or internal fraud (collectively, 'financial crime'). NWM Group's models, and the parameters and assumptions on which they are based, are periodically reviewed.

Model outputs are inherently uncertain, because they are imperfect representations of real-world phenomena, are simplifications of complex real-world systems and processes, and are based on a limited set of observations. NatWest Group (which includes NWM Group) also continues to invest in building new capabilities that employ new artificial intelligence technologies, such as generative artificial intelligence, and it expects its use of these technologies to increase over time. However, there are significant risks involved in utilising more sophisticated modelling approaches, including artificial intelligence, and no assurance can be provided that NWM Group's use of artificial intelligence in its models will enhance its business or produce only intended or beneficial results. NWM Group may face adverse consequences as a result of actions or decisions based on models that are poorly developed, incorrectly implemented, outdated, non-compliant, or used inappropriately. This includes models that are based on inaccurate or non-representative data (for example, where there have been changes in the micro or macroeconomic environment in which NWM Group operates) or as a result of the modelled outcome being misunderstood, or used for purposes for which it was not designed. This could result in findings of deficiencies by NatWest Group's (and in particular, NWM Group's) regulators (including as part of NatWest Group's mandated stress testing), increased capital requirements, rendering some business lines uneconomical, requiring management action or subjecting NWM Group to regulatory sanction, any of which in turn may also have an adverse effect on NWM Group and its customers.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group's financial statements are sensitive to underlying accounting policies, judgements, estimates and assumptions.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, exposures and RWAs. While estimates, judgements and assumptions take into account historical experience and other factors (including market practice and expectations of future events that are believed to be reasonable under the circumstances), actual results may differ due to the inherent uncertainty in making estimates, judgements and assumptions (particularly those involving the use of complex models).

Further, accounting policy and financial statement reporting requirements increasingly require management to adjust existing judgements, estimates and assumptions for the effects of climate-related, sustainability and other matters that are inherently uncertain and for which there is little historical experience which may affect the comparability of NWM Group's future financial results with its historical results. Actual results may differ due to the inherent uncertainty in making climate-related and sustainability estimates, judgements and assumptions. Refer to 'There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contributes to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.

Accounting policies deemed critical to NWM Group's results and financial position, based upon materiality and significant judgements and estimates, involve a high degree of uncertainty and may have a material impact on its results. For 2025, these include fair value, deferred tax and provisions for liabilities and charges. These are set out in the section 'Critical accounting policies'.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Changes in accounting standards may materially impact NWM Group's financial results.

NWM Group prepares its consolidated financial statements in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IAS, and IFRS, as issued by the IASB. Changes in accounting standards or guidance by accounting bodies and/or changes in accounting standards requirements by regulatory bodies or in the timing of their implementation, whether immediate or foreseeable, could result in NWM Group having to recognise additional liabilities on its balance sheet, or in further write-downs or impairments to its assets and could also have a material adverse effect on NWM Group. Additionally, auditors may have different interpretations of these accounting standards, and any change of auditor may lead to unfavourable changes in NWM Group's accounting policies.

NWM Group's trading assets amounted to £46.2 billion as at 31 December 2025. The valuation of financial instruments, including derivatives, measured at fair value can be subjective, in particular where models are used which include unobservable inputs. Generally, to establish the fair value of these instruments, NWM Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently credible, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to prevailing market conditions. In these circumstances, NWM Group's internal valuation models require NWM Group to make assumptions, judgements and estimates to establish fair value, which are complex and often relate to matters that are inherently uncertain. Any of these factors could require NWM Group to recognise fair value losses which may have an adverse effect on NWM Group's income generation and financial position.

From time to time, the International Accounting Standards Board may also issue new accounting standards or interpretations that could materially impact how NWM Group calculates, reports and discloses its financial results and financial condition, and which may affect NWM Group's capital ratios, including the CET1 ratio and the required levels of regulatory capital. New accounting standards and interpretations that have been issued by the International Accounting Standards Board but which have not yet been adopted by NWM Group are discussed in 'Future accounting developments'.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects and/or reputation.

NWM Group could be adversely affected if NatWest Group fails to meet the requirements of regulatory stress tests, or if NatWest Group's resolution preparations are deemed inadequate.

NatWest Group (which includes NWM Group) is subject to annual and other stress tests by its regulator in the UK. Stress tests are designed to assess the resilience of banks to potential adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. If the stress tests reveal that a bank's existing regulatory capital buffers are not sufficient to absorb the impact of the stress, then it is possible that NWM Group may need to take action to strengthen its capital position.

Failure by NatWest Group to meet its quantitative and qualitative requirements of the stress tests set forth by its UK regulator may result in: NatWest Group's regulators requiring NatWest Group to generate additional capital, reputational damage, increased supervision and/or regulatory sanctions and/or loss of investor confidence, which may adversely affect NWM Group.

NatWest Group is subject to regulatory oversight by the BoE and the PRA and is required under the PRA Rulebook to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA, and disclose a summary of this report. In August 2024, the BoE communicated its assessment of NatWest Group's preparations for a potential resolution scenario and did not identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments.

NatWest Group (and NWM Group) could be adversely affected should future BoE assessments deem NatWest Group's preparations to be inadequate. If future BoE assessments identify any areas for further enhancement, shortcomings, deficiencies or substantive impediments in NatWest Group's ability to achieve the resolvability outcomes or reveal that NatWest Group is not adequately prepared to be resolved, or does not have adequate plans in place to meet resolvability requirements, NatWest Group may be required to take action to enhance its preparations to be resolvable, resulting in additional costs and the dedication of additional resources. Such a scenario may have an impact on NatWest Group (and NWM Group) as, depending on the BoE's assessment, potential action may include, but is not limited to, restrictions on NatWest Group's maximum individual and aggregate exposures, a requirement to dispose of specified assets, a requirement to change its legal or operational structure, a requirement to cease carrying out certain activities and/or to maintain a specified amount of MREL.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NatWest Group (including NWM 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 NWM Group entities' Eligible Liabilities.

The BoE, the PRA, the FCA, and HM Treasury (together, the 'Authorities') are granted substantial powers to resolve and stabilise UK-incorporated financial institutions. Five stabilisation options exist: (i) transfer of all of the business of a relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' wholly or partially-owned by the BoE; (iii) transfer of part of the assets, rights or liabilities of the relevant entity to one or more asset management vehicles for management of the transferor's assets, rights or liabilities; (iv) the write-down, conversion, transfer, modification, or suspension of the relevant entity's equity, capital instruments and liabilities; and (v) temporary public ownership of the relevant entity.

These options may be applied to NatWest Group plc as the parent company or to NWM Group, as a subsidiary, where certain conditions are met (such as, whether the firm is failing or likely to fail, or whether it is reasonably likely that action will be taken (outside of resolution) that will result in the firm no longer failing or being likely to fail). Moreover, there are modified insolvency and administration procedures for relevant entities within NatWest Group, and the Authorities have the power to modify or override certain contractual arrangements in certain circumstances and amend the law for the purpose of enabling their powers to be used effectively and may promulgate provisions with retrospective applicability. Similar powers may also be exercised with respect to NWM N.V., in the Netherlands by the relevant Dutch and European regulatory authorities.

Uncertainty exists as to how the Authorities may exercise their powers including the determination of actions to be undertaken in relation to the ordinary shares and other securities issued by NatWest Group (including NWM Group), which may depend on factors outside of NWM Group's control. Moreover, the UK Banking Act 2009 provisions remain largely untested in practice, particularly in respect of resolutions of large financial institutions and groups.

If NatWest Group is at or is approaching the point such that regulatory intervention is required, there may correspondingly be a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Operational and IT resilience risk

Operational risks (including reliance on third party suppliers and outsourcing of certain activities) are inherent in NWM Group's businesses.

Operational risk is the risk of loss or disruption resulting from inadequate or failed internal processes, procedures, people or systems, or from external events. NWM Group operates in several countries, offering a diverse range of products and services supported directly or indirectly by third party suppliers. As a result, operational risks or losses can arise from a number of internal or external factors (including for example, payment errors or financial crime and fraud), for which there is continued scrutiny by third parties on NWM Group's compliance with financial crime requirements; see '*NWM 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 NWM Group*.' These risks are also present when NWM Group relies on critical service providers (suppliers) or vendors to provide services to it or its customers, as is increasingly the case as NWM Group outsources certain activities, including with respect to the implementation of technologies, innovation (such as cloud services and artificial intelligence) and responding to regulatory and market changes.

Operational risks also exist due to the implementation of NatWest Group's strategy, and the organisational and operational changes involved, including: NatWest Group's cost-controlling and simplification measures; continued digitalisation and the integration of artificial intelligence in the business; acquisition, divestments and other transactions; the implementation of recommendations from internal and external reviews with respect to certain governance processes, policies, systems and controls of NatWest Group entities; and conditions affecting the financial services industry generally (including macroeconomic and other geopolitical developments) as well as the legal and regulatory uncertainty resulting from these conditions. Any of the above may place significant pressure on NWM Group's ability to maintain effective internal controls and governance frameworks. In recent years, NWM Group has materially increased its dependence on NatWest Bank Plc and other NatWest Group entities for numerous critical services and operations, including, without limitation, property, technology, finance, accounting, treasury, legal, risk, regulatory compliance and reporting, financial crime, human resources, and certain other support and administrative functions. A failure by NatWest Bank Plc or other NatWest Group entities to adequately supply these services may expose NWM Group to critical business failure risk, increased costs, regulatory sanctions, and other liabilities. These and any increases in the cost of these services may adversely affect NWM Group.

Financial crime continues to evolve, whether through fraud, scams, cyberattacks or other criminal activity. These risks are exacerbated as NWM Group continues to innovate its product offering and increasingly offers digital solutions to its customers. NatWest Group (including NWM Group) has made and continues to make significant, multi-year investments to strengthen and improve its overall financial crime control framework with prevention systems and capabilities, including investment in new technologies and capabilities to further enhance customer due diligence, transaction monitoring, sanctions and anti-bribery and corruption systems. A number of NWM Group's financial crime controls are operated by NatWest Group on behalf of NWM Group. Financial crime assessment, systems and controls, internal stress tests and models are critical to financial crime risk management. Ineffective risk management may arise from a wide variety of factors, including lack of transparency or incomplete risk reporting, manual processes and controls, inaccurate data, inadequate IT systems, unidentified conflicts or misaligned incentives, lack of accountability control and governance, incomplete risk monitoring (including trade surveillance) and failures of systems to properly process all relevant data, risks related to unanticipated behaviour or performance and management, insufficient challenges or assurance processes, or a failure to commence or timely complete risk remediation projects. Weak or ineffective financial crime processes and controls may risk NWM Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and/or reputational damage. Further, failure to manage these risks effectively, or within regulatory expectations, could adversely affect NWM Group's reputation or its relationship with its regulators, customers, shareholders or other stakeholders.

NWM Group also faces operational risks as it continues to invest in the automation of certain solutions and customer interactions, including through artificial intelligence. Such initiatives may result in operational, reputational and conduct risks if the technology is not used appropriately, is defective or inadequate, or is not fully integrated into NWM Group's current solutions, systems and controls. The effective management of operational risks is critical to meeting customer service expectations and retaining and attracting customer business. Although NWM Group has implemented risk controls and mitigation actions, with resources and planning devoted to mitigate operational risk, such measures may not be effective in controlling each of the operational risks faced by NWM Group.

Ineffective management of such risks may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group is subject to sophisticated and frequent cyberattacks, and compliance with cybersecurity and data protection regulations is becoming increasingly complex.

NWM Group experiences a constant threat from cyberattacks across the entire NatWest Group (including NWM Group) and against NatWest Group and NWM Group's supply chain networks, reinforcing the importance of due diligence of, ongoing risk management of, and a close working relationship with, the third parties on which NWM Group relies. NWM Group is reliant on technology, against which there is a constantly evolving series of attacks, that are increasing in terms of frequency, sophistication, impact and severity. The increased availability of malicious tools and the rapid advancement of artificial intelligence capabilities reduce entry barriers for malicious actors and accelerate the exploitation of vulnerabilities leading to cyberattacks evolving and becoming more sophisticated. As a result, NWM Group is required to continue to invest significant resources in additional capability designed to defend against a variety of existing and emerging threats.

Third parties continue to make hostile attempts to gain access to, introduce malware (including ransomware) into, and exploit potential vulnerabilities of, financial services institutions' IT systems, including those of NWM Group. For example, in 2025, NatWest Group and its supply chain were subjected to a small number of attempted Distributed Denial of Service and ransomware attacks. These hostile attempts were addressed without material impact on NWM Group or its customers by deploying cybersecurity capabilities and controls that seek to manage the impact of any such attacks, and sustain availability of services for NWM Group's customers. Consequently, NWM Group continues to invest significant resources in developing and evolving cybersecurity capabilities and controls that are designed to mitigate the potential effect of such attacks. However, given the nature of the threat, there can be no assurance that these capabilities and controls will prevent the potential adverse effect of an attack from occurring. Refer to 'NWM Group's operations are highly dependent on its complex IT systems and any IT failure could adversely affect NWM Group.'

Any failure in NWM Group's information and cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of, or ability to access, data or systems or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these factors could increase costs (including, but not limited to costs, relating to notification of, or compensation for customers and credit monitoring), result in regulatory investigations or sanctions being imposed or may affect NWM Group's ability to retain and attract customers. Regulators in the UK, US, Europe and Asia recognise cybersecurity as an important systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience (particularly of critical services) to cyberattacks, and to provide timely reporting or notification of them, as appropriate (including for example, the SEC cybersecurity requirements and the EU Digital Operational Resilience Act ('DORA')). Furthermore, cyberattacks on NWM Group's counterparties and suppliers may also have an adverse effect on NWM Group's operations. Additionally, malicious third parties may induce employees, customers, third party providers or other users with access to NWM Group's systems to wrongfully disclose sensitive information to gain access to NWM Group's data or systems or that of NWM Group's customers or employees. Cybersecurity and information security events can derive from factors such as: internal or external threat actors, human error, fraud or malice on the part of NWM Group's employees, customers or third parties, including third-party providers, or may result from technological failure (including defective, inadequate or inappropriately used artificial intelligence based solutions).

NWM Group expects greater regulatory engagement, supervision and enforcement to continue in relation to its overall resilience to withstand IT and IT-related disruption, either through a cyberattack or some other disruptive event. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may have an adverse effect on NWM Group. Due to NWM Group's reliance on technology, the adoption of innovative solutions, the integration of automated processes and artificial intelligence in its business, and the increasing sophistication, frequency and impact of cyberattacks, such attacks may have an adverse effect on NWM Group.

In accordance with applicable UK and EU data protection, and cybersecurity laws and regulations, NWM Group is required to ensure it implements timely appropriate and effective organisational and technological safeguards against unauthorised or unlawful access to the data of NWM Group, its customers and its employees. In order to meet this requirement, NWM Group relies on the effectiveness of its internal policies, controls and procedures to protect the confidentiality, integrity and availability of information held on its IT systems, networks and devices as well as with third parties with whom NWM Group interacts. As NatWest Group develops new artificial intelligence-based products, proprietary, sensitive, or confidential NWM Group's customer information may be inputted into third-party generative or other artificial intelligence or machine learning platforms, and could potentially be accessed by others, including if such information is used to train third-party artificial intelligence models. This may increase the risk of data leakage, data poisoning, potential bias, discrimination, errors, and misuse. A failure to monitor and manage data in accordance with applicable requirements may result in financial losses, regulatory fines, investigations and litigation, and associated reputational damage.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group's operations and strategy are highly dependent on the accuracy and effective use of data.

NWM Group relies on the availability, sourcing, and effective use of accurate and high quality data to support, monitor, evaluate, manage and enhance its operations, innovate its products offering, meet its regulatory obligations, and deliver its strategy. Investment is being made in data tools and analytics, including raising awareness around ethical data usage (for example, in relation to the use of artificial intelligence) and privacy across NWM Group. The availability and accessibility of current, complete, detailed, accurate and, wherever possible, machine-readable customer segment and sub-sector data, together with appropriate governance and accountability for data, is fast becoming a critical strategic asset, which is subject to increased regulatory focus.

Failure to have or to be able to access that data or the ineffective use or governance of that data could result in a failure to manage and report important risks and opportunities or satisfy customers' expectations including the inability to deliver products and services. This could also place NWM Group at a competitive disadvantage by increasing its costs, inhibiting its efforts to reduce costs or its ability to improve its systems, controls and processes. Any of the above could result in a failure to deliver NWM Group's strategy.

These data weaknesses and limitations, or the unethical or inappropriate use of data, and/or non-compliance with data protection laws could give rise to conduct and litigation risks and may increase the risk of operational challenges, losses, reputational damage or other adverse consequences due to inappropriate models, systems, processes, decisions or other actions.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group relies on attracting, retaining, developing and remunerating diverse senior management and skilled personnel, and is required to maintain good employee relations.

NWM Group's success depends on its ability to attract, retain, and develop highly skilled and qualified diverse workforce, including senior management, and other employees in critical roles (such as in technology, artificial intelligence and data), in a highly competitive market.

The inability to compensate employees competitively and/or any reduction of compensation, the perception that NWM Group may not be a competitive business, heightened regulatory oversight of banks compared to firms outside of banking and ongoing restrictions placed on employee compensation arrangements, particularly in the EU, or other factors, may have an adverse effect on NWM Group's ability to hire, retain and engage well qualified employees, especially at a senior level, which could adversely affect NWM Group.

In addition, certain economic, market and regulatory conditions may reduce the pool of candidates for key management and non-executive roles, including non-executive directors with the right skills, knowledge and experience, or may increase the number of departures of existing employees. Moreover, a failure to foster a diverse workforce and an inclusive work environment may adversely affect NWM Group's employee engagement and the execution of its strategy, and could also have an adverse effect on its reputation with customers, investors and regulators.

NWM Group's businesses are also exposed to risks from employee, contractor, or service providers misconduct including non-compliance with policies and regulations, negligence or fraud (including financial crimes and fraud), any of which could result in regulatory fines or sanctions and serious reputational or financial harm to NWM Group. Hybrid working arrangements are also subject to regulatory scrutiny to ensure adequate recording, surveillance and supervision of regulated activities and compliance with regulatory requirements and expectations, including requirements to: meet threshold conditions for regulated activities; ensure the ability to oversee functions (including any outsourced functions); ensure no detriment is caused to customers; and ensure no increased risk of financial crime.

Some of NWM Group's employees are represented by employee representative bodies, including trade unions and works councils. Engagement with its employees and such bodies is important to NWM Group in maintaining good employee relations. Any breakdown of these relationships may adversely affect NWM Group.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group's operations are highly dependent on its complex IT systems and any IT failure could adversely affect NWM Group.

NWM Group's operations are highly dependent on the ability to process a very large number of transactions efficiently and accurately while complying with applicable laws and regulations. The proper functioning of NatWest Group's (including NWM Group's) transactional and payment systems, financial crime and fraud detection systems and controls, risk management, credit analysis and reporting, accounting, customer service and other IT systems, including cloud services providers (some of which are owned and operated by other entities in NatWest Group or third parties), is critical to NWM Group's operations. NWM Group's reliance on a limited number of cloud services providers increases its exposure to disruption events affecting these cloud services providers.

Individually or collectively, whether operated by NWM Group or by a third party supplier, any system failure (including defective or inadequate automated processes or artificial intelligence based solutions), loss of service availability, or breach of data security could potentially cause significant damage to: (i) important business services across NWM Group; and (ii) NWM Group's ability to provide services to its customers, which could result in reputational damage, significant compensation costs and regulatory sanctions (including fines resulting from regulatory investigations) or a breach of applicable regulations and could affect NWM Group's regulatory approvals, competitive position, business and brands, which could undermine its ability to attract and retain customers and talent.

NWM Group outsources certain functions as it innovates and offers new digital solutions to its customers. Outsourcing, alongside hybrid working, heighten the above risks. NWM Group uses IT systems that enable remote working interface with third-party systems, and NWM Group could experience service denials or disruptions if such systems exceed capacity or if NWM Group or a third-party system fails or experiences any interruptions, all of which could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations. Hybrid working arrangements for NWM Group employees place heavy reliance on the IT systems that enable remote working and may place additional pressure on NWM Group's ability to maintain effective internal controls and governance frameworks and increase operational risk.

In 2025, NWM Group continued to make considerable investments to further simplify, upgrade and improve its IT and technology capabilities (including migration of certain services to cloud platforms and risk-based removal of technology obsolescence). NWM Group continues to develop and enhance digital services for its customers and seeks to improve its competitive position through integrating automated processes and artificial intelligence-based solutions in its business and by enhancing controls and procedures and strengthening the resilience of services including cybersecurity. Any failure of these investment and rationalisation initiatives to achieve the expected results, due to poor design or implementation, defects, or otherwise, may adversely affect NWM Group's operations, its reputation and ability to retain or grow its customer business or adversely affect its competitive position. Refer to 'NWM Group has been in a period of, and may continue to be subject to, significant structural and other change'.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

A failure in NWM Group's risk management framework could adversely affect NWM Group, including its ability to achieve its strategic objectives.

Risk management is a fundamental component of NatWest Group's operations and is critical to the effective delivery of its long-term strategic objectives. NWM Group operates within NatWest Group's Enterprise-Wide Risk Management Framework ('EWRMF'), which sets the approach for risk management and outlines key principles for sound risk governance and setting of risk appetite with respect to: financial risk (capital risk, liquidity and funding risk, credit risk, traded market risk, non-traded market risk, pension risk, earning stability risk) and non-financial risk (model risk, reputational risk, financial crime, operational risk, compliance and conduct risk). Non-compliance with this framework, including deviations from risk appetite, or any significant shortcomings in related controls and procedures, may have a detrimental effect on NWM Group's financial condition, strategic delivery, or result in inaccurate reporting of risk exposures.

NWM Group promotes a risk-aware culture and invests in policies and resources to manage risks. However, these measures may not entirely prevent a failure in NWM Group's risk management framework. For example, instances of misconduct may arise from: business decisions, actions or reward mechanisms that fail to comply with NWM Group's regulatory obligations, do not adequately address customers' needs, or are misaligned with NWM Group's strategic objectives; ineffective product management; unethical or inappropriate use of data, information asymmetry, implementation and utilisation of new technologies, outsourcing of customer service and product delivery; inappropriate behaviour towards customers, customer outcomes, the possibility of mis-selling of financial products; and mishandling of customer complaints. Furthermore, any failure in the EWRMF may also result in the inability for NWM Group to achieve its strategic objectives for its customers, employees and wider stakeholders.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM Group's operations are subject to inherent reputational risk.

Reputational risk relates to stakeholder and public perceptions of NWM Group arising from an actual or perceived failure to meet stakeholder or the public's expectations, including with respect to NatWest Group's strategy and related targets, NWM Group's strategy, or due to any events, behaviour, action or inaction by NWM Group, its employees or those with whom NWM Group is associated. Refer to 'NWM Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM Group.' This includes harm to its brand, which may be detrimental to NWM Group's business, including its ability to build or sustain business relationships with customers, stakeholders and regulators, and may cause low employee morale, regulatory censure or reduced access to, or an increase in the cost of, funding. Reputational risk may arise whenever there is, or there is perceived to be, a material lapse in standards of integrity, controls, compliance, customer or operating efficiency, or regulatory or press scrutiny, and may adversely affect NWM Group's ability to attract and retain customers.

In particular, NWM Group's ability to attract and retain customers, and talent, and engage with counterparties may be adversely affected by factors including: negative public opinion resulting from the actual or perceived manner in which NWM Group or any other member of NatWest Group conducts or modifies its business activities and operations, media coverage (whether accurate or otherwise), employee misconduct, NWM Group's financial performance, IT systems failures or cyberattacks, data breaches, financial crime and fraud, the actual or perceived practices in the banking and financial industry in general, or a wide variety of other factors.

Technologies, in particular online social networks and other broadcast tools that facilitate communication with large audiences in short timeframes and with minimal costs, may also significantly increase and accelerate the impact of damaging information and allegations.

Although NWM Group has a Reputational Risk Policy and framework to identify, measure and manage material reputational risk exposures, there is a risk that it may not be successful in avoiding or mitigating damage to its business or its various brands from reputational risk.

Any of the above aspects of reputational risk may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Legal and regulatory risk

NWM Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may adversely affect NWM Group.

NWM Group is subject to extensive laws, regulations, guidelines, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates, which presents ongoing compliance and conduct risks. Many of these are constantly evolving and are subject to further material changes, which may increase compliance and conduct risks, particularly as the laws of different jurisdictions (including those of the EU/EEA and UK) diverge. NWM Group expects government and regulatory intervention in the financial services industry to remain high for the foreseeable future.

Regulators and governments continue to focus on reforming the prudential regulation of the financial services industry and the way financial services are conducted. Measures have included: enhanced capital, liquidity and funding requirements, through initiatives such as the Basel 3.1 standards implementation (and any resulting effect on RWAs and models), the UK ring-fencing regime, the strengthening of the recovery and resolution framework applicable to financial institutions in the UK, the EU and the US, financial industry reforms (such as the FSMA 2023), corporate governance requirements, rules relating to the compensation of senior management and other employees, enhanced data protection and IT resilience requirements, financial market infrastructure reforms, enhanced regulations in respect of the provision of 'investment services and activities'.

There is also continued regulatory focus in certain areas, including conduct, model risk governance, consumer protection in retail or other financial markets, competition and disputes regimes, anti-money laundering, anticorruption, anti-bribery, anti-tax evasion, payment systems and digital assets, sanctions and anti-terrorism laws and regulations.

In addition, there is significant oversight by competition authorities. The competitive landscape for banks and other financial institutions in the UK, EU/EEA, Asia and the US is rapidly changing. Recent regulatory and legal changes have resulted and may continue to result in new market participants and changed competitive dynamics in certain key areas.

Regulatory and competition authorities, including the CMA, are also reviewing and focusing more on how they can support competition and innovation in digital and other markets. Recent regulatory changes and heightened levels of public and regulatory scrutiny in the UK, EU and US have resulted in increased capital, funding and liquidity requirements, changes in the competitive landscape, changes in other regulatory requirements and increased operating costs, and have impacted, and will continue to impact, product offerings and business models.

Moreover, uncertainties remain as to the extent to which EU/EEA laws will diverge from UK law. For example, bank regulation in the UK may diverge from European bank regulation following the enactment of the Financial Services and Markets Act 2023 ('FSMA 2023') and the Retained EU Law (Revocation and Reform) Act 2023. In particular, FSMA 2023 provides for the revocation of retained EU laws relating to financial services regulation, but sets out that this process will likely take a number of years and that the intention is that specific retained EU laws will not be revoked until such time as replacement regulatory rules are in place. The actions taken by regulators in response to any new or revised bank regulation and other rules affecting financial services, may adversely affect NWM Group, including its business, non-UK operations, group structure, compliance costs, intragroup arrangements and capital requirements.

Other areas in which, and examples of where, governmental policies, regulatory and accounting changes and increased public and regulatory scrutiny may have an adverse effect (some of which could be material) on NWM Group include, but are not limited to, the following:

- general changes in government, regulatory, competition or central bank policy (including as a result of the Bank Resolution (Recapitalisation) Act 2025), or changes in regulatory regimes that may influence investor decisions in the jurisdictions in which NWM Group operates;

- rules relating to foreign ownership, expropriation, nationalisation and confiscation or appropriation of assets;

- increased risk of legal action against NWM Group in relation to the remediation of defects in certain historical property developments;

- new or increased regulations relating to data protection as well as IT controls and resilience;

- the introduction of, and changes to, taxes, levies or fees applicable to NWM Group's operations, such as changes in tax rates, changes in the scope and administration of the Bank Levy, increases in the bank corporation tax surcharge in the UK, restrictions on the tax deductibility of interest payments or further restrictions imposed on the treatment of carry-forward tax losses that reduce the value of deferred tax assets and require increased payments of tax;

- increased innovation in private digital asset propositions, such as stablecoin or tokenised deposits, which may challenge traditional payment methods and have other potential adverse effects on UK banks (such as higher funding costs or a reduced deposit base);

- regulatory enforcement in the form of PRA imposed financial penalties for failings in banks' regulatory reporting governance and controls, and ongoing regulatory scrutiny; and the PRA's thematic reviews of the governance, controls and processes for preparing regulatory returns of selected UK banks, including NatWest Group (of which NWM Group is a part of);

- changes in policy and practice regarding enforcement, investigations and sanctions, supervisory activities and reviews;

- 'Dear CEO' and similar letters issued by supervisors and regulators from time to time;

- changes in policy intended to expand consumer access to retail investment products and services, including through the introduction of targeted support;
- reform to the Consumer Credit Act 1974;
- new or increased regulations relating to financial crime; and
- any regulatory requirements relating to the use of artificial intelligence and large language models across the financial services industry (such as the European Union Artificial Intelligence Act).

Any of these developments (including any failure to comply with or correctly interpret new rules and regulations) could also have an adverse effect on NWM Group's authorisations and licences, the products and services that NWM Group may offer, its reputation and the value of its assets, NWM Group's operations or legal entity structure, and the manner in which NWM Group conducts its business.

Material consequences could arise should NWM Group be found non-compliant with these regulatory requirements. Regulatory developments may also result in an increased number of regulatory investigations and proceedings and have increased the risks relating to NWM Group's ability to comply with the applicable body of rules and regulations in the manner and within the timeframes required.

Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, including contradictory or conflicting laws, rules or regulations by key regulators or policymakers in different jurisdictions (such as divergence of regulations of digital assets and cryptocurrency), or failure by NWM Group to comply with such laws, rules and regulations, may adversely affect NWM Group's business, results of operations and outlook. In addition, uncertainty and insufficient international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect NWM Group's reputation, ability to engage in effective business, capital and risk management planning.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

NWM 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 NWM Group.

NWM Group's operations are diverse and complex and it operates in legal and regulatory environments that expose it to potentially significant civil actions (including those following on from regulatory sanction), as well as criminal, regulatory and governmental proceedings. NWM Group has resolved a number of legal and regulatory actions over the past several years but continues to be, and may in the future be, involved in such actions in the US, the UK, Asia, Europe and other jurisdictions.

NWM Group is, has been or will likely be involved in a number of significant legal and regulatory actions, including investigations, proceedings and ongoing reviews (both formal and informal) by governmental law enforcement and other agencies and litigation proceedings, including in relation to the offering of securities, conduct in the foreign exchange market, the setting of benchmark rates such as LIBOR and related derivatives trading, the issuance, underwriting, and sales and trading of fixed-income securities (including government securities), product mis-selling, customer mistreatment, anti-money laundering, antitrust, value added tax ('**VAT**') recovery, record keeping, reporting, and various other issues.

There is also an increasing risk of new class action claims being brought against NWM Group in the Competition Appeal Tribunal for breaches of competition law, as well as a risk of activist actions, particularly relating to climate change and sustainability-related matters. Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing, amount of fines, damages or settlements or the form of any settlements, which may be material and in excess of any related provisions, are often difficult to predict, particularly in the early stages of a case or investigation. NWM Group's expectation for resolution may change and substantial additional provisions and costs may be recognised in respect of any matter.

The resolution of significant investigations includes NWM Plc's December 2021 spoofing-related guilty plea in the United States that was agreed with the US Department of Justice ('DOJ'), and involves a multi-year period of probation and ongoing commitments to improve the compliance programme and reporting obligations. In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as findings that NWM Plc violated its probation term and possible re-sentencing, and/or increased costs, amongst other consequences. For additional information relating to this and other legal and regulatory proceedings and matters to which NWM Group is currently exposed, see "*Description of NWM Group–Litigation and Regulatory Matters*".

Recently resolved matters or adverse outcomes or resolution of current or future legal or regulatory matters, could increase the risk of greater regulatory and third-party scrutiny and/or result in future legal or regulatory actions, and could have material financial, reputational, or collateral consequences for NWM Group's business and result in restrictions or limitations on NWM Group's operations.

These may include the effective or actual disqualification from carrying on certain regulated activities and consequences resulting from the need to reapply for various important licences or obtain waivers to conduct certain existing activities of NWM Group, particularly but not solely in the US, which may take a significant period of time and the results and implications of which are uncertain. Disqualification from carrying on any activities, whether automatically as a result of the resolution of a particular matter or as a result of the failure to obtain such licences or waivers could adversely affect NWM Group's business, in particular in the US. This in turn and/or any fines, settlement payments or penalties may have an adverse effect on NWM Group. Similar consequences could result from legal or regulatory actions relating to other parts of NatWest Group.

Failure to comply with undertakings made by NWM Group to its regulators, or the conditions of probation resulting from the spoofing-related guilty plea, may result in additional measures or penalties being taken against NWM Group. In addition, any failure to administer conduct redress processes adequately, or to handle individual complaints fairly or appropriately, could result in further claims as well as the imposition of additional measures or limitations on NWM Group's operations, additional supervision by NWM Group's regulators, and loss of investor confidence.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

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 NWM Group.

In accordance with the accounting policies set out in the section 'Critical accounting policies', NWM Group has recognised deferred tax assets on losses available to relieve future profits from tax only to the extent it is probable that they will be recovered. The deferred tax assets are quantified on the basis of current tax legislation and accounting standards and are subject to change in respect of the future rates of tax or the rules for computing taxable profits and offsetting allowable losses.

Failure to generate sufficient future taxable profits or further changes in tax legislation or the application thereof (including with respect to rates of tax) or changes in accounting standards may reduce the recoverable amount of the recognised tax loss deferred tax assets, amounting to £132 million as at 31 December 2025. Changes to the treatment of certain deferred tax assets may impact NWM Group's capital position. In addition, NWM Group's interpretation or application of relevant tax laws may differ from those of the relevant tax authorities and provisions are made for potential tax liabilities that may arise on the basis of the amounts expected to be paid to tax authorities. The amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters.

Any of the above may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation.

Climate and sustainability-related risks

NWM Group and its Value Chain face climate and sustainability-related risks that may adversely affect NWM Group.

NWM Group is subject to financial and non-financial risks associated with climate change, nature-related and social matters (together sustainability-related matters). These matters impact NWM Group directly through its own operations and employees and indirectly through its value chain, including its investors, customers, counterparties and suppliers, and business partners (collectively, NWM Group's 'Value Chain'), and business activities.

Financial and non-financial risks from climate change can arise through physical and transition risks. In addition, NWM Group may also be exposed to legal, regulatory or financial consequences arising from NWM Group's actions or omissions related to climate and sustainability-related matters, giving rise to liability risk.

Climate-related physical risks are associated with increasing frequency and intensity of extreme weather events, including floods, wildfires and changes in climate conditions. Such events can impact employee health and safety, negatively impact local communities where NWM Group operates, damage assets, property and infrastructure, and disrupt operations and supply chains, resulting in changes in asset value, deterioration of the value of collateral or insurance shortfalls and increased costs and credit defaults. This can negatively impact the creditworthiness of customers and their ability and/or willingness to pay fees, afford new products or repay their debts, leading to increased default rates, delinquencies, write-offs and impairment charges in NWM Group's portfolios while simultaneously increasing NWM Group's own operational costs and exposing it to potential business continuity challenges. In addition, NWM Group's premises and operations, or those of its critical outsourced functions may experience damage or disruption leading to increased costs for NWM Group.

Climate-related transition risks arise from the UK's and global economies' shift to net zero. The pace and nature of transition, whether orderly or disorderly, depends significantly on timely and appropriate government policy and regulatory changes, immediate actions from national and regional governments, new technological innovation, changes to supply and demand systems within industries, customer behaviour and market sentiment. In addition, there is significant uncertainty about how climate change and the world's transition to a net-zero economy will unfold over time and how and when climate and other sustainability-related risks will manifest. This could adversely impact profitability, market stability and the resilience of financial institutions, including NWM Group. In addition, the transition may affect NWM Group's customers and businesses across sectors in different ways and at different levels of risk. These timeframes are considerably longer than NWM Group's historical and current strategic, financial, resilience and investment planning horizons. Transition risks may also trigger reputational and liability exposures, especially if NatWest Group (including NWM Group) is perceived as not meeting its climate ambitions, targets and commitments, or not making progress against NatWest Group's climate transition plan.

Moreover, beyond climate change, NWM Group and its Value Chain may face financial and non-financial risks arising from acute or chronic nature-related physical risks, (such as wildfires, pollution, water stress and loss of biodiversity), nature-related transition risks (such as risk arising directly or indirectly due to changes in policy, market and technology, changes in perception concerning an organisation's actual or perceived nature impacts and from legal claims) and social issues (such as data protection and privacy, impact of increased adoption of artificial intelligence technology, human rights abuse, conflict and security, land rights, labour rights and unjust working conditions, modern slavery and child labour, discrimination and lack of support for the vulnerable, negative impact on people's standard of living and health, inequality, accessible banking and financial inclusion, and financial crime).

There are heightened regulatory expectations, growing scrutiny from investors, civil society, and other external stakeholders, with businesses being increasingly expected to be transparent about their efforts to identify, assess, mitigate and manage nature-related and social risks. NWM Group may face reputational, regulatory non-compliance and litigation risks if it is directly or indirectly linked to adverse nature-related or social impacts and fails to adequately manage the risks associated with those impacts.

Climate and sustainability-related risks are inter-linked and may (i) adversely impact the broader economy, affecting interest rates, inflation and growth, which in turn may reduce profitability and financial stability; (ii) adversely impact asset pricing and valuations of NWM Group's and other securities, potentially triggering wider disruptions across the financial system; (iii) adversely impact the viability or resilience of business models over the medium to longer term, particularly those business models most vulnerable to climate and sustainability-related risks; (iv) result in losses from liability or reputational damage, such as negative media, activist pressure, or public criticism, if NWM Group or its Value Chain are linked to adverse climate or sustainability-related impacts; and (v) may intensify existing exposures across multiple risk categories, including credit, operational (e.g. business continuity), market and liquidity, model, reputational regulatory compliance, conduct and pension risks.

Failure by NWM Group to timely identify, assess, mitigate and manage climate and sustainability-related risks, as well as failure to respond to emerging opportunities, evolving regulatory requirements, and shifting market and external expectations, may have a material adverse effect on NWM Group's business, financial condition, future results, access to finance, cost of capital, reputation, and the value of its securities.

NatWest Group's (including NWM Group) strategy relating to climate and sustainability is subject to execution and reputational risks. NatWest Group's (including NWM Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, and NatWest Group's climate transition plan may not be implemented, without timely and appropriate government policy, technology developments, and suppliers, customers and society supporting the transition.

NatWest Group has an ambition to be net zero across its financed emissions, assets under management and operational value chain by 2050. NatWest Group also has an ambition at least to halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by portfolio-level activity-based targets. NatWest Group may also announce other climate and sustainability-related ambitions, targets and commitments and may withdraw, retire, amend, replace or supersede existing ones from time to time, whether or not they have been achieved, where it considers this to be appropriate having regard to its strategic objectives, or where required or appropriate to do so by applicable law, regulation or supervisory expectations.

NWM Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, may require NWM Group to make changes to its business, operating model, existing exposures, and products and services. This may include reducing its estimated financed emissions and discontinuing certain activities over time. NatWest Group (including NWM Group), acknowledge that (i) emission reductions are unlikely to be linear; (ii) UK Parliament will set a new legal limit on greenhouse emissions as part of the Seventh Carbon Budget in June 2026 which may have an impact on the achievement of NatWest Group's (including NWM Group) climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan; and (iii) increases in lending and financing activities may wholly or partially offset some or all these reductions, which may increase the extent of changes and reductions necessary

NWM Group's ability to contribute to achieving NatWest Group's strategy, including its climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan is dependent on many factors and uncertainties beyond NWM Group's control. These include (but are not limited to): (i) the extent and pace of climate change, including the timing and manifestation of physical and transition risks and nature loss; (ii) the macroeconomic environment; (iii) the effectiveness of actions of governments, legislators, regulators and businesses; (iv) the response of wider society; (v) efforts by NWM Group's Value Chain and other stakeholders to mitigate the impact of climate and sustainability-related risks; (vi) changes in customer and societal behaviour and demand; (vii) availability of commercially viable opportunities in sustainable finance markets, competition dynamics, capital markets appetite, investor expectations, and external credit and concentration risk appetites which may constrain the scale or risk profile of opportunities accessible to NWM Group ; (viii) developments in available technology; (ix) the rollout of low carbon infrastructure; and (x) the availability of accurate, verifiable, reliable, auditable, consistent and comparable data.

These external factors and other uncertainties may make it complex for NWM Group to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and there is a risk that some or all of NatWest Group's (including NWM Group) climate and sustainability-related ambitions, targets and commitments may not be achieved, or NatWest Group's climate transition plan may not be implemented within the intended timescales, or at all.

Moreover, the rising energy demand associated with artificial intelligence workloads, whether generated internally or through third-party providers, may increase NatWest Group's (including NWM Group's) own operational footprint. While NatWest Group (including NWM Group) has taken initial steps to assess the potential impacts of increased artificial intelligence usage, its full effects on NatWest Group's (including NWM Group's) own operational footprint remain uncertain but could have an adverse effect on achieving NatWest Group's (including NWM Group's) climate and sustainability-related ambitions, targets and commitments and the implementation of NatWest Group's climate transition plan.

Any delay or failure by NWM Group in putting into effect, making progress against, or contributing to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contributing to the implementation of NatWest Group's climate transition plan may have a material adverse effect on NWM Group's future results, financial condition, prospects, and/or reputation and may increase the climate and sustainability-related risks NWM Group faces.

There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information and risks, as well as making informed decisions.

NWM Group's ability to assess, manage, and report climate and sustainability-related impacts, risks, and opportunities, including the effective measurement, governance and reporting of progress against NWM Group's climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan heavily depends on the availability of accurate, reliable, verifiable, auditable, consistent and comparable internal and external data from customers, counterparties, suppliers, and third parties. NWM Group's internal data on customer groups, which is used to source financial exposure and emissions data, and the systems and controls supporting its non-financial reporting are considerably less sophisticated than those data, systems and controls used for financial reporting, and continue to involve manual processes. These factors may increase the risk of inaccuracies or gaps in NWM Group's non-financial reporting, which could adversely affect its ability to meet regulatory, investor or stakeholder expectations. In the absence of accurate, reliable, verifiable, auditable, consistent and comparable data, NWM Group may rely on estimates, proxies, or third-party methodologies, such as sectoral averages or aggregated emissions data, that may be outdated, prepared using varying assumptions, or not accurately reflect specific counterparties or customers. These limitations can affect the reliability of disclosures, including financed and facilitated emissions, and may hinder decision-making, risk management, regulatory compliance, and data consolidation. This may result in misjudging progress against climate ambitions, targets and commitments, misallocating capital, or underestimating financial and reputational risks, while also reducing comparability across institutions and increasing scrutiny from stakeholders and regulators.

NWM Group's assessment of climate and sustainability-related impacts, risks, and opportunities is expected to evolve as data quality and methodologies improve. Current data gaps, limitations, and reliance on estimates or third-party inputs may materially impact NWM Group's ability to make informed decisions on climate and sustainability-related matters, manage risks, comply with disclosure requirements, and monitor progress against NatWest Group's climate and sustainability-related ambitions, targets and commitments, and the implementation of NatWest Group's climate transition plan. As a result, climate and sustainability-related disclosures may be amended, updated, or restated from time to time as methodologies, data quality or regulatory expectations evolve. NWM Group does not undertake to restate prior disclosures except as required by applicable law or regulation, even where subsequently available data or methodologies differ from those used at the time of the original disclosure.

Climate risks are inherently forward-looking and complex to model. The lack of historical data, evolving scientific understanding, and immature measurement frameworks introduce significant uncertainty into scenario analysis and financial forecasting. The outputs of climate risk modelling, such as emissions pathways and reduction targets, are subject to long timeframes and assumptions that differ significantly from traditional financial planning cycles.

NWM Group's internal capabilities to assess, model, report on and manage climate and sustainability-related risks continue to evolve. However, even when such capabilities are suitably developed, the high level of uncertainty regarding any assumptions modelled, the highly subjective nature of risk measurement and mitigation techniques coupled with persistent data gaps may result in inadequate risk management information and frameworks, or ineffective business adaptation or mitigation strategies or regulatory non-compliance.

Any of the above may have a material adverse effect on NWM Group's business, future results, financial condition, prospects, reputation and the price of its securities.

NWM Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations and there is an increasing risk of regulatory non-compliance, investigations, litigation, and enforcement actions.

NWM Group is subject to an increasingly complex and evolving landscape of climate and sustainability-related legal, regulatory, and supervisory expectations, which may vary significantly and remain fragmented across the UK, EU, US, and other jurisdictions in which NWM Group operates. This growing divergence creates legal and operational uncertainty, may expose NWM Group to conflicting legal and regulatory requirements, and may increase the risks of regulatory non-compliance, regulatory enforcement and reputational damage.

The growing politicisation and polarisation of climate and sustainability-related matters across jurisdictions may further exacerbate existing risks and result in reduced market access, adverse public perception, or stakeholder disengagement. Customers, investors, or stakeholders may choose not to engage with NWM Group if they perceive NatWest Group's (including NWM Group) strategy in relation to climate and sustainability as either lacking ambition or progress, or conversely, as overly focused on climate and sustainability, or if they object to specific climate or sustainability-related decisions or sectoral policies adopted by NatWest Group (including NWM Group), which may adversely affect customer relationships, investor sentiment or stakeholder engagement. For example, financing the transition of hard-to-abate sectors may be viewed by some as misaligned with climate goals, potentially resulting in reputational damage.

At the same time, regulatory and enforcement approaches to climate and sustainability-related matters are increasingly diverging and, in some cases, conflicting across jurisdictions. While some authorities are advancing stricter requirements, others are introducing sanctions targeting institutions that pursue climate and sustainability-related initiatives.

Furthermore, NWM Group may face litigation, complaints or other forms of challenge from shareholders, customers, campaign groups or other stakeholders arising from allegations of actual or perceived environmental or social harm, including climate-related impacts, nature-related degradation, human rights abuses, or deficiencies in governance and due diligence practices. At the same time, NWM Group may face contradictory legal or regulatory action asserting that it has placed undue or disproportionate focus on climate and sustainability-related considerations.

Failure by NWM Group to comply with evolving legal and regulatory requirements, or supervisory expectations, including divergent and fragmented frameworks across jurisdictions, where relevant, may increase the risk of regulatory non-compliance, may adversely impact NWM Group's ability to contribute to achieving NatWest Group's climate and sustainability-related ambitions, targets and commitments, and to contribute to implementing NatWest Group's climate transition plan, and may adversely impact its investor base and reputation. It may also result in regulatory non-compliance, investigations, litigation and enforcement actions, which in turn may have a material adverse effect on NWM Group's business, future results, financial condition, prospects, reputation, and the price of its securities.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The consolidated income statement and balance sheet data presented below have been derived from the Financial Statements. The 2025 Financial Statements and 2024 Financial Statements are prepared in accordance with UK adopted IAS, IFRS as issued by the IASB and IFRS as adopted by the European Union. The Financial Statements include consolidated financial information of NWM Group as at and for the years ended 31 December 2025, 2024 and 2023 and have been audited by Ernst & Young LLP. The Financial Statements and the reports of Ernst & Young LLP on the 2025 Financial Statements and the 2024 Financial Statements are incorporated by reference into this Registration Document.

The information below should be read together with the Financial Statements incorporated by reference into this Registration Document and the sections '*Important Information for Investors—Presentation of Financial Information*,' '*Important Information for Investors—Non-GAAP Measures of Financial Performance*' and '*Operating and Financial Review*.'

Consolidated Income Statement Data

	For the years ended 31 December		
	2025	2024	2023
		£m	
Interest receivable	2,585	2,720	2,186
Interest payable	(2,097)	(2,288)	(1,831)
Net interest income	**488**	**432**	**355**
Fees and commissions receivable	417	476	377
Fees and commissions payable	(188)	(213)	(175)
Income from trading activities	658	585	477
Other operating income	96	(43)	35
Non-interest income	**983**	**805**	**714**
Total income	**1,471**	**1,237**	**1,069**
Staff costs	(506)	(452)	(418)
Premises and equipment	(79)	(75)	(66)
Other administrative expenses	(711)	(671)	(642)
Depreciation and amortisation	(12)	(10)	(16)
Operating expenses	**(1,308)**	**(1,208)**	**(1,142)**
Profit/(loss) before impairment (losses)/releases	163	29	(73)
Impairment (losses)/releases	(3)	8	(2)
Operating profit/(loss) before tax	**160**	**37**	**(75)**
Tax credit/(charge)	115	26	(23)
Profit/(loss) for the year	**275**	**63**	**(98)**

Balance Sheet Data

	NWM Group			NWM Plc		
	As at 31 December			As at 31 December		
	2025	2024	2023	2025	2024	2023
		£m			£m	
Assets						
Cash and balances at central banks	16,023	16,229	13,831	9,357	11,069	8,607
Trading assets(1)	46,174	48,883	45,324	22,087	26,186	28,411
Derivatives	60,866	78,105	79,332	57,793	74,982	75,832
Settlement balances	643	2,043	7,227	490	550	2,168
Loans to banks – amortised cost	1,221	1,171	1,246	603	897	910
Loans to customers – amortised cost	23,454	17,921	12,986	22,154	17,089	12,104

	NWM Group			NWM Plc		
	As at 31 December			As at 31 December		
	2025	2024	2023	2025	2024	2023
		£m			£m	
Amounts due from holding company and fellow subsidiaries	287	343	1,730	3,611	3,341	6,472
Other financial assets	19,084	17,850	15,723	17,354	16,081	13,444
Investments in group undertakings	—	—	—	2,403	2,263	2,320
Other assets(2)	619	621	518	436	479	390
Total assets	168,371	183,166	177,917	136,288	152,937	150,658
Liabilities						
Bank deposits	8,501	4,565	2,267	7,650	4,069	1,909
Customer deposits	7,161	4,840	6,998	2,824	2,350	3,060
Amounts due to holding company and fellow subsidiaries	6,068	6,771	5,802	8,278	10,757	14,385
Settlement balances	932	1,729	6,641	501	444	400
Trading liabilities(1)	48,847	54,512	53,623	25,916	30,130	34,079
Derivatives	53,977	72,036	71,981	52,166	70,016	69,404
Other financial liabilities	35,453	31,263	23,574	31,740	27,966	20,655
Other liabilities(2)	469	521	653	333	386	453
Total liabilities	161,408	176,237	171,539	129,408	146,118	144,345
Owners' equity	6,963	6,929	6,380	6,880	6,819	6,313
Non-controlling interests	—	—	(2)	—	—	—
Total equity	6,963	6,929	6,378	6,880	6,819	6,313
Total liabilities and equity	168,371	183,166	177,917	136,288	152,937	150,658

(1) For a further analysis of the 'Trading assets' and 'Trading liabilities' see '*Operating and Financial Review—Consolidated Financial Information for the Years Ended and as at 31 December 2025 and 2024—Balance Sheet*' and '*Operating and Financial Review—Consolidated Financial Information for the Years Ended and as at 31 December 2024 and 2023—Balance Sheet.*'

(2) For a further analysis of the line items 'Other assets' and 'Other liabilities' see '*Operating and Financial Review—Consolidated Financial Information for the Years Ended and as at 31 December 2025 and 2024—Balance Sheet*' and '*Operating and Financial Review—Consolidated Financial Information for the Years Ended and as at 31 December 2024 and 2023—Balance Sheet.*'

Other Data

Key metrics and ratios(1)	As of the year ended 31 December 2025	2024	2023
Average LCR (%)(2)(3)	198	192	240
Liquidity portfolio (£bn)(4)	20.2	21.0	14.7
Stressed outflow coverage (%)(2)(5)	165	179	162
Total wholesale funding (£bn)(6)	36.2	32.5	25.1
Total Funding (£bn)(7)	98.4	91.4	82.4
Common Equity Tier (CET 1) ratio (%)(8)	18.4	18.2	17.1
Leverage ratio (%)(9)	5.0	5.5	5.0
Risk-weighted assets (RWAs) (£bn)(10)	21.5	20.8	22.1
Total Capital ratio (%)(11)	26.0	27.8	23.0
Total MREL (£bn)(2)(12)	9.8	10.0	7.6
MREL ratio (%)(2)(12)(13)	45.6	48.2	34.5

(1) Capital resources, RWAs and leverage based on the current PRA rules. Regulatory capital is monitored and reported at legal entity level for significant subsidiaries of NatWest Group.

(2) These liquidity metrics and ratios have been presented for the NWM Plc solo legal entity / non-consolidated basis as they are monitored and reported for regulatory purposes.

(3) The Liquidity Coverage Ratio ('**LCR**') is a regulatory measure that requires banks to hold sufficient liquid assets to cover a period of liquidity stress. It is calculated by taking a firm's high quality liquid assets ('**HQLA**') divided by its 30-day stress net outflows. This is reported on an average basis in line with supervisory guidelines. The LCR is calculated as the average over the relevant 12 month period.

(4) The liquidity portfolio comprises largely of cash and high quality government securities that can be readily converted to cash within a short timeframe and with a reliable value.

(5) The Stressed Outflow Coverage ('**SOC**') is an internal measure calculated by reference to liquid assets as a percentage of net stressed contractual and behavioural outflows over three months. The most severe outcome is selected from a range of scenarios comprised of market-wide, idiosyncratic and a combination of both. This assessment is performed in accordance with PRA guidance. The average SOC is calculated as the average of the preceding 12 months. The SOC ratio is only published at year-end. The December 2023 comparative presented above is on a spot basis rather than an average basis and is therefore not directly comparable with the figures presented for 2024 and 2025.

(6) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities. See '*Operating and Financial Review–Funding and Liquidity–Funding*' and '*Selected Statistical Data and Other Information –Deposits and Short-Term Borrowings*.'

(7) See '*Operating and Financial Review–Funding and Liquidity–Funding*' and '*Selected Statistical Data and Other Information –Deposits and Short-Term Borrowings*.'

(8) A regulatory measure which assesses the highest quality of capital held as a percentage of RWAs, which represents both the size and inherent riskiness of on and off balance sheet exposures.

(9) The leverage ratio measures the Tier 1 capital expressed as a percentage of leverage exposure. Leverage exposure is broadly aligned to the accounting value of on and off balance sheet exposures but subject to certain adjustments for derivatives, securities financing positions and off balance sheet exposures.

(10) RWAs are a measure of NWM Group's assets and off balance sheet positions that capture both the size and risks inherent in those positions.

(11) A regulatory measure which assesses total capital held as a percentage of RWAs.

(12) Includes senior internal debt instruments issued to NatWest Group plc with a regulatory value of £4.2 billion (31 December 2024 - £4.3 billion, 31 December 2023 - £2.6 billion).

(13) A measure of the total resources that would be available in an ordinary resolution situation. It is calculated as total regulatory capital and MREL instruments with a maturity of at least one year, expressed as a percentage of RWAs.

OPERATING AND FINANCIAL REVIEW

The following discussion is primarily based on and should be read in conjunction with the Financial Statements incorporated by reference into this Registration Document. The 2025 Financial Statements and 2024 Financial Statements are prepared in accordance with UK adopted IAS, IFRS as issued by the IASB and IFRS as adopted by the European Union.

This section contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. See 'Important Information for Investors—Special Notice Regarding Forward-Looking Statements' and 'Risk Factors.'

Overview

NWM Plc is a wholly owned subsidiary of NatWest Group plc, a banking and financial services group. NWM Group is a strategically important part of NatWest Group.

NWM Group provides liquidity, risk management, financing, and advisory services, principally to corporates, sponsors, financial institutions and sovereigns as well as customers of the broader NatWest Group.

The core business lines of NWM Group are:

- **Fixed Income.** A range of cash bond, repo and interest rate derivatives products with a focus on sterling, euros and U.S. dollars that support customers' financing and hedging needs, together with the provision of liquidity and credit trading capabilities for investment-grade and high-yield bonds and loans for both financial institutions and corporate issuers.

- **Currencies.** Offering foreign exchange ('**FX**') spot, forwards, cross-currency swaps and options, as well as an FX prime service and FX digital solutions.

- **Capital Markets.** Access to global debt capital markets across a wide variety of products and target markets that include bonds, loans, commercial paper, medium-term notes, private placements, via bespoke financing solutions to customers, including structuring, distribution, on-balance-sheet financing and risk management products. and primary lending products.

In addition to serving its own customers, NWM Group provides Fixed Income, Currencies and Capital Markets products to corporate, commercial, business and select retail clients of other NatWest Group entities. Revenue share arrangements are in place, pursuant to which a proportion of the income generated by NWM Group products from customers that have their primary relationship with other NatWest Group subsidiaries is shared between NWM Group and those subsidiaries. Approximately 20 per cent of NWM Group's total income for the year ended 31 December 2025 was sourced from customers referred to NWM Group by other NatWest Group entities, compared to 22 per cent for the year ended 31 December 2024.

NWM Group is focussed on leveraging technology and automation to deliver customer growth more efficiently and effectively to add value for customers. NWM Group has developed digital self-service applications covering, among others, FX, rates, risk management, and international payments services. NWM's specialists across currencies, fixed income and capital markets offer content and ideas alongside market-leading economic insights in the key economies where its customers do business.

NWM Group's operations are centred around the UK, a market in which it has a strong positioning and a competitive value proposition. NWM Group targets customers, both domestically in the UK and internationally, principally customers that trade with and from the UK. Activity also extends to customers in Europe and its activities in the US and the APAC region are focused on providing risk distribution capability and access to institutional clients in those regions. For the year ended 31 December 2025, 77 per cent (2024 - 76 per cent) of NWM Group's total income was generated in the UK and Europe, 17 per cent (2024 - 17 per cent) was generated in the US and 6 per cent (2024 - 7 per cent) was generated in the rest of the world. See '*—Geographic Footprint'* for further details.

As further discussed under '*—NWM Group's History and Development,*' in the year ended 31 December 2018 NatWest Group restructured its group legal entities and business model to meet the requirements of UK ring-fencing legislation. Following this, NWM Plc became the principal holding and operating company for NatWest Group's operations outside the ring-fence and NWM Group's business, operations and financial condition cannot be compared to its business, operations and financial condition prior to the implementation of the UK ring-fencing regime. The implementation of the UK ring-fencing regime had a material impact on NWM Group's operational footprint, balance sheet composition, funding strategy, capital requirements and credit ratings. Accordingly, NWM Group adapted its strategy and business model and adopted new processes and structures for, among other things, financial reporting, risk management and corporate governance and has also implemented a shared services model with the ring-fenced entities for certain other services.

In 2022, NatWest Group brought together its Commercial Banking, NatWest Markets and RBS International businesses to form a single segment, Commercial & Institutional, with common management and objectives to best support its customers across the full non-personal customer lifecycle.

In December 2024, it was announced that NWM N.V. would become NatWest Group's primary European corporate and institutional customer-facing entity. As part of this strategic transition, new structured finance origination ceased in NatWest Bank Europe GmbH ('**NWBE'**) and commenced in NWM N.V. from May 2025. In addition, all loans were transferred from NWBE to NWM N.V, and certain loans are subject to funded sub-participation arrangements with NatWest Bank Plc that transfer substantially all risks and rewards of ownership from NWM N.V. to NatWest Bank Plc. The strategic transition is complete, with most colleagues supporting customers with structured finance products in NWBE having transitioned to NWM N.V. on 1 January 2026.

NWM Group aligns itself to NatWest Group's strategy as part of NatWest Group's Commercial & Institutional segment. NWM Group supports Natwest Group's strategic framework and purpose to be the bank that turns possibilities into progress. Three strategic priorities unite the ambition to succeed with customers:

- Disciplined growth to strengthen relationships and support sustainable earnings, attracting new customers and deepening relationships with existing ones;

- Leveraging simplification to utilise leading technology and capabilities to deliver greater productivity and seamless customer experiences; and

- Active balance sheet and risk management to enable NWM to remain a trusted partner and deliver attractive risk-adjusted returns.

In addition, supporting the shift to a more sustainable future remains a core priority for NWM Group's climate strategy is designed to support NatWest Group's climate ambition and is focused on helping customers achieve their climate and sustainable goals by supporting their transition to a low carbon economy while managing NWM Group's own operations with respect to carbon emissions.

The following metrics have been set for NWM Plc in the medium-term and supersede all prior guidance:

Metric	**Estimate**
CET 1 ratio(1)	~14%
MREL ratio(1)(2)	>30%
Leverage ratio	>4%

(1) CET 1 stands for Common Equity Tier 1 capital and MREL refers to the minimum requirement for own funds and eligible liabilities.
(2) Includes total regulatory capital, non-eligible capital and downstreamed internal MREL.

Comparability of NWM Group's Historical Financial Results

Note on recent changes to the scope of NWM Group's activities.

To improve efficiencies and best serve customers following Brexit, certain assets, liabilities, transactions and activities of NatWest Group's Transfer Business have been, and may continue to be: (i) transferred from the ring-fenced subgroup of NatWest Group to NWM Group, and/or (ii) transferred to the ringfenced subgroup of NatWest Group from NWM Group, subject to regulatory and customer requirements. The timing, success and quantum of any future transfers remain uncertain as is the impact of these transactions on its go-forward results of operations.

Non-GAAP Measures of Financial Performance

The discussion of the results of operations of NWM Group included in '*Risk Factors*,' '*Overview of Consolidated Financial Information and Other Data*,' '*Operating and Financial Review*' and '*Description of NWM Group*' is based on the Financial Statements. The Issuer prepares its financial statements in accordance with UK adopted IAS and IFRS as issued by the IASB, which constitutes a body of GAAP. This Registration Document contains a number of non-IFRS financial measures (or non-GAAP financial measures), and alternative performance measures (as defined under the ESMA guidance). These measures are adjusted for certain items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison.

The non-IFRS financial measures used in this Registration Document provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. The non-IFRS measures also include a calculation of metrics that are used throughout the banking industry. These non-IFRS financial measures are not a substitute for, and should be read in conjunction with, reported IFRS measures.

NWM Group uses 'funded assets' as a non-GAAP financial measure in this Registration Document. This measure allows a review of balance sheet trends exclusive of the volatility associated with derivative fair values. Funded assets are represented by NWM Group's total assets in accordance with the published IFRS balance sheet, less derivative assets.

NWM Group also presents a management view of operating expenses alongside the statutory measure. This analysis of operating expenses aims to remove more volatile items within litigation and conduct costs. A reconciliation between the statutory and non-statutory presentations of operating expenses is set out in the section '*Operating and Financial Review —Consolidated Financial Information for the Years Ended and as at 31 December 2025 and 2024*.'

NWM Group presents a management view of income by business, including separate itemisation of transfer pricing arrangements with fellow NatWest Group subsidiaries; own credit adjustments ('**OCA**'); income including shared revenue and before OCA; and income excluding OCA.

Transfer pricing arrangements with fellow NatWest Group subsidiaries include:

- Revenue share arrangements pursuant to which a proportion of the income generated by NWM Group products from customers that have their primary relationship with other NatWest Group subsidiaries is shared between NWM Group and those subsidiaries.
- A profit share arrangement that was entered into during 2023 between NWM Group and fellow NatWest Group subsidiaries to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, of which NWM Group forms part. The profit share is not allocated to individual NWM Group product areas.

OCA's are applied to positions for which NWM Group believes that the counterparties would consider NWM Group's creditworthiness when pricing trades. The fair value of certain issued debt securities, including structured notes, is adjusted to reflect the changes in own credit spreads and the resulting gain or loss recognised in income.

Primary Factors Affecting NWM Group's Results of Operations

NWM Group's business, results of operations and financial position have been affected, and may continue to be affected, by various factors, the most significant of which are described below. The impact of these and other potential factors may vary significantly in the future. See '*Important Information for Investors—Special Notice Regarding Forward-Looking Statements.*'

Macroeconomic Environment

NWM Group's activities are primarily related to the economic environment in the UK, Europe and the US.

NWM Group derives a substantial majority of its income from its operations in the UK. Accordingly, NWM Group's business, results of operations and financial position depend upon the economic conditions prevailing in its primary market, in particular economic growth and the general level of interest rates and volume of transactions. NWM Group's operations are also affected by the level of competition in these primary markets, particularly from other major banking groups and specialist providers. Lower demand and the financial and economic crisis in these markets have adversely affected, and could in the future adversely affect, the business, results of operations and financial position of NWM Group. Economic crises and financial market stress in certain markets can also benefit the results of operations and financial position of NWM Group. This can arise from areas such as providing structuring and advisory services to Financial Institutions and corporates within those markets.

While growth was strong in the early part of 2025, momentum was lost in the second half of the year. Inflation rose to nearly double the target level of 2 per cent in 2025, with underlying price pressures remaining firm. The peak unemployment rate was higher as at 31 December 2025 than as at 31 December 2024 and is assumed to continue to rise in the near-term, albeit at a slower pace than the last two years. Housing market activity remained resilient in 2025, with prices expected to grow modestly.

The credit profile remained stable and NWM Group has not seen, as of the date of this Registration Document, signs of financial stress materially affecting customers' ability to repay. Current and potential credit exposure generally increased in the context of continued business growth. The IFRS 9 Stage 1 and Stage 2 ECL provisions increased from £30 million to £36 million in 2025. Stage 3 ECL provisions reduced from £17 million to £15 million in 2025. As a result, the total ECL provisions balance increased from £47 million to £51 million and the full year impairment charge for 2025 was £3 million.

The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic scenarios 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. Over the period ahead there is a risk of observable credit deterioration of a proportion of assets resulting in an uplift in ECL requirements; a credit deterioration would also lead to RWA increases. However, the extent of such deterioration remains uncertain. Furthermore, the assumptions and judgements used in the MES and ECL assessment at 31 December 2025 may not prove to be adequate, resulting in incremental ECL provisions for NWM Group.

	2025	**2024**	**2023**
UK Gross Domestic Product Growth YoY (%)...	1.3	1.1	0.3
UK unemployment rate (October-December) (%)	5.2	4.4	3.9
Number of people in employment in the UK (October-December) (millions).....	34.2	33.9	33.4
BoE base rate as at 31 December (%)	3.75	4.75	5.25

In the UK, for 2025 as a whole, GDP grew by 1.3 per cent compared to a 1.1 per cent rise in 2024. Quarterly growth in the first quarter of 2025 was strong at 0.7 per cent but it moderated through subsequent quarters. The service sector remained the main driver, growing at 1.4 per cent overall but with modest performance towards end of the year. The performance of the manufacturing and construction sectors was muted. While business investment decreased by 2.7 per cent between the third and fourth quarter of the year ended 31 December 2025, it was up by 2.0 per cent compared with the same period in the year ended 31 December 2024.

The labour market softened further in 2025 and the unemployment rate increased to 5.2 per cent in the year ended 31 December 2025, compared to 4.4 per cent in the year ended 31 December 2024. Vacancies fell to 726,000 in the three months ended 31 December 2025, a decrease of 73,000 compared to the three months ended 31 December 2024. Official labour market data shows that the number of people in employment increased to 34.2 million in the year ended 31 December 2025, compared to 33.9 million in the year ended 31 December 2024. Although separate data on the number of people on payrolls suggests labour market conditions were more challenging in 2025, total average pay growth was 4.2 per cent in the 3 months ended 31 December 2025, down from 5.9 per cent compared to the 3 months ended 31 December 2024.

Inflation at 3.4 per cent was higher at the end of 2025 compared to 2.5 per cent at the end 2024 as service inflation remained sticky, energy and regulated prices increased, and base effects turned less favourable. The Bank of England Official Bank Rate ('**Bank Rate**') was cut four times in 2025, reaching 3.75 per cent compared to a peak level of 5.25 per cent in 2023.

The IMF estimates that global growth was 3.3 per cent in 2025 and expects global growth to remain at 3.3 per cent in 2026. The US economy grew by 2.2 per cent, while the Euro Area economy grew by 1.5 per cent in the year ended 31 December 2025. UK economic growth was 0.1 per cent in the three months ended 31 December 2025, mainly supported by government spending growth of 0.4 per cent, while consumer spending grew by 0.1 per cent.

Ring-Fencing and the related impact on NWM Group's scope of activities

The UK government passed legislation which required UK banks to separate their retail and investment banking activities by 1 January 2019. To comply with this legislation, NatWest Group undertook a reorganisation of its group legal entity structure and business model. Following the reorganisation, NatWest Group has been split into a ring-fenced subgroup and to entities positioned outside the ring-fence. NWM Plc, which prior to the implementation of the UK ring-fencing regime was NatWest Group's principal operating subsidiary, is the principal holding and operating company for NatWest Group's operations outside the ring-fence. Accordingly, throughout 2018, all activities which must only be provided by a ring-fenced entity were moved out of NWM Group together with certain activities that may be provided by an entity within the ring-fence or by an entity positioned outside of the ring-fence, but which NatWest Group believed are best provided by an entity positioned inside the ring-fence.

As a result, the implementation of the UK ring-fencing regime had a material impact on NWM Group's operational footprint, balance sheet composition, funding strategy, capital requirements and credit ratings. Accordingly, NWM Group adapted its strategy and business model and adopted new processes and structures for, among other things, financial reporting, risk management and corporate governance and has also implemented a shared services model with the ring-fenced entities for certain other services.

In addition, because NWM Group can no longer undertake certain activities which in accordance with the UK ring-fencing rules can only be performed inside the ring-fenced entities of NatWest Group, NWM Group can no longer accept deposits from certain retail and small business customers and competes with other financial institutions, including NWB, for corporate deposit funding. This increases the requirement for NWM Group to raise funding in the wholesale markets which is generally more expensive, and access to these markets is more uncertain than retail and commercial deposit funding. In particular, a lower credit rating would result in an increase in the cost of funding, therefore negatively impacting profitability.

Other implications of the UK ring-fencing legislation include NWM Group being unable to provide critical services to any ring-fenced entity in NatWest Group.

In February 2021, the UK government appointed an independent panel chaired by Keith Skeoch to undertake a review of the ring-fencing regime and proprietary trading. The Financial Services and Markets Act 2000 (Ring-fenced Bodies, Core Activities, Excluded Activities and Prohibitions) (Amendment) Order 2024 subsequently entered into force on 4 February 2025, making a number of changes to the ring-fencing regime that are consistent with the proposals of the Skeoch review, including increasing the ring-fencing deposit threshold from £25 billion to £35 billion of core deposits and exempting retail banks with trading assets of less than 10 per cent of tier 1 capital from the ring-fencing regime (unless they are part of a global systemically important bank). In addition, as part of its "Leeds Reforms" package announced in mid-2025, HM Treasury announced that it would consider a series of further and longer-term reforms to the UK ring-fencing regime, with an update to be provided in 2026. NatWest Group is expecting to be involved in any further consultations relating to reform of the UK ring-fencing regime.

Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From the EU and the ongoing simplification of NatWest Group's business

Intermediate EU parent undertaking

NatWest Group, which is classified by the ECB as a 'third-country group' with two or more subsidiary banking institutions in the European Union ('**EU**'), was authorised by the ECB to establish a dual Intermediate EU Parent Undertaking ('**IPU**') structure on behalf of its European subsidiaries. To that effect, RBS Holdings N.V. ('**RBSH N.V.**'), a wholly-owned subsidiary of NWM Plc, was designated to act as the IPU outside of the NatWest Group ring-fenced sub-group and has been subject to ECB supervision since 1 January 2024, along with its subsidiary NWM N.V.

In November 2023, the ECB confirmed that both entities were classified as a 'significant supervised group'. Relatedly, on 1 December 2023, RBS International Depositary Services S.A.'s ('**RBSI DS**') immediate parent company changed from Royal Bank of Scotland International (Holdings) Limited (‘**RBSIH**’) to RBSH N.V. following regulatory approval.

In December 2024, it was announced that NWM N.V. would become NatWest Group’s primary European corporate and institutional customer-facing entity. As part of this strategic transition, new structured finance origination ceased in NWBE and commenced in NWM N.V. from May 2025. In addition, all loans were transferred from NWBE to NWM N.V, and certain loans are subject to funded sub-participation arrangements with NatWest Bank Plc that transfer substantially all risks and rewards of ownership from NWM N.V. to NatWest Bank Plc. The strategic transition is complete, with most colleagues supporting customers with structured finance products in NWBE having transitioned to NWM N.V. on 1 January 2026.

Transfer of the Issuer’s EEA customers outside the UK and not subject to regulatory exemptions (the ‘EEA transfer customers’) to NWM N.V.

NWM N.V. serves the Issuer’s EEA customers outside the UK facilitated by a FSMA transfer scheme (the ‘**Transfer Scheme**’) which was approved by the Court of Session in Scotland on 22 February 2019 and then extended for 12 months until 31 December 2020 through approval by De Nederlandsche Bank (‘**DNB**’), the PRA and Court of Session in Scotland on 20 December 2019.

Pursuant to Phase I of the Transfer Scheme, NWM EEA transfer customers’ master trade documentation were automatically replicated in the name of NWM N.V. (rather than NWM Plc) by the end of March 2019, thereby allowing NWM N.V. to provide services to such customers if necessary as NWM N.V. chooses to do so. Approximately 30 per cent of NWM Plc’s customer base by number of customers as at 31 December 2018 were affected by the duplication of documents under the Transfer Scheme. Certain existing transactions in NWM Plc’s back book were also transferred from the Issuer to NWM N.V. as part of Phase II under this Transfer Scheme.

Trading with EEA customers is conducted from NWM N.V. instead of NWM Plc and, as a result, these transactions are booked in NWM N.V. as well as some existing transactions by such customers if they are renegotiated or refinanced, resulting in asset and liability transfers from NWM Plc to NWM N.V.

For a significant portion of the transactions NWM N.V. executes with EEA customers, the Issuer expects NWM N.V. to enter into a corresponding trade-level-hedge transaction with it and accordingly the customer revenue earned on EEA customers will be earned by the Issuer.

The Issuer entered into a number of transfer pricing arrangements with NWM N.V. reflecting new intragroup relationships relating to the servicing of EEA customers. These agreements are concluded on an arm’s-length basis in order to compensate the Issuer and NWM N.V. appropriately. They are designed to provide the Issuer and NWM N.V. with a commercial share of the profits derived by NWM N.V. taking into account the relative risks assumed, functions undertaken and assets utilised by the two entities involved. Accordingly, the Issuer continues to receive a share of profits from certain trades executed by EEA customers. However, following Brexit and in part as a result of the servicing of EEA customers through NWM N.V., NWM Plc’s business is now split across NWM Plc and NWM N.V. See also *‘—Relationship with NatWest Group’* below.

NWM N.V. is consolidated in NWM Group financial statements.

NWM Plc and NWM N.V. have limited risk-sharing arrangements in place to facilitate the smooth provision of services to NWM Group’s customers. The arrangements, which NWM Plc recognises as financial guarantees within amounts due to subsidiaries, include:

- The provision of a funded guarantee of up to €0.8 billion in aggregate (the ‘**Funded Guarantee**’) by NWM Plc to NWM N.V. that limits NWM N.V.’s exposure to large individual customer credits. Funding is provided by NWM Plc deposits placed with NWM N.V. of not less than the guaranteed amount. At 31 December 2025 the deposits amounted to €0.1 billion and the guaranteed fees in the year were €1.2 million.

- The provision of funded and unfunded guarantees by NWM Plc in respect of NWM N.V.’s legacy portfolio. At 31 December 2025 the exposure at default covered by the guarantees was approximately €8 million (of which none was cash collateralised). Fees of €0.3 million in relation to the guarantees were recognised in the year. See ‘*Operating and Financial Review–Contingent Liabilities*.’

Relationship with NatWest Group

Shared Services

Following the implementation of the UK ring-fencing regime and the separation of the ring-fenced subgroup and the entities outside the ring-fence, such as NWM Group, NWM Group materially increased its dependence on NatWest Bank Plc and other NatWest Group entities for numerous critical services and operations, including without limitation, property, finance, accounting, treasury, risk, regulatory compliance and reporting, human resources, and certain other support and administrative functions. A failure to adequately supply these services may result in increased costs to NWM Group should NWM Group have to increase its capacity to provide these services internally or by outsourcing to third parties for these services. Because NWM Group relies on certain services provided by NatWest Group plc and other entities within NatWest Group, these may become more expensive or cheaper over time than the cost which could be achieved independently by NWM Group. These differences, over time, may impact on NWM Group's results of operations.

Revenue Share Agreements

NWM Group continues to provide access to markets, products and services for the franchises of the ring-fenced sub-group of NatWest Group and on 6 November 2018 entered into a series of revenue share agreements (the '**Revenue Share Agreements**') with certain entities within NatWest Group's ring-fenced sub-group, including NWB, The Royal Bank of Scotland Plc ('**RBS Plc**') and Ulster Bank Ireland DAC (collectively, the '**RFB Entities**'), and with a non-ring-fenced entity, RBS International Limited ('**RBSI**') (together with the RFB Entities, the '**Revenue Sharing Entities**'). The Revenue Share Agreements reflect the provision of products and services across NWM Group's Rates, Currencies and Financing products to customers that have their primary banking relationship with the Revenue Sharing Entities. The allocation of income from customers that have their primary banking relationship with the Revenue Sharing Entities across the relevant counterparties within NatWest Group is referred to as 'revenue share.' This operating model reflects NatWest Group plc's UK ring-fencing design to locate the entirety of its markets activity within NWM Group, and for customers from other Revenue Sharing Entities to be referred to NWM Group for risk management and financing products, although Revenue Sharing Entities are not required to refer customers solely to NWM Group for such products. UK ring-fencing legislation and tax legislation dictates that all transactions with these entities are established on an arm's-length basis. Accordingly, the Revenue Share Agreements have been prepared on this basis.

NWM Group leverages its market making, institutional business and distribution capabilities to offer a commercially relevant proposition to UK and European large corporates and institutions that are current customers of the Revenue Sharing Entities. NWM Group entities and the Revenue Sharing Entities follow an integrated customer-planning approach to maximise connectivity, which includes customer account planning, allocation decision-making, and opportunity identification.

NWM Group derives a significant portion of income from customers of the Revenue Sharing Entities and expects this to continue. Accordingly, it has and expects to continue to pay or contribute, under the Revenue Sharing Agreements, a significant amount of income to the Revenue Sharing Entities. For example, in the year ended 31 December 2025, NWM Group paid to or contributed £252 million in income, representing 17 per cent of NWM Group's total income for that year to other subsidiaries of NatWest Group (principally the commercial, private banking and personal banking businesses of the Revenue Share Entities), which is higher compared to the year ended 31 December 2024, which amounted to £232 million, or 19 per cent of total income for that year. The increase in amount paid or contributed largely reflects higher income generated from the Currencies business in 2025.

Because a significant proportion of NWM Plc revenues are driven by customers of NatWest Group entities inside the ring-fence, with NWM Group acting as the product provider, NWM Group's results of operations are limited to shifts in the volume of transactions and number of customers referred to NWM Group by the Revenue Sharing Entities pursuant to the Revenue Share Agreements, and can be impacted by the market perception of, and other external factors affecting, the core businesses of the Revenue Sharing Entities. As a result, a decrease or increase in the volume of transactions or number of customers referred to NWM Group by the Revenue Sharing Entities pursuant to the Revenue Share Agreements would materially impact NWM Group's results of operations and financial condition. NWM Group reports its results of operations in its Financial Statements on a post-revenue share basis.

Other Arrangements

Profit Share Arrangement

In 2023 NWM Group entered into a profit share arrangement with fellow NatWest Group subsidiaries, pursuant to which NWM Group will be compensated on an arm's length basis for its contribution to the performance of the NatWest Group C&I segment, of which NWM Group forms part. The amount recognised in income for 2025 in relation to the Profit Share Arrangement was £189 million, compared with £146 million in 2024.

Exposures to Non-Traded Market Risk

Non-traded market risk is the risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates. Non-traded market risk exists in all balance-sheet exposure that makes reference to market risk factors. The key sources of non-traded market risk are interest rate risk, credit spread risk, foreign exchange risk and equity risk.

Interest Rates

Non-traded interest rate risk ('**NTIRR**') mainly arises from capital hedges, from portfolios held for liquidity purposes and from interest rate repricing mismatches between assets and liabilities in other portfolios. When aggregated, these products form portfolios of assets and liabilities with varying degrees of sensitivity to changes in market interest rates. Mismatches can give rise to volatility in net interest income as interest rates vary.

NTIRR comprises the following three primary risk types:

- Gap risk: arises from the timing of rate changes in non-trading book instruments. The extent of gap risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).

- Basis risk: captures the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices, or on the same interest rate indices but with different tenors.

- Option risk: arises from option derivative positions or from optional elements embedded in assets, liabilities and/or off-balance sheet items, where NWM Group or its customer can alter the level and timing of their cash flows.

To manage exposures within appetite, NWM Group aggregates its interest rate positions and hedges these externally using cash and derivatives (primarily interest rate swaps).

Credit Spreads

Credit spread risk arises from the potential adverse economic impact of a change in the spread between bond (or other credit-sensitive instrument) yields and swap rates, where the portfolios are accounted at fair value through other comprehensive income. Credit risk also arises on loan portfolios classified at fair value.

To ensure NWM Group can continue to meet its obligations in the event that access to wholesale funding markets is restricted, it maintains a liquidity buffer in the form of cash and bond portfolios – comprising primarily high-quality securities – and central bank cash. Credit spread risk is monitored daily through sensitivities and value-at-risk ('**VaR**') measures. The dealing mandates in place for the bond portfolios further mitigate the risk by imposing constraints by duration, asset class and credit rating. Exposures and limit utilisations are reported to senior management on a regular basis.

Foreign Exchange

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

- structural foreign exchange rate risk which mainly arises from the capital deployed in foreign subsidiaries and branches.

- Transactional foreign exchange rate risk which arises from customer transactions and profits and losses that are in a currency other than the functional currency.

Structural foreign exchange rate risk is assessed and managed by NWM Plc Treasury, with the aim of reducing NWM Plc's solo CET1 ratio sensitivity to unexpected movements in spot foreign exchange rates.

The position is managed within risk appetite levels under delegated authority from NWM Plc assets and liabilities committee. The sensitivity of the CET1 ratio to exchange rates is reported to NWM Plc senior management monthly.

Gains or losses arising from the retranslation of net investments in overseas operations are recognised in equity reserves and reduce the sensitivity of capital ratios to foreign exchange rate movements primarily arising from the retranslation of non-sterling denominated RWAs.

FX exposures arising from customer transactions are hedged by businesses on a regular basis in line with NatWest Group policy.

Regulatory Landscape and Continuing Uncertainty

NWM Group is subject to extensive laws, regulations, corporate governance practice and disclosure requirements, administrative actions and policies in each jurisdiction in which it operates. Many of these have been introduced or amended recently and are subject to further material changes. NWM Group expects government and regulatory intervention in the financial services industry to remain high for the foreseeable future. Recent regulatory changes, proposed or future developments and heightened levels of public and regulatory scrutiny in the UK, Europe and the US have resulted in increased capital, funding and liquidity requirements, changes in the competitive landscape, changes in other regulatory requirements and increased operating costs, and have impacted, and will continue to impact, product offerings and business models.

In recent years, regulators and governments have focused on reforming the prudential regulation of the financial services industry and the manner in which the business of financial services is conducted. Among others, measures have included: enhanced capital, liquidity and funding requirements, implementation of the UK ring-fencing regime, implementation and strengthening of the recovery and resolution framework applicable to financial institutions in the UK, the EU and the US, financial industry reforms (including in respect of MiFID II), and enhanced data privacy and IT resilience requirements. There has also been increased regulatory focus on areas such as conduct, consumer protection, AML, anti-bribery, anti-tax evasion, payment systems, sanctions and anti-terrorism laws and regulations and environmental, social and governance matters.

Areas in which, and examples of where, governmental policies, regulatory and accounting changes and increased public and regulatory scrutiny could have an impact on NWM Group's operational and financial performance include:

- Basel 3.1 is expected to be implemented in the UK from 1 January 2027. Following a transitional period of three years, Basel 3.1 will be fully implemented by 1 January 2030. The Basel 3.1 reform is expected to result in an increase of NWM Group's RWAs on 1 January 2027.

- In relation to regulatory capital, new rules set by the PRA, the introduction of the Capital Requirements Directive V ('**CRD V**'), the Capital Requirements Directive VI ("**CRD VI**") and the Capital Requirements Regulation 3 ('**CRR3'**) in the EU as well as the introduction of a revised prudential framework for banks and investment firms in the UK from 1 January 2022 have impacted NWM Group. NWM Group's results of operations will particularly be impacted by any changes made by UK regulators to the Leverage Ratio and Net Stable Funding Ratio ('**NSFR**').

- The European Market Infrastructure Regulation ('**EMIR**') in the EU imposes requirements on entities dealing in derivatives and securities trading as both customers and service providers such as NWM Group. EMIR requires certain types of OTC derivative contracts to be centrally cleared, imposes an obligation to report trades to a trade repository and mandates that parties incorporate risk mitigation procedures into their trading documentation in respect of uncleared derivatives. EMIR and the delegated legislation adopted thereunder have been incorporated into UK law. The bifurcation of the regulation of OTC derivatives and the potential for diverging standards to emerge creates a more complex trading environment for NWM

Group. Collectively, these developments are changing market dynamics and in some areas reducing returns for banks, including NWM Group.

- In the EU, the revised Markets in Financial Instruments Directive and the associated Regulation (MiFID II / MiFIR) took effect on 3 January 2018. MiFID II, among other things, introduced substantial new regulation of exchanges and trading venues, including new pre-trade and post-trade transparency requirements, a ban on the practice of using commission on transactions to compensate for research services and substantial new conduct requirements for financial services firms when dealing with clients. Although MiFID II and MiFIR have been implemented into UK law, the UK has started to diverge from these EU standards and it is likely that the UK will continue to diverge in the future, creating regulatory uncertainty and additional compliance burdens for NWM Group.

- The requirement set out in the CRD V for third country groups of financial institutions with a substantial presence in the EU and that have two or more institutions within the EU to establish an intermediate parent undertaking in the EU under which institutions within that group would operate.

- The CRD VI will be implemented in the EU during 2026 and 2027. Among other things, the CRD VI introduces restrictions on the provision of certain core banking services in the EU. Subject to limited exemptions, certain third-country entities lending to or accepting repayable funds from EU-based clients will be required to establish a physical branch in an EU member state or establish an EU subsidiary. These measures could require NatWest Group and NWM Group to make operational changes regarding their activities in the EU and subject them to additional compliance burdens.

- The direct and indirect effects of the UK's exit from the EU and the EEA have and will continue to affect many aspects of NWM Group's business and operating environment (see also, '*Risk Factors—Economic and political risk—NWM 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.*'). In addition, the longer term effects of Brexit on NWM Group's operating environment are difficult to predict and are subject to wider global macro-economic trends and events, but may significantly impact NWM Group and its customers and counterparties who are themselves dependent on trading with the EU or personnel from the EU and may result in periodic financial volatility and slower economic growth, in the UK in particular, but also in Republic of Ireland, Europe and potentially the global economy.

- UK and international regulators have driven a transition from the use of interbank offered rates, including LIBOR, to alternative risk free rates. On 30 September 2024, all LIBOR settings were permanently ceased in the UK.

Competitive landscape

As a strategically important part of NatWest Group, NWM Group provides, risk management, financing, and advisory services, principally to corporate customers in the UK, Western Europe and the United States, sponsors, non-bank financial institutions and sovereigns as well as other customers of the broader NatWest Group. It competes with large UK domestic banks, major international universal banks that offer combined investment and commercial banking capabilities, and investment banks that offer risk management, trading solutions and debt financing to financial institutions and corporate customers.

Competition intensified in NWM Group's main markets in 2025 as capital markets conditions improved and peers sought new growth opportunities. NWM Group saw competitors expand their financial markets propositions, invest in better platforms and show greater strategic intent by targeting higher transaction volumes, particularly with institutional clients. This was conducted through more bespoke and innovative funding, complex risk management solutions and innovative sustainably-linked products. The adoption of artificial intelligence ('**AI**') and machine learning accelerated, shifting from strategic planning to tactical implementation, aimed at better management of risk and personalisation of banking services.

In 2025, debt capital markets sentiment remained constructive as inflation continued to trend lower in the markets where NWM Group primarily operates and central banks in such markets maintained a gradual easing cycle. This supportive backdrop sustained strong refinancing activity, with issuers capitalising on improved funding conditions. Fixed Income, Currencies and Commodities ('**FICC**') divisions delivered another solid performance, underpinned by resilient client flows and persistent market volatility. Elevated trading volumes across FICC reflected ongoing demand for hedging and tactical positioning amid shifting rate expectations and geopolitical uncertainty.

The strategy NWM Group has developed over the years continued to help NWM Group remain well positioned to respond to evolving threats from other players in the banking market during 2025. In addition, NWM Group's expertise in fixed income, FX and sustainable finance, and NWM Group's debt capital markets proposition continued to support customers' core risk-management needs and provide capabilities ranging from advisory, execution and distribution, to secondary market liquidity.

Market Conditions

NWM Group's business and financial position is impacted by changes in market conditions, geopolitical upheaval, including the Iran conflict and broader economic changes that impact on liquidity, trading, risk and pricing.

NWM Group's ability to achieve planned revenues is dependent on customer activity across NWM Group's various product lines and net trading income derived from management of its trading portfolio. Customer activity can shift, as a result of a market dislocation, customer sentiment and ceasing of activity, or more gradually over time as a result of a change in customer preferences (for example, in a particular hedging product or foreign exchange pair). As an example, appetite for customers to raise funding in the capital markets through bond issuance may reduce in a period of market uncertainty and widening of credit spreads, resulting in a reduction in fees earned by NWM Group on issuance activity.

NWM Group trades a considerable amount of financial instruments (including derivatives) and volatile market conditions could result in a significant decline in NWM Group's net trading income or result in a trading loss. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values, which may be accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, increasing NWM Group's counterparty risk.

Market volatility, illiquid market conditions and disruptions in the credit markets may make it difficult to value certain of NWM Group's financial instruments, particularly during periods of market displacement which could cause a decline in the value of NWM Group's financial instruments, which may have an adverse effect on NWM Group's results of operations in future periods, or inaccurate carrying values for certain financial instruments.

Actual or perceived difficult global economic conditions can create challenging economic and market conditions and a difficult operating environment for NWM Group's businesses and its clients and counterparties, thereby affecting its financial performance. The value of NWM Group's financial instruments may be materially affected by market risk, including as a result of market fluctuations.

NWM Group has lending exposure to, among others, financial institutions and EEA corporate customers and therefore, has exposure to the related relevant credit risk arising from such lending activities. The credit quality of NWM Group's borrowers and other counterparties is impacted by prevailing economic and market conditions and by the legal and regulatory landscape in the UK and Europe in general, and any deterioration in such conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality and consequently impact NWM Group's ability to enforce contractual security rights.

NWM Group's risk management and monitoring processes seek to quantify and mitigate NWM Group's exposure to more extreme market moves. However, severe market events have historically been difficult to predict and NWM Group could realise significant losses if extreme market events were to occur.

NWM Group's business risks and capital usage will vary as markets move in response to changing economic conditions and other geopolitical developments. These moves will also affect liquidity conditions, customer activity, market risks and pricing behaviour.

In 2025, the Consumer Price Index ("**CPI**") in the UK, US, and Eurozone continued to gradually decline, reflecting easing inflationary pressures across many of the markets where NWM Group operates. This enabled central banks to reduce their policy rates by 75 basis points in the US and Eurozone and by 100 basis points in the UK. Yields on government debt ended the year broadly lower than they started and, in foreign exchange, the dollar weakened against most major currencies. In equities, markets performed strongly with US markets such as the S&P 500, Eurostox 50 and the FTSE100 all recording strong double digit growth.

Credit Ratings

As at the date of this Registration Document, the long-term credit ratings of the Issuer are A1 (stable outlook) by Moody's Investors Service Limited ('**Moody's**'), A (stable outlook) by S&P Global Ratings UK Limited ('**S&P**') and AA- (stable outlook) by Fitch Ratings Limited ('**Fitch**'). Additionally, the Issuer is rated AA- (stable outlook) by Japan Credit Rating Agency Ltd.

A credit or financial strength rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating. There is no guarantee that any rating of the Issuer assigned by any such rating agency will be maintained following the date of this Registration Document, and the Issuer may seek to obtain ratings from other rating agencies. Up-to-date information should always be sought by direct reference to the relevant rating agency. S&P, Moody's and Fitch are each established in the UK. S&P, Moody's and Fitch are each included in the list of credit rating agencies registered in accordance with the UK CRA Regulation, available on the FCA website at https://www.fca.org.uk/firms/credit-rating-agencies (last updated on 28 November 2025).

Consolidated Financial Information for the Years Ended and as at 31 December 2025 and 2024

Income Statement

The following table sets forth a summary of NWM Group's results of operations for the years indicated.

	2025	2024
	£m	**£m**
Interest receivable	2,585	2,720
Interest payable	(2,097)	(2,288)
Net interest income	**488**	**432**
Fees and commissions receivable	417	476
Fees and commissions payable	(188)	(213)
Income from trading activities	658	585
Other operating income	96	(43)
Non-interest income	**983**	**805**
Total income	**1,471**	**1,237**
Staff costs	(506)	(452)
Premises and equipment	(79)	(75)
Other administrative expenses	(711)	(671)
Depreciation and amortisation	(12)	(10)
Operating expenses	**(1,308)**	**(1,208)**
Profit before impairment losses/releases	**163**	**29**
Impairment (losses)/releases	(3)	8
Operating profit before tax	**160**	**37**
Tax credit/(charge)	115	26
Profit for the year	**275**	**63**

The operating profit before tax of £160 million compares with a profit before tax of £37 million in the year ended 31 December 2024. Total income of £1,471 million increased by £234 million, or 19 per cent, largely driven by stronger performances in Currencies and Capital Markets, higher income from the Profit Share Arrangement, one-off gains recognised in 2025 and lower FX reserves recycling losses. Net interest income, representing interest income from lending activity and capital hedges, offset by interest expense from the funding costs of the business, was a net income of £488 million for the year ended 31 December 2025, compared with a net income of £432 million in 2024, largely reflecting growth in lending activity within Capital Markets. Non-interest income increased by £178 million to £983 million compared with £805 million for the year ended 31 December 2024, largely driven by a stronger performance in Currencies, which reflected the successful navigation of volatile market conditions, and higher income in Capital Management Unit (which was set up in the third quarter of 2020 to manage capital usage and optimisation across all parts of NWM Group, with the income materially relating to legacy positions) and other, driven by one-off gains recognised in 2025 including a dividend received on the restructuring of a strategic investment, and lower FX reserves recycling losses. In addition, the amount recognised pursuant to the Profit Share Arrangement of £189 million was £43 million higher than the amount recognised in 2024 of £146 million. These increases were partially offset by lower revenues in Fixed Income, which reflected challenging market conditions and reduced client activity.

Operating expenses increased by £100 million, or 8 per cent, to £1,308 million in the year ended 31 December 2025 from £1,208 million in the year ended 31 December 2024. Within these figures, litigation and conduct costs of £63 million for the year ended 31 December 2025 reflected ongoing progress in closing legacy matters, including any associated conduct remediation activity, and were down by £39 million compared with £102 million in the prior year. Other operating expenses increased by £139 million, or 13 per cent, to £1,245 million for the year ended 31 December 2025, largely due to increases in technology investment costs and staff costs, lower VAT recoveries and a credit recognised in 2024 in relation to property charges, partially offset by a reduction in severance costs.

Net Interest Income

NWM Group's net interest income for the year ended 31 December 2025 amounted to £488 million, an increase of £56 million compared with £432 million for the year ended 31 December 2024, largely reflecting growth in lending activity within Capital Markets. Interest receivable of £2,585 million for the year ended 31 December 2025 was down by £135 million compared with £2,720 million in the prior year, largely driven by decreases from balances at central banks and loans to banks and other financial assets, partially offset from higher interest from loans to customers. Interest payable of £2,097 million in the year ended 31 December 2025 decreased by £191 million compared with £2,288 million in the prior year, largely due to lower interest paid on other financial liabilities and customer deposits, partially offset by higher interest paid on bank deposits.

Non-Interest Income

The following table sets forth NWM Group's non-interest income data as at the dates and for the years indicated.

	2025	**2024**
	£m	**£m**
Fees and commissions receivable		
Lending and financing	101	118
Brokerage	49	45
Underwriting fees	159	154
Other	108	159
Total	**417**	**476**
Fees and commissions payable	**(188)**	**(213)**
Net fees and commissions	**229**	**263**
Income from trading activities		
Foreign exchange	327	204
Interest rate	267	542
Credit	63	(152)
Changes in fair value of own debt and derivative liabilities attributable to own credit risk - debt securities in issue and derivative liabilities	1	(9)
	658	585
Other operating income		
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss(1)	(134)	(132)
Dividend income	59	9
Foreign exchange recycling losses (2)	(30)	(70)
Other income(3)	201	150

	2025	2024
	£m	£m
	96	(43)
Total Non-Interest Income..	**983**	**805**

(1) Including related derivatives

(2) Foreign exchange reserves recycling arising from capital and funding actions during the year.

(3) Other income includes the Profit Share Arrangement.

NWM Group's non-interest income for the year ended 31 December 2025 amounted to £983 million, an increase of £178 million, or 22 per cent, as compared to £805 million for the year ended 31 December 2024. The increase was largely due to a stronger performance in Currencies, which reflected the successful navigation of volatile market conditions, and higher income in Capital Management Unit and other, driven by one-off gains recognised in 2025 including a dividend received on the restructuring of a strategic investment, and lower FX reserves recycling losses. In addition, the amount recognised under the Profit Share Arrangement of £189 million was £43 million higher than the amount of £146 million recognised in 2024. These increases were partially offset by lower revenues in Fixed Income, which reflected challenging market conditions and reduced client activity.

NWM Group's net fees and commissions for the year ended 31 December 2025, largely comprising those in respect of NWM Group's Capital Markets business, amounted to a net income of £229 million as compared to a net income of £263 million for the year ended 31 December 2024. The decrease of £34 million was largely due to lower fees and commissions receivable from lending and financing and other activities, partially offset by a decrease in fees and commissions payable.

NWM Group's income from trading activities for the year ended 31 December 2025, which primarily includes trading and flow-related income across its core product offerings as well as legacy positions, amounted to £658 million, an increase of £73 million, or 12 per cent, as compared to £585 million for the year ended 31 December 2024. The increase was largely due to a stronger performance in Currencies and an increase from own credit adjustments, partially offset by a weaker performance in Fixed Income. NWM Group's other operating income for the year ended 31 December 2025 amounted to a profit of £96 million, an increase of £139 million compared to a loss of £43 million for the year ended 31 December 2024. The increase was largely due to a dividend received on the restructuring of a strategic investment, lower FX reserves recycling losses, and an increase of £43 million in the amount recognised pursuant to the Profit Share Arrangement.

Operating Expenses

NWM Group's operating expenses for the year ended 31 December 2025 amounted to £1,308 million, an increase of £100 million, or 8 per cent, as compared to £1,208 million for the year ended 31 December 2024, as a decrease in litigation and conduct costs was more than offset by an increase in other operating expenses.

A reconciliation between the statutory and non-statutory presentations of operating expenses is set out in the table below (£m):

(£m)	**2025**			**2024**		
Operating expenses	**Litigation and conduct costs**	**Other operating expenses**	**Statutory operating expenses**	**Litigation and conduct costs**	**Other operating expenses**	**Statutory operating expenses**
Staff expenses..	40	466	506	27	425	452
Premises and equipment........................	6	73	79	–	75	75
Other administrative expenses...............	17	694	711	75	596	671
Depreciation and amortisation...............	–	12	12	–	10	10
Total	63	1,245	1,308	102	1,106	1,208

NWM Group's staff expenses for the year ended 31 December 2025 amounted to £506 million, an increase of £54 million, or 12 per cent, as compared to £452 million for the year ended 31 December 2024. The increase was largely due to higher litigation and conduct costs reflecting ongoing progress in closing legacy matters, including any associated conduct remediation activity, and increases in bonus awards, pension costs and salary costs.

NWM Group's premises and equipment expenses for the year ended 31 December 2025 amounted to £79 million, an increase of £4 million, or 5 per cent, as compared to £75 million for the year ended 31 December 2024.

NWM Group's other administrative expenses for the year ended 31 December 2025 amounted to £711 million, an increase of £40 million, or 6 per cent, as compared to £671 million for the year ended 31 December 2024. The increase was largely driven by an increase in technology investment costs, lower VAT recoveries and a credit recognised in 2024 in relation to property charges, partially offset by a decrease in litigation and conduct costs which reflected ongoing progress in closing legacy matters, including any associated conduct remediation activity, and a reduction in severance costs.

NWM Group's depreciation and amortisation expenses for the year ended 31 December 2025 amounted to £12 million, an increase of £2 million, or 20 per cent, as compared to £10 million for the year ended 31 December 2024.

Impairment (Losses)/Releases

NWM Group's impairment losses for the year ended 31 December 2025 amounted to £3 million, compared to releases of £8 million for the year ended 31 December 2024. The current year loss was mainly due to higher ECL provisions from increases in net exposure.

Operating Profit Before Tax

NWM Group's operating profit before tax for the year ended 31 December 2025 amounted to £160 million, an increase of £123 million as compared to a profit of £37 million for the year ended 31 December 2024, due to the factors described above for each income and expense line.

Tax Credit

NWM Group's total tax credit for the year ended 31 December 2025 amounted to £115 million, an increase of £89 million as compared to a tax credit of £26 million for the year ended 31 December 2024. The 2025 tax credit of £115 million on operating profit before tax of £160 million is higher than the expected UK corporation tax rate of 25 per cent, primarily due to a revision in NWM Group's estimate of deductible costs in current and prior periods and a write-back of the deferred tax held on NWM N.V. losses.

Net Profit for the Year

NWM Group's net profit for the year ended 31 December 2025 amounted to £275 million, an increase of £212 million as compared to a profit of £63 million for the year ended 31 December 2024.

Balance Sheet

The following table sets forth NWM Group's consolidated and NWM Plc's unconsolidated balance sheet data as at the dates indicated.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	£m		£m	
Assets				
Cash and balances at central banks	16,023	16,229	9,357	11,069
Trading assets(2)	46,174	48,883	22,087	26,186
Derivatives(1)	60,866	78,105	57,793	74,982
Settlement balances	643	2,043	490	550
Loans to banks – amortised cost	1,221	1,171	603	897
Loans to customers – amortised cost	23,454	17,921	22,154	17,089
Amounts due from holding company and fellow subsidiaries	287	343	3,611	3,341
Other financial assets	19,084	17,850	17,354	16,081
Investments in group undertakings	—	—	2,403	2,263
Other assets(3)	619	621	436	479

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	£m		£m	
Total assets	168,371	183,166	136,288	152,937
Liabilities				
Bank deposits	8,501	4,565	7,650	4,069
Customer deposits	7,161	4,840	2,824	2,350
Amounts due to holding company and fellow subsidiaries	6,068	6,771	8,278	10,757
Settlement balances	932	1,729	501	444
Trading liabilities(2)	48,847	54,512	25,916	30,130
Derivatives(1)	53,977	72,036	52,166	70,016
Other financial liabilities	35,453	31,263	31,740	27,966
Other liabilities(3)	469	521	333	386
Total liabilities	161,408	176,237	129,408	146,118
Owners' equity	6,963	6,929	6,880	6,819
Non-controlling interests	—	—	—	—
Total equity	6,963	6,929	6,880	6,819
Total liabilities and equity	168,371	183,166	136,288	152,937

(1) Derivatives are presented net of IFRS offsets, corresponding predominantly to positions settled through clearing houses.

(2) The line items 'Trading assets' and 'Trading liabilities' are further analysed as follows.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	(£m)			
Trading assets				
Reverse repos	27,656	27,127	9,460	10,099
Derivative cash collateral given	5,635	7,333	4,005	5,606
Securities				
Central and local government				
- UK	1,808	2,077	1,808	2,077
- US	4,153	3,734	257	186
- Other	4,135	3,506	4,135	3,506
Financial institutions and Corporate	2,493	4,561	2,182	4,315
Total securities	12,589	13,878	8,382	10,084
Other loans	294	545	240	397
Total	46,174	48,883	22,087	26,186
Trading liabilities				
Repos	28,578	30,562	8,936	10,293
Derivative cash collateral received	11,792	12,307	9,762	9,993
Short positions				
Central and local government				
- UK	1,504	2,680	1,504	2,680
- US	1,161	1,677	19	14
- Other	4,137	4,755	4,137	4,755
Financial institutions and Corporate	702	1,379	608	1,287
Total short positions	7,504	10,491	6,268	8,736

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	(£m)			
Other deposits and issuance	973	1,152	950	1,108
Total	48,847	54,512	25,916	30,130

(3) The line items 'Other assets' and 'Other liabilities' are further analysed as follows.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	(£m)			
Other assets				
Property, plant and equipment	33	42	10	14
Pension schemes in net surplus	160	146	160	146
Accrued income	45	36	32	23
Tax recoverable	103	137	99	136
Deferred tax	187	172	52	87
Other assets	91	88	83	73
Total	619	621	436	479
Other liabilities				
Lease liabilities	33	41	4	5
Provisions for liabilities and charges	85	146	62	126
Retirement benefit liabilities	27	39	25	36
Accruals	170	177	124	129
Deferred income	66	43	50	34
Current tax	5	9	3	6
Deferred tax	42	37	40	35
Other liabilities	41	29	25	15
Total	469	521	333	386

NWM Group's balance sheet profile as at 31 December 2025 can be summarised as follows.

Assets	£bn	Liabilities	£bn
Cash and balances at central banks	16.0		
Trading assets	46.2	Trading liabilities	48.8
Securities	12.6	Short positions	7.5
Reverse repos(1)	27.7	Repos(2)	28.6
Derivative collateral(3)	5.6	Derivative collateral(4)	11.8
Other trading assets	0.3	Other trading liabilities	0.9
Loans - amortised cost	24.7	Deposits - amortised cost	15.7
Settlement balances	0.6	Settlement balances	0.9
Amounts due from holding company and fellow subsidiaries	0.3	Amounts due to holding company and fellow subsidiaries	6.1
Other financial assets	19.1	Other financial liabilities	35.5
Other assets	0.6	Other liabilities	0.4
Funded assets	107.5	Liabilities excluding derivatives	107.4

Assets	£bn	Liabilities	£bn
Derivative assets	60.9	Derivative liabilities	54.0
Total assets	168.4	Total liabilities	161.4
		of which: wholesale funding(5)	36.2
		of which: short-term wholesale funding(5)	14.4
Net derivative assets	2.3	Net derivative liabilities	2.5

(1) Comprises bank reverse repos of £4.6 billion (2024- £5.9 billion) and customer reverse repos of £23.1 billion (2024- £21.2 billion).

(2) Comprises bank repos of £8.2 billion (2024- £7.2 billion) and customer repos of £20.4 billion (2024- £23.4 billion).

(3) Comprises derivative collateral posted relating to banks of £2.6 billion (2024- £3.6 billion) and customers of £3.0 billion (2024- £3.7 billion).

(4) Comprises derivative collateral received relating to banks of £4.1 billion (2024- £5.3 billion) and customers of £7.7 billion (2024- £7.0 billion).

(5) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities.

NWM Group's balance sheet is largely comprised of trading assets and liabilities and derivative assets and liabilities, centred around its product offering of Fixed Income, Currencies and Capital Markets. Trading assets and liabilities largely include debt securities, reverse repos and derivative collateral, together with short positions, repos and derivative collateral respectively. Derivative assets and liabilities include interest rate and foreign exchange contracts as well as smaller volumes of credit, equity and commodity derivatives. Banking book assets and liabilities predominantly relate to amortised cost portfolios of corporate lending and deposits, as well as Treasury activities such as the management of the liquidity portfolio of cash and bonds, and the issuance of senior unsecured, subordinated and equity instruments.

As NWM Group is not primarily a deposit-taking and lending institution, metrics such as net interest margin ('**NIM**') have limited significance for NWM Plc and do not relate to the basis on which the business is managed. The short term and fluctuating nature of the trading business can result in relatively large intra-period movements in the balance sheet with trading assets and liabilities primarily moving in unison. This is due to the flow nature of the trading business activities and balance sheet profile which is largely matched across trading and derivative assets, and trading and derivative liabilities. Risks and exposures may be managed on a net basis.

Assets

As at 31 December 2025, NWM Group's total assets amounted to £168,371 million, a decrease of £14,795 million, or 8 per cent, as compared to £183,166 million as at 31 December 2024. The decrease was mainly due to lower derivative fair values, which decreased by £17,239 million, largely reflecting FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors. Funded assets increased in 2025, driven by higher loans to customers and other financial assets.

As at 31 December 2025, NWM Group's cash and balances at central banks amounted to £16,023 million, a decrease of £206 million, or 1 per cent, as compared to £16,229 million as at 31 December 2024.

As at 31 December 2025, NWM Group's trading assets amounted to £46,174 million, a decrease of £2,709 million, or 6 per cent, as compared to £48,883 million as at 31 December 2024, mainly driven by decreases in derivatives cash collateral posted and securities, partially offset by an increase in reverse repos.

As at 31 December 2025, NWM Group's derivative assets amounted to £60,866 million, a decrease of £17,239 million, or 22 per cent, as compared to £78,105 million as at 31 December 2024. The decrease in mark-to-market value largely reflected FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2025, NWM Group's loans to customers (amortised cost) amounted to £23,454 million, an increase of £5,533 million, or 31 per cent, as compared to £17,921 million as at 31 December 2024. The increase was mainly driven by growth in Capital Markets.

As at 31 December 2025, NWM Group's settlement balance assets amounted to £643 million, a decrease of £1,400 million, or 69 per cent, as compared to £2,043 million as at 31 December 2024. The decrease reflected comparatively lower trade volumes in the period leading up to 31 December 2025.

As at 31 December 2025, NWM Group's other financial assets amounted to £19,084 million, an increase of £1,234 million, or 7 per cent, as compared to £17,850 million as at 31 December 2024. The increase was largely driven by an increase in bonds held in the liquid asset buffer.

As at 31 December 2025, NWM Group's other assets amounted to £619 million, a decrease of £2 million, or 0.3 per cent, as compared to £621 million as at 31 December 2024. The decrease was principally driven by decreases in tax recoverable and property, plant and equipment, partially offset by increases in deferred tax, pension schemes in net surplus and accrued income.

Liabilities

As at 31 December 2025, NWM Group's total liabilities amounted to £161,408 million, a decrease of £14,829 million, or 8 per cent, as compared to £176,237 million as at 31 December 2024. The decrease was mainly due to lower derivative fair values, which decreased by £18,059 million, largely reflecting FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors. Liabilities excluding derivatives increased in 2025, largely driven by increases in other financial liabilities, bank deposits and customer deposits, partially offset by a decrease in trading liabilities.

As at 31 December 2025, NWM Group's bank deposits amounted to £8,501 million, an increase of £3,936 million, or 86 per cent, as compared to £4,565 million as at 31 December 2024, largely driven by an increase in repo funding.

As at 31 December 2025, NWM Group's customer deposits amounted to £7,161 million, an increase of £2,321 million, or 48 per cent, as compared to £4,840 million as at 31 December 2024, largely due to higher deposits in NWM N.V.

As at 31 December 2025, NWM Group's settlement balance liabilities amounted to £932 million, a decrease of £797 million, or 46 per cent, as compared to £1,729 million as at 31 December 2024. The decrease reflected comparatively lower trade volumes in the period leading up to 31 December 2025.

As at 31 December 2025, NWM Group's trading liabilities amounted to £48,847 million, a decrease of £5,665 million, or 10 per cent, as compared to £54,512 million as at 31 December 2024, mainly driven by decreases in short positions, repos and derivative cash collateral received.

As at 31 December 2025, NWM Group's derivative liabilities amounted to £53,977 million, a decrease of £18,059 million, or 25 per cent, as compared to £72,036 million as at 31 December 2024. The decrease in mark-to-market value largely reflected FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2025, NWM Group's other financial liabilities amounted to £35,453 million, an increase of £4,190 million, or 13 per cent, as compared to £31,263 million as at 31 December 2024, largely driven by new issuances partially offset by maturities.

As at 31 December 2025, NWM Group's other liabilities amounted to £469 million, a decrease of £52 million, or 10 per cent, as compared to £521 million as at 31 December 2024, mainly driven by decreases in provisions for liabilities and charges, retirement benefit liabilities, lease liabilities and accruals, partially offset by increases in deferred income and other liabilities.

Cash Flows

The following table sets forth NWM Group's cash flow data as at the dates and for the years indicated.

	NWM Group	
	For the years ended	
	2025	2024
	£m	
Cash flows from operating activities		
Operating profit before tax	160	37
Adjustments for:		
Non-cash and other items	(1,001)	143
Changes in operating assets and liabilities	(1,731)	(226)
Income taxes received/(paid)	96	(89)
Net cash flows from operating activities(1)	**(2,476)**	**(135)**
Cash flows from investing activities		
Sale and maturity of other financial assets	9,568	5,711
Purchase of other financial assets	(10,645)	(8,020)
Income received on other financial assets	913	971
Additional investment in associates	—	(1)
Sale of property, plant and equipment	—	8
Purchase of property, plant and equipment	(1)	(2)
Net cash flows from investing activities	**(165)**	**(1,333)**
Cash flows from financing activities		
Issue of paid-in equity	600	592
Redemption of paid-in equity	(845)	—
Issue of subordinated liabilities	—	918
Redemption of subordinated liabilities	—	(814)
Interest paid on subordinated liabilities	(69)	(91)
Issue of MRELs	978	1,680
Maturity of MRELs	(874)	(433)
Interest paid on MRELs	(239)	(179)
Dividends Paid	(108)	(80)
Net cash flows from financing activities	**(557)**	**1,593**
Effects of exchange rate on cash and cash equivalents	319	(532)
Net (decrease)/increase in cash and cash equivalents	**(2,879)**	**(407)**
Cash and cash equivalents at 1 January	24,536	24,943
Cash and cash equivalents at 31 December	**21,657**	**24,536**

(1) Includes interest received of £2,598 million (2024 - £2,658 million) and interest paid of £2,093 million (2024 - £2,233 million).

	NWM Group	
	For the years ended	
	2025	2024
	£m	
Non-cash and other items		
Impairment losses/(releases)	3	(8)
Depreciation and amortisation	12	10
Change in fair value taken to profit or loss on other financial assets	(1)	—
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	27	(12)
Elimination of foreign exchange differences	(589)	560
Foreign exchange recycling losses	31	70
Other non-cash items	218	270
Income receivable on other financial assets	(972)	(1,029)
Loss/(profit) on sale of other financial assets	2	(1)
Interest payable on MRELs and subordinated liabilities	309	291

	NWM Group	
	For the years ended	
	2025	2024
	£m	
Charges and release of provisions	(32)	11
Defined benefit pension schemes	(9)	(19)
Non-cash and other items	**(1,001)**	**143**
Change in operating assets and liabilities		
Change in trading assets	509	(5,397)
Change in derivative assets	17,137	929
Change in settlement balance assets	1,400	5,184
Change in net loans to banks	(391)	(19)
Change in net loans to customers	(5,535)	(4,932)
Change in amounts due from holding company and fellow subsidiaries	(76)	655
Change in other financial assets	(47)	17
Change in other assets	(15)	33
Change in bank deposits	3,936	2,298
Change in customer deposits	2,321	(2,158)
Change in amounts due to holding company and fellow subsidiaries	(617)	(414)
Change in settlement balance liabilities	(797)	(4,912)
Change in trading liabilities	(5,664)	888
Change in derivative liabilities	(18,059)	55
Change in other financial liabilities	4,183	7,674
Change in other liabilities	(16)	(127)
Change in operating assets and liabilities	**(1,731)**	**(226)**

Total cash outflow from operating activities was £2,476 million for the year ended 31 December 2025, an increase of £2,341 million compared to the £135 million outflow for the year ended 31 December 2024. The increase in outflow was largely attributable to changes in operating assets and liabilities, largely due to higher outflows and lower inflows from derivative liabilities, trading liabilities, settlement balance assets, and other financial liabilities, offset by lower outflows and higher inflows from derivative assets, trading assets, customer deposits and settlement balance liabilities. In addition, the net outflow from non-cash and other items increased by £1,144 million, mainly due to the elimination of foreign exchange differences.

Total cash outflow from investing activities was £165 million for the year ended 31 December 2025, a decrease of £1,168 million as compared to the cash outflow of £1,333 million for the year ended 31 December 2024. The decrease in outflow was principally attributable to higher inflows from the sale and maturity of other financial assets, partially offset by higher outflows from the purchase of other financial assets.

Total cash outflow from financing activities was £557 million for the year ended 31 December 2025, an increase of £2,150 million as compared to the inflow of £1,593 million for the year ended 31 December 2024. The increase in outflow was principally due to higher outflows from the redemption of paid-in equity and maturity of MRELs and lower inflows from the issue of subordinated liabilities and MRELs, partially offset by lower outflows from the redemption of subordinated liabilities.

Consolidated Financial Information for the Years Ended and as at 31 December 2024 and 2023

Income Statement

The following table sets forth a summary of NWM Group's results of operations for the years indicated.

	2024	2023
	£m	£m
Interest receivable	2,720	2,186
Interest payable	(2,288)	(1,831)
Net interest income	**432**	**355**

	2024	2023
	£m	**£m**
Fees and commissions receivable	476	377
Fees and commissions payable	(213)	(175)
Income from trading activities	585	477
Other operating income	(43)	35
Non-interest income	805	714
Total income	1,237	1,069
Staff costs	(452)	(418)
Premises and equipment	(75)	(66)
Other administrative expenses	(671)	(642)
Depreciation and amortisation	(10)	(16)
Operating expenses	**(1,208)**	**(1,142)**
Profit/(loss) before impairment releases/losses	**29**	**(73)**
Impairment releases/(losses)	8	(2)
Operating profit/(loss) before tax	**37**	**(75)**
Tax credit/(charge)	26	(23)
Profit/(loss) for the year	**63**	**(98)**

The operating profit before tax of £37 million compares with a loss before tax of £75 million in the year ended 31 December 2023. Total income of £1,237 million increased by £168 million, or 16 per cent, largely driven by stronger performances across the primary business lines, partially offset by FX reserves recycling and lower income from the Profit Share Arrangement. Net interest income, representing interest income from lending activity and capital hedges, offset by interest expense from the funding costs of the business, was a net income of £432 million for the year ended 31 December 2024, compared with a net income of £355 million in 2023, largely reflecting growth in lending activity. Non-interest income increased by £91 million to £805 million compared with £714 million for the year ended 31 December 2023, largely driven by stronger performances across the primary business lines reflecting strong customer demand in capital markets and robust trading income, partially offset by FX reserves recycling relating to legacy overseas operations closure activity completed during 2024. In addition, the amount recognised pursuant to the Profit Share Arrangement of £146 million was £31 million lower than the amount recognised in 2023 of £177 million.

Operating expenses increased by £66 million, or 6 per cent, to £1,208 million in the year ended 31 December 2024 from £1,142 million in the year ended 31 December 2023. Within these figures, litigation and conduct costs of £102 million for the year ended 31 December 2024 reflected ongoing progress in closing legacy matters, including any associated conduct remediation activity, and were up by £42 million compared with £60 million in the prior year. Other operating expenses increased by £24 million, or 2 per cent, to £1,106 million for the year ended 31 December 2024, largely due to increases in staff costs, severance costs, bank levies and other smaller movements, partially offset by credits recognised in 2024 in relation to property charges and VAT recoveries relating to earlier periods.

Net Interest Income

NWM Group's net interest income for the year ended 31 December 2024 amounted to £432 million, an increase of £77 million compared with £355 million for the year ended 31 December 2023. Interest receivable of £2,720 million for the year ended 31 December 2024 was up by £534 million compared with £2,186 million in the prior year, largely driven by an increase in lending during the year. Interest payable of £2,288 million in the year ended 31 December 2024 increased by £457 million compared with £1,831 million in the prior year, largely due to higher issuance to fund increased lending during 2024.

Non-Interest Income

The following table sets forth NWM Group's non-interest income data as at the dates and for the years indicated.

	2024	2023
	£m	**£m**
Fees and commissions receivable		
Lending and financing	118	91
Brokerage	45	42

	2024	2023
	£m	**£m**
Underwriting fees	154	122
Other	159	122
Total	**476**	**377**
Fees and commissions payable	**(213)**	**(175)**
Net fees and commissions	**263**	**202**
Income from trading activities		
Foreign exchange	204	166
Interest rate	542	385
Credit	(152)	(72)
Changes in fair value of own debt and derivative liabilities attributable to own credit risk - debt securities in issue and derivative liabilities	(9)	(2)
	585	477
Other operating income		
Loss on redemption of own debt	—	(14)
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss (1)	(132)	(154)
Dividend income	9	5
Foreign exchange recycling (losses)/gains(2)	(70)	8
Other income(3)	150	190
	(43)	35
Total Non-Interest Income	**805**	**714**

(4) Including related derivatives

(5) Foreign exchange reserves recycling relating to legacy overseas operations closure activity completed during 2024.

(6) Other income includes the Profit Share Arrangement that was entered into in 2023.

NWM Group's non-interest income for the year ended 31 December 2024 amounted to £805 million, an increase of £91 million, or 13 per cent, as compared to £714 million for the year ended 31 December 2023. The increase was largely due to stronger performances across the primary business lines reflecting strong customer demand in capital markets and robust trading income, partially offset by FX reserves recycling relating to legacy overseas operations closure activity completed during 2024. In addition, the amount recognised under the Profit Share Arrangement of £146 million was £31 million lower than the amount of £177 million recognised in 2023.

NWM Group's net fees and commissions for the year ended 31 December 2024, largely comprising those in respect of NWM Group's Capital Markets business, amounted to a net income of £263 million as compared to a net income of £202 million for the year ended 31 December 2023.

NWM Group's income from trading activities for the year ended 31 December 2024, which primarily includes trading and flow-related income across its core product offerings as well as legacy positions, amounted to £585 million, an increase of £108 million, or 23 per cent, as compared to £477 million for the year ended 31 December 2023. The increase was largely due to stronger performances across the primary business lines. NWM Group's other operating income for the year ended 31 December 2024 amounted to a loss of £43 million, a decrease of £78 million compared to a gain of £35 million for the year ended 31 December 2023. The decrease was largely due to FX reserves recycling relating to legacy overseas operations closure activity completed during 2024, in addition to a decrease of £31 million in the amount recognised pursuant to the Profit Share Arrangement, offset by increases from changes in the fair value of financial assets through profit and loss on redemption of own debt recognised in 2023.

Operating Expenses

NWM Group's operating expenses for the year ended 31 December 2024 amounted to £1,208 million, an increase of £66 million, or 6 per cent, as compared to £1,142 million for the year ended 31 December 2023, driven by increases in litigation and conduct costs and other operating expenses.

A reconciliation between the statutory and non-statutory presentations of operating expenses is set out in the table below (£m):

(£m)	2024			2023		
Operating expenses	Litigation and conduct costs	Other operating expenses	Statutory operating expenses	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff expenses	27	425	452	12	406	418
Premises and equipment	–	75	75	–	66	66
Other administrative expenses	75	596	671	48	594	642
Depreciation and amortisation	–	10	10	–	16	16
Total	102	1,106	1,208	60	1,082	1,142

NWM Group's staff expenses for the year ended 31 December 2024 amounted to £452 million, an increase of £34 million, or 8 per cent, as compared to £418 million for the year ended 31 December 2023. The increase was largely due to higher litigation and conduct costs reflecting ongoing progress in closing legacy matters, including any associated conduct remediation activity, and increases in bonus awards and salary costs.

NWM Group's premises and equipment expenses for the year ended 31 December 2024 amounted to £75 million, an increase of £9 million, or 14 per cent, as compared to £66 million for the year ended 31 December 2023.

NWM Group's other administrative expenses for the year ended 31 December 2024 amounted to £671 million, an increase of £29 million, or 5 per cent, as compared to £642 million for the year ended 31 December 2023. The increase was largely driven by an increase in litigation and conduct costs, reflecting ongoing progress in closing legacy matters, including any associated conduct remediation activity, in addition to increases in severance costs, bank levies and other smaller movements, partially offset by credits recognised in 2024 in relation to property charges and VAT recoveries relating to earlier periods.

NWM Group's depreciation and amortisation expenses for the year ended 31 December 2024 amounted to £10 million, a decrease of £6 million, or 38 per cent, as compared to £16 million for the year ended 31 December 2023.

Impairment Releases/(Losses)

NWM Group's impairment releases for the year ended 31 December 2024 amounted to £8 million, compared to losses of £2 million for the year ended 31 December 2023. The current year gain was mainly due to a number of smaller ECL releases and fortuitous recoveries.

Operating Profit/(Loss) Before Tax

NWM Group's operating profit before tax for the year ended 31 December 2024 amounted to £37 million, an increase of £112 million as compared to a loss of £75 million for the year ended 31 December 2023, due to the factors described above for each income and expense line.

Tax Credit/(Charge)

NWM Group's total tax credit for the year ended 31 December 2024 amounted to £26 million, an increase of £49 million as compared to a tax charge of £23 million for the year ended 31 December 2023. The 2024 tax credit of £26 million on operating profit before tax of £37 million is higher than the expected UK corporation tax rate of 25.0 per cent, primarily due to the increase in the carrying value of deferred tax assets in respect of losses in the Netherlands, tax adjustments for indexed linked gilts and paid-in equity, and unrecognised losses brought forward and utilised, partially offset by non-deductible losses on disposal and write-downs, bank levy and conduct costs.

Net Profit/(Loss) for the Year

NWM Group's net profit for the year ended 31 December 2024 amounted to £63 million, an increase of £161 million as compared to a loss of £98 million for the year ended 31 December 2023.

Balance Sheet

The following table sets forth NWM Group's consolidated and NWM Plc's unconsolidated balance sheet data as at the dates indicated.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	£m		£m	
Assets				
Cash and balances at central banks	16,229	13,831	11,069	8,607
Trading assets(2)	48,883	45,324	26,186	28,411
Derivatives(1)	78,105	79,332	74,982	75,832
Settlement balances	2,043	7,227	550	2,168
Loans to banks – amortised cost	1,171	1,246	897	910
Loans to customers – amortised cost	17,921	12,986	17,089	12,104
Amounts due from holding company and fellow subsidiaries	343	1,730	3,341	6,472
Other financial assets	17,850	15,723	16,081	13,444
Investments in group undertakings	—	—	2,263	2,320
Other assets(3)	621	518	479	390
Total assets	183,166	177,917	152,937	150,658
Liabilities				
Bank deposits	4,565	2,267	4,069	1,909
Customer deposits	4,840	6,998	2,350	3,060
Amounts due to holding company and fellow subsidiaries	6,771	5,802	10,757	14,385
Settlement balances	1,729	6,641	444	400
Trading liabilities(2)	54,512	53,623	30,130	34,079
Derivatives(1)	72,036	71,981	70,016	69,404
Other financial liabilities	31,263	23,574	27,966	20,655
Other liabilities(3)	521	653	386	453
Total liabilities	176,237	171,539	146,118	144,345
Owners' equity	6,929	6,380	6,819	6,313
Non-controlling interests	—	(2)	—	—
Total equity	6,929	6,378	6,819	6,313
Total liabilities and equity	183,166	177,917	152,937	150,658

(1) Derivatives are presented net of IFRS offsets, corresponding predominantly to positions settled through clearing houses.

(2) The line items 'Trading assets' and 'Trading liabilities' are further analysed as follows.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	(£m)			
Trading assets				
Reverse repos	27,127	23,694	10,099	11,315
Derivative cash collateral given	7,333	8,914	5,606	7,263
Securities				
Central and local government				
- UK	2,077	2,729	2,077	2,729
- US	3,734	2,600	186	33
- Other	3,506	3,062	3,506	3,062
Financial institutions and Corporate	4,561	3,563	4,315	3,364
Total securities	13,878	11,954	10,084	9,188
Other loans	545	762	397	645
Total	48,883	45,324	26,186	28,411

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	(£m)			
Trading liabilities				
Repos	30,562	26,902	10,293	12,125
Derivative cash collateral received	12,307	15,062	9,993	12,455
Short positions				
Central and local government				
- UK	2,680	1,893	2,680	1,893
- US	1,677	2,071	14	17
- Other	4,755	4,049	4,755	4,033
Financial institutions and Corporate	1,379	1,790	1,287	1,723
Total short positions	10,491	9,803	8,736	7,666
Other deposits and issuance	1,152	1,856	1,108	1,833
Total	54,512	53,623	30,130	34,079

(3) The line items 'Other assets' and 'Other liabilities' are further analysed as follows.

	NWM Group		NWM Plc	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	(£m)			
Other assets				
Property, plant and equipment	42	57	14	12
Pension schemes in net surplus	146	145	146	145
Accrued income	36	39	23	28
Tax recoverable	137	106	136	106
Deferred tax	172	55	87	—
Other assets	88	116	73	99
Total	621	518	479	390
Other liabilities				
Lease liabilities	41	41	5	2
Provisions for liabilities and charges	146	180	126	124
Retirement benefit liabilities	39	62	36	59
Accruals	177	182	129	113
Deferred income	43	47	34	38
Current tax	9	3	6	2
Deferred tax	37	54	35	49
Other liabilities	29	84	15	66
Total	521	653	386	453

NWM Group's balance sheet profile as at 31 December 2024 can be summarised as follows.

Assets	£bn	Liabilities	£bn
Cash and balances at central banks	16.2		
Trading assets	48.9	Trading liabilities	54.5
Securities	13.9	Short positions	10.5
Reverse repos(1)	27.1	Repos(2)	30.6
Derivative collateral(3)	7.3	Derivative collateral(4)	12.3
Other trading assets	0.6	Other trading liabilities	1.1

Assets	£bn	Liabilities	£bn
Loans - amortised cost	19.1	Deposits - amortised cost	9.4
Settlement balances	2.0	Settlement balances	1.7
Amounts due from holding company and fellow subsidiaries	0.3	Amounts due to holding company and fellow subsidiaries	6.8
Other financial assets	17.9	Other financial liabilities	31.3
Other assets	0.7	Other liabilities	0.5
Funded assets	105.1	Liabilities excluding derivatives	104.2
Derivative assets	78.1	Derivative liabilities	72.0
Total assets	183.2	Total liabilities	176.2
		of which: wholesale funding(5)	32.5
		of which: short-term wholesale funding(5)	16.8
Net derivative assets	2.4	Net derivative liabilities	3.5

(1) Comprises bank reverse repos of £5.9 billion (2023- £6.3 billion) and customer reverse repos of £21.2 billion (2023- £17.4 billion).

(2) Comprises bank repos of £7.2 billion (2024- £4.0 billion) and customer repos of £23.4 billion (2023- £22.9 billion).

(3) Comprises derivative collateral posted relating to banks of £3.6 billion (2023- £4.3 billion) and customers of £3.7 billion (2023- £4.6 billion).

(4) Comprises derivative collateral received relating to banks of £5.3 billion (2023- £6.8 billion) and customers of £7.0 billion (2023- £8.3 billion).

(5) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities.

NWM Group's balance sheet is largely comprised of trading assets and liabilities and derivative assets and liabilities, centred around its product offering of Fixed Income, Currencies and Capital Markets. Trading assets and liabilities largely include debt securities, reverse repos and derivative collateral, together with short positions, repos and derivative collateral respectively. Derivative assets and liabilities include interest rate and foreign exchange contracts as well as smaller volumes of credit, equity and commodity derivatives. Banking book assets and liabilities predominantly relate to amortised cost portfolios of corporate lending and deposits, as well as Treasury activities such as the management of the liquidity portfolio of cash and bonds, and the issuance of senior unsecured, subordinated and equity instruments.

As NWM Group is not primarily a deposit-taking and lending institution, metrics such as net interest margin ('**NIM**') have limited significance for NWM Plc and do not relate to the basis on which the business is managed. The short term and fluctuating nature of the trading business can result in relatively large intra-period movements in the balance sheet with trading assets and liabilities primarily moving in unison. This is due to the flow nature of the trading business activities and balance sheet profile which is largely matched across trading and derivative assets, and trading and derivative liabilities. Risks and exposures may be managed on a net basis.

Assets

As at 31 December 2024, NWM Group's total assets amounted to £183,166 million, an increase of £5,249 million, or 3 per cent, as compared to £177,917 million as at 31 December 2023. The increase was mainly due to higher funded assets, driven by increases in loans to customers, trading assets, cash and balances at central banks and other financial assets, partially offset by a decrease in settlement balances. Derivative fair values decreased by £1,227 million, largely reflecting FX rate volatility across major currencies including the strengthening of the US dollar in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2024, NWM Group's cash and balances at central banks amounted to £16,229 million, an increase of £2,398 million, or 17 per cent, as compared to £13,831 million as at 31 December 2023. The increase was mainly driven by funding raised to support planned banking book growth and associated liquidity requirements.

As at 31 December 2024, NWM Group's trading assets amounted to £48,883 million, an increase of £3,559 million, or 8 per cent, as compared to £45,324 million as at 31 December 2023, mainly driven by increases in reverse repos and securities, partially offset by a decrease in derivative cash collateral posted.

As at 31 December 2024, NWM Group's derivative assets amounted to £78,105 million, a decrease of £1,227 million, or 2 per cent, as compared to £79,332 million as at 31 December 2023. The decrease in mark-to-market value largely reflected FX rate volatility across major currencies including the strengthening of the US dollar in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2024, NWM Group's loans to customers (amortised cost) amounted to £17,921 million, an increase of £4,935 million, or 38 per cent, as compared to £12,986 million as at 31 December 2023. The increase was mainly driven by growth in Capital Markets.

As at 31 December 2024, NWM Group's settlement balance assets amounted to £2,043 million, a decrease of £5,184 million, or 72 per cent, as compared to £7,227 million as at 31 December 2023. The decrease reflected comparatively higher levels of customer activity in the period leading up to 31 December 2023.

As at 31 December 2024, NWM Group's other financial assets amounted to £17,850 million, an increase of £2,127 million, or 14 per cent, as compared to £15,723 million as at 31 December 2023. The increase largely reflected an increase in held-to-collect securities purchased to support customer primary issuance.

As at 31 December 2024, NWM Group's other assets amounted to £621 million, an increase of £103 million, or 20 per cent, as compared to £518 million as at 31 December 2023. The increase was principally driven by increases in deferred tax and tax recoverable, partially offset by decreases in other assets and property, plant and equipment.

Liabilities

As at 31 December 2024, NWM Group's total liabilities amounted to £176,237 million, an increase of £4,698 million, or 3 per cent, as compared to £171,539 million as at 31 December 2023. The increase was largely driven by an increase in other financial liabilities, partially offset by a decrease in settlement balances.

As at 31 December 2024, NWM Group's settlement balance liabilities amounted to £1,729 million, a decrease of £4,912 million, or 74 per cent, as compared to £6,641 million as at 31 December 2023. The decrease reflected comparatively higher levels of customer activity in the period leading up to 31 December 2023.

As at 31 December 2024, NWM Group's trading liabilities amounted to £54,512 million, an increase of £889 million, or 2 per cent, as compared to £53,623 million as at 31 December 2023, mainly driven by increases in repos and short positions, offset by a decrease in derivative cash collateral received.

As at 31 December 2024, NWM Group's derivative liabilities amounted to £72,036 million, an increase of £55 million, or 0 per cent, as compared to £71,981 million as at 31 December 2023. The increase in mark-to-market value largely reflected FX rate volatility across major currencies including the strengthening of the US dollar in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2024, NWM Group's other liabilities amounted to £521 million, a decrease of £132 million, or 20 per cent, as compared to £653 million as at 31 December 2023, mainly driven by decreases in provisions for liabilities and charges, retirement benefit liabilities, deferred tax and other liabilities.

Cash Flows

The following table sets forth NWM Group's cash flow data as at the dates and for the years indicated.

	NWM Group	
	For the years ended	
	2024	**2023**
	£m	
Cash flows from operating activities		
Operating profit/(loss) before tax	37	(75)
Adjustments for:		
Non-cash and other items	143	173
Changes in operating assets and liabilities	(226)	2,617
Income taxes received	(89)	99
Net cash flows from operating activities(1)	**(135)**	**2,814**

	NWM Group	
	For the years ended	
	2024	2023
	£m	
Cash flows from investing activities		
Sale and maturity of other financial assets	5,711	5,399
Purchase of other financial assets	(8,020)	(9,253)
Income received on other financial assets	971	632
Fair value given for businesses acquired	—	(27)
Additional investment in associates	(1)	—
Sale of property, plant and equipment	8	1
Purchase of property, plant and equipment	(2)	(3)
Net cash flows from investing activities	**(1,333)**	**(3,251)**
Cash flows from financing activities		
Issue of paid-in equity	592	—
Issue of subordinated liabilities	918	—
Redemption of subordinated liabilities	(814)	(676)
Interest paid on subordinated liabilities	(91)	(71)
Issue of MRELs	1,680	1,699
Maturity of MRELs	(433)	(1,744)
Interest paid on MRELs	(179)	(175)
Dividends Paid	(80)	(70)
Capital contribution	—	115
Net cash flows from financing activities	**1,593**	**(922)**
Effects of exchange rate on cash and cash equivalents	(532)	(526)
Net (decrease)/increase in cash and cash equivalents	**(407)**	**(1,885)**
Cash and cash equivalents at 1 January	24,943	26,828
Cash and cash equivalents at 31 December	**24,536**	**24,943**

(1) Includes interest received of £2,658 million (2023 - £1,981 million) and interest paid of £2,233 million (2023 - £1,738 million).

	NWM Group	
	For the years ended	
	2024	2023
	£m	
Non-cash and other items		
Impairment (releases)/losses	(8)	2
Depreciation and amortisation	10	16
Change in fair value taken to profit or loss on other financial liabilities and subordinated liabilities	(12)	90
Elimination of foreign exchange differences	560	261
Foreign exchange recycling losses/(gains)	70	(8)
Other non-cash items	270	198
Income receivable on other financial assets	(1,029)	(642)
(Profit)/loss on sale of other financial assets	(1)	1
Profit on sale of other assets and net assets and liabilities	—	(1)
Interest payable on MRELs and subordinated liabilities	291	252
Loss on redemption of own debt	—	14
Charges and release on provisions	11	(4)
Defined benefit pension schemes	(19)	(6)
Non-cash and other items	**143**	**173**
Change in operating assets and liabilities		
Change in trading assets	(5,397)	372
Change in derivative assets	929	20,794

	NWM Group	
	For the years ended	
	2024	2023
	£m	
Change in settlement balance assets	5,184	(4,669)
Change in net loans to banks	(19)	247
Change in net loans to customers	(4,932)	(2,812)
Change in amounts due from holding company and fellow subsidiaries	655	(573)
Change in other financial assets	17	84
Change in other assets	33	46
Change in bank deposits	2,298	(802)
Change in customer deposits	(2,158)	3,384
Change in amounts due to holding company and fellow subsidiaries	(414)	184
Change in settlement balance liabilities	(4,912)	4,631
Change in trading liabilities	888	831
Change in derivative liabilities	55	(21,604)
Change in other financial liabilities	7,674	2,627
Change in other liabilities	(127)	(123)
Change in operating assets and liabilities	**(226)**	**2,617**

Total cash outflow from operating activities was £135 million for the year ended 31 December 2024, a decrease of £2,949 million compared to the £2,814 million inflow for the year ended 31 December 2023. The increase in outflow was principally attributable to changes in operating assets and liabilities, largely due to higher outflows and lower inflows from derivative assets, settlement balance liabilities, trading assets and customer deposits, offset by lower outflows and higher inflows from derivative liabilities, settlement balance assets, other financial liabilities and bank deposits.

Total cash outflow from investing activities was £1,333 million for the year ended 31 December 2024; a decrease of £1,918 million as compared to the cash outflow of £3,251 million for the year ended 31 December 2023. The decrease in outflow was principally attributable to lower outflows from the purchase of other financial assets, and higher inflows from income received on other financial assets and the sale and maturity of other financial assets.

Total cash inflow from financing activities was £1,593 million for the year ended 31 December 2024, an increase of £2,515 million as compared to the outflow of £922 million for the year ended 31 December 2023. The increase was principally due to lower outflows from the maturity of MRELs, higher inflows from the issue of subordinated liabilities and higher inflows from the issue of paid-in equity, partially offset by higher outflows from the redemption of subordinated liabilities.

Contingent Liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

NWM Group uses a variety of loan-related financial instruments to meet customers' financial requirements. Instruments include loan offers and other credit facilities, guarantees and instruments not recognised in the balance sheet. If an instrument is likely to result in a payment obligation, a liability is recognised under other liabilities corresponding to the present value of expected payments.

The following table sets forth NWM Group's guarantees and other contingent liabilities as at the dates indicated.

	NWM Group			NWM Plc		
	For the years ended			For the years ended		
	2025	2024	2023	2025	2024	2023
	£m			£m		
Contingent liabilities and commitments						
Guarantees	591	696	754	131	272	296
Other contingent liabilities	16	17	26	16	17	26
Standby facilities, credit lines and other commitments	15,176	14,097	14,840	8,524	8,319	8,763
Total	15,783	14,810	15,620	8,671	8,608	9,085

Note: In the normal course of business, NWM Plc guarantees specified third-party liabilities of certain subsidiaries; it also gives undertakings that individual subsidiaries will fulfil their obligations to third parties under contractual or other arrangements.

Banking commitments and contingent obligations, which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. NWM Group's maximum exposure to credit loss, in the event of its obligation crystallising and all counterclaims, collateral or security proving valueless, is represented by the contractual nominal amount of these instruments included in the table above. These commitments and contingent obligations are subject to NWM Group's normal credit approval processes.

Guarantees

NWM Group gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that NWM Group will meet a customer's specified obligations to a third-party if the customer fails to do so. The maximum amount that NWM Group could be required to pay under a guarantee is its principal amount as in the table above. NWM Group expects most guarantees it provides to expire unused.

Other Contingent Liabilities

These include standby letters of credit, supporting customer debt issues and contingent liabilities relating to customer trading activities such as those arising from performance and customs bonds, warranties and indemnities.

Standby Facilities and Credit Lines

Under a loan commitment NWM Group agrees to make funds available to a customer in the future. Loan commitments, which are usually for a specified term, may be unconditionally cancellable or may persist, provided all conditions in the loan facility are satisfied or waived. Commitments to lend include commercial standby facilities and credit lines, liquidity facilities to commercial paper conduits and unutilised overdraft facilities.

Other Commitments

These include documentary credits, which are commercial letters of credit providing for payment by NWM Group to a named beneficiary against presentation of specified documents, forward asset purchases, forward deposits placed and undrawn note issuance and revolving underwriting facilities, and other short-term trade-related transactions.

Capital Support Deed

As a pre-requisite for ring-fencing, from 1 November 2018 the Issuer has left NatWest Group's Capital Support Deed ('**CSD**') to which it was party to until that date. The Issuer, together with its UK subsidiaries outside the ring-fenced subgroup, is now party to a new CSD. Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's capital resources in excess of the capital and financial resources needed to meet its regulatory requirements. The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.

The CSD, particularly compared to NatWest Group's CSD, has limited significance to NWM Plc as it is the only member-entity which is a bank and the other legacy entities have modest capitalisations and are subject to medium-term wind down plans.

Risk Sharing Agreements

NWM Plc and NWM N.V. have limited intra-group risk-sharing arrangements in place to facilitate the smooth provision of services to NWM Group's customers including:

(i) A Funded Guarantee of up to £0.7 billion in aggregate by NWM Plc to NWM N.V. that limits NWM N.V.'s exposure to large individual customer credits. At 31 December 2025, NWM N.V. was in receipt of £0.1 billion of the Funded Guarantee from NWM Plc and the guarantee fees in the year ended 31 December 2025 amounted to £1.0 million. NWM Plc cash collateralises the Funded Guarantee in full and deposits funds with NWM N.V. where they are used for general corporate purposes.

(ii) The provision of funded and unfunded guarantees by NWM Plc in respect of NWM N.V.'s Legacy portfolio. At 31 December 2025 the exposure at default covered by the guarantees was approximately £7 million (of which none was cash collateralised). Fees of £0.2 million in relation to the guarantees were recognised in the year ended 31 December 2025.

See '*Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From The EU*.'

Indemnity Deed

NWM Plc and NWB have a cross indemnity agreement in place for losses incurred within the entities in relation to business transferred to or from the ring-fenced bank under NatWest Group's structural re-organisation. Under the agreement, NWM Plc is indemnified by NWB against losses relating to the NWB transferring businesses and ring-fenced bank obligations and NWB 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.

Funding and Liquidity

Funding

The Issuer monitors its funding mix to ensure that it is well diversified in terms of funding sources, maturities and currencies. A well-balanced portfolio of liabilities is intended to generate a stable flow of funding and provides protection against market disruptions. NWM Group seeks to diversify its funding base as much as reasonably possible and as part of this looks to supplement wholesale funding securities issuance by sourcing deposits from a broad range of counterparties. The Issuer regularly considers various market funding options and accesses the debt capital markets in a variety of issuance formats, currencies and tenors from time to time in connection with executing its funding plans.

The Issuer has the following principal sources of funding:

- Trading liabilities, including repos, which are largely matched by trading assets;

- Capital and internal MREL funding, which totalled £9.8 billion as at 31 December 2025 and which is structurally subordinated to the Issuer's senior creditors;

- Term senior unsecured issuances totalled £24.0 billion as at 31 December 2025, of which £7.9 billion was issued in public benchmark format the year ended 31 December 2025;

- Money market instruments, principally certificates of deposit and commercial paper, which totalled £4.3 billion as at 31 December 2025; and

- Deposits consisting of customer deposits and wholesale deposits, which totalled £4.3 billion as at 31 December 2025; and

- Secured funding and other unsecured sources across a number of different formats, including private bilateral transactions such as bilateral loans.

The Issuer may also participate in a number of schemes operated by the BoE in the normal course of business. In particular, the Issuer is a participant in the BoE's Sterling Monetary Framework ('**SMF**') and may access SMF operations such as the Discount Window Facility, Indexed Long-Term Repo and Short Term Repo operations by placing eligible collateral with the BoE.

As such, the Issuer seeks to cover its funding requirements from an increasingly wider investor, currency, product and geographic base with a split between secured and unsecured funding. The funding plan has diversification of funding types designed to ensure the Issuer has access to a range of options to minimise the risk of losing access to chosen markets, currencies, counterparties or instruments that enables it to meet its obligations as they fall due. A predetermined range of contingent funding options have been identified.

NWM Group's primary access to incremental funding is through wholesale funding markets. As such, NWM Group maintains a close dialogue with its rating agencies.

In connection with its funding requirements, NWM Plc issued £7.9 billion (equivalent) of public benchmark issuances during 2025 (which was in part to finance funding requirements for 2026). NWM Plc issued €1,000,000,000 3.125% Senior Notes on 13 January 2026, with a maturity date of 13 January 2031, under its £25,000,000,000 Euro Medium Term Note Programme. The Issuer has also raised funding in other formats, such as, but not limited to, structured notes and bilateral loans. The table below shows NWM Group's debt securities in issue, subordinated liabilities and internal MREL instruments by residual maturity.

	Trading liabilities	Other financial liabilities				Amounts due to holding company and fellow subsidiaries		
	Debt securities in issue	Debt securities in issue						
	MTNs(1)	Commercial paper and CDs	MTNs (1)	Subordinated liabilities	Total	Internal MREL	Subordinated liabilities	Total notes in issue
	£m	£m	£m	£m	£m	£m	£m	£m
2025								
Less than 1 year	28	4,955	7,510	17	12,482	759	—	13,269
1-3 years	1	683	11,097	—	11,780	1,799	—	13,580
3-5 years	73	—	8,042	—	8,042	1,765	1,066	10,946
More than 5 years	132	—	583	254	837	—	—	969
Total	234	5,638	27,232	271	33,141	4,323	1,066	38,764
2024								
Less than 1 year	20	7,228	7,548	—	14,776	929	—	15,725
1-3 years	35	377	9,959	—	10,336	1,751	—	12,122
3-5 years	42	—	3,652	—	3,652	1,678	987	6,359
More than 5 years	160	—	693	269	962	—	128	1,250
Total	257	7,605	21,852	269	29,726	4,358	1,115	35,456

(1) With respect to MTNs only, £7,537 million will mature in 2026, £6,318 million will mature in 2027, £4,780 million will mature in 2028, £3,247 million will mature in 2029 and £4,868 million will mature in 2030.

The table below shows the currency breakdown of total notes in issue.

	GBP	USD	EUR	Other	Total
	£m	£m	£m	£m	£m
2025					
Commercial paper and CDs	1,129	479	4,030	—	5,638
MTNs	2,106	7,308	14,926	3,126	27,466
External subordinated liabilities	18	16	237	—	271
Internal MREL due to NatWest Group plc	493	2,395	1,435	—	4,323
Subordinated liabilities due to NatWest Group plc	—	1,066	—	—	1,066
Total	3,746	11,264	20,628	3,126	38,764
2024 Total	4,785	11,135	16,606	2,930	35,456

The following table sets forth NWM Group's funding sources as at the dates indicated:

	2025			2024		
	Short-term less than 1 year	Long-term more than 1 year	Total	Short-term less than 1 year	Long-term more than 1 year	Total
	£m	£m	£m	£m	£m	£m
Bank deposits	2,140	6,361	8,501	4,056	509	4,565
of which: repos (amortised cost)	611	5,445	6,056	2,487	—	2,487
Customer deposits	6,100	1,061	7,161	4,784	56	4,840
of which: repos (amortised cost)	150	1,043	1,193	482	—	482
Trading liabilities(1)						
Repos(2)	26,168	2,410	28,578	29,752	810	30,562
Derivative cash collateral received	11,792	—	11,792	12,307	—	12,307
Other bank and customer deposits	454	285	739	627	268	895
Debt securities in issue	28	206	234	20	237	257
	38,442	2,901	41,343	42,706	1,315	44,021
Other financial liabilities						
Customer deposits (designated at fair value)	836	1,476	2,312	221	1,316	1,537
Debt securities in issue						
commercial paper and certificates of deposits	4,955	683	5,638	7,228	377	7,605
Medium-term notes (MTNs)	7,510	19,722	27,232	7,548	14,304	21,852
Subordinated liabilities	17	254	271	—	269	269
	13,318	22,135	35,453	14,997	16,266	31,263
Amounts due to holding company and fellow subsidiaries(3)						
Internal MREL	759	3,564	4,323	929	3,429	4,358
Other bank and customer deposits	589	—	589	1,204	—	1,204
Subordinated liabilities	—	1,066	1,066	—	1,115	1,115
	1,348	4,630	5,978	2,133	4,544	6,677
Total funding	61,348	37,088	98,436	68,676	22,690	91,366
Of which: available in resolution (4)			*4,885*			*4,813*

(1) Funding sources excludes short positions of £7,504 million (2024 - £10,491 million) reflected as trading liabilities on the balance sheet.

(2) Comprises Central and other bank repos of £8,152 million (2024 - £7,174 million), other financial institution repos of £18,042 million (2024 - £20,398 million) and other corporate repos of £2,384 million (2024 - £2,990 million).

(3) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments of £90 million (2024 - £94 million) have been excluded from the table.

(4) Eligible liabilities (as defined in the Banking Act 2009 as amended from time to time) that meet the eligibility criteria set out in the regulations, rules, policies, guidelines, or statements of the Bank of England including the Statement of Policy published in December 2021 (updating June 2018).

Liquidity Requirements

The Issuer adheres to the UK implementation of rules on minimum liquidity requirements as set out by the Basel Committee on Banking Supervision ('**BCBS**'). Following the UK exit from the European Union the relevant BCBS liquidity standards have been incorporated into the UK regulatory framework by inclusion in the PRA Rulebook. The UK liquidity rules came into effect on 1 January 2022, prior to this the Issuer was subject to similar rules under the CRR. The Issuer is required to comply with a minimum LCR requirement as defined in these regulations. The LCR is a regulatory liquidity stress ratio measuring the ability of an entity's liquid asset resources to absorb stressed net outflows over a 30-day period. The Issuer monitors compliance with LCR on a daily basis using a set of liquidity and funding indicators. As at 31 December 2025, the Issuer's 12 month average LCR was 198 per cent (as at 31 December 2024, the Issuer's LCR was 192 per cent).

In addition to the LCR, BCBS has issued liquidity standards in the form of the NSFR which has also been implemented in the UK in the PRA Rulebook from 1 January 2022. The Issuer is required to comply with a minimum NSFR as defined in these regulations. The NSFR is intended to ensure a sound funding structure by promoting an increase in long-term funding. It is monitored against a risk appetite of greater than or equal to 100 per cent. The ratio uses a weighting mechanism for assets and liabilities and calculates an aggregate 'stability weighting' for liabilities (liabilities and equity securities having maturities over one year are preferred) and a 'liquidity weighting' for assets. The less liquid the assets are, the more stable the funding must be.

The table below shows the composition of the liquidity portfolio with primary liquidity aligned to high-quality liquid assets on a regulatory LCR basis. Secondary liquidity comprises of assets which are eligible as collateral for local central bank liquidity facilities and do not form part of the LCR eligible high-quality liquid assets. The majority of the NWM Plc liquidity portfolio is managed by NatWest Holdings Treasury on behalf of NWM Plc, for which the Natwest Markets Treasurer is responsible.

	Liquidity value	
	2025	**2024**
	£m	**£m**
NWM Plc		
Cash and balances at central banks	9,238	10,965
High quality government/MDB/PSE and GSE bonds(1)	10,133	8,962
Extremely high quality covered bonds	—	—
LCR level 1 eligible assets	19,371	19,927
LCR level 2 eligible assets(2)	783	1,031
Primary liquidity (HQLA)(3)	20,154	20,958
Secondary liquidity(4)	—	30
Total liquidity value	20,154	20,988

The table below shows the liquidity value of the liquidity portfolio by currency.

	GBP	**USD**	**EUR**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Total liquidity portfolio					
2025	11,747	3,981	3,642	784	20,154
2024	11,667	3,353	4,996	972	20,988

(1) Multilateral development bank abbreviated to MDB, public sector entities abbreviated to PSE and government sponsored entities abbreviated to GSE.

(2) Includes Level 2A and Level 2B.

(3) High-quality liquid assets abbreviated to HQLA.

(4) Comprises assets eligible for discounting at the Bank of England and other central banks which do not form part of the LCR high-quality liquid assets.

Liquidity Risk Management

The Issuer operates independently for liquidity and funding as a non-ring-fenced bank within NatWest Group. The Issuer monitors and manages liquidity and funding risks against defined risk appetites. The liquidity and funding indicators are an important part of the daily management process since they are used as an early warning of potential issues and are reported to senior management.

Funding risk appetite is maintained by a maturity mismatch measure, in addition to the regulatory NSFR, which assesses whether the behavioural tenor of liabilities is longer than assets across various tenor buckets. The Issuer monitors the maturity mismatch by tenor in order to assess that the funding profile is manageable and in line with strategy.

A suite of tools is used to monitor, limit and stress test the risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity risks are reviewed at significant legal entity and business levels daily, with performance regularly reported to the Assets & Liabilities Committee. Liquidity Condition Indicators are monitored daily. This ensures any build-up of stress is detected early and the response escalated appropriately through recovery planning.

Under the liquidity risk management framework, NWM Group maintains compliance with rules set out by the PRA for the Internal Liquidity Adequacy Assessment Process. Liquidity risk appetite is maintained using the internal SOC ratio, in addition to the regulatory LCR. The SOC ratio measures the ability of the liquidity portfolio to absorb net outflows over a three month horizon which are calculated using internally approved assumptions and methodologies. It measures the low point within a suite of severe but plausible stress scenarios. Each scenario tests a combination of vulnerabilities of NWM Plc and provides a particular perspective on the liquidity position of NWM Plc. The full suite is run daily to ensure that the most severe scenario is used to calculate the SOC metric. The scenarios fit into three themes: Idiosyncratic, Market-Wide and Combined, as detailed in the table below.

Idiosyncratic scenarios	The market perceives NWM Group to be suffering from a severe stress event, which results in an immediate assumption of increased credit risk or concerns over solvency.
Market-wide scenarios..	A market stress event affecting all participants in a market through contagion, potential counterparty failure and other market risks. NWM Group is affected under these scenarios but no more severely than any other participants with equivalent exposure.
Combined scenarios..	These scenarios model the combined impact of an idiosyncratic and market stress occurring at once, severely affecting funding markets and the liquidity of some assets.

The key risk drivers which lead to a change in liquidity metrics include, but are not limited to, intraday risk from timing mismatches between receipts and payments, off balance sheet items and both secured and unsecured wholesale funding. The Issuer has at its disposal a number of business as usual and contingency funding options in the event there is an indication of a future deterioration of the funding and liquidity position.

Capital and Solvency

General

The Issuer is a licensed financial services provider and is therefore subject to regulatory supervision in relation to the levels and quality of capital it is required to hold in connection with its business, including as a result of the transposition of the Basel Committee on Banking Supervision's regulatory capital framework ('**Basel III**') in Europe by CRD IV. The UK transposed the CRD IV framework, which applies to the Issuer and its financial subsidiaries in the UK. Similarly, the Issuer's financial subsidiaries outside the UK must comply with local capital requirements. The Issuer's internal capital adequacy assessment process ('**ICAAP**') is based on capital management policies and practices.

The Issuer is regulated and discloses capital ratios and RWAs on a legal entity basis and is currently targeting a CET1 ratio of around 14 per cent, an MREL ratio greater than 30 per cent and a leverage ratio of greater than 4 per cent in the medium-term. The Issuer's CET1 ratio increased to 18.4 per cent as at 31 December 2025 compared to 18.2 per cent as at 31 December 2024.

As at 31 December 2025, NWM Plc legal entity RWAs were £21.5 billion.

Total Capital

Capital consists of instruments and financial resources as laid down by applicable regulation and is categorised under two tiers ('**Tier 1**' and '**Tier 2**') according to the ability to absorb losses on either a going or gone concern basis, degree of permanency and the ranking of loss absorption. Tier 1 capital consists of CET1 instruments and reserves, including ordinary shares and retained earnings, which must be perpetual and capable of unrestricted and immediate use to cover risks or losses as soon as these occur. There is one other capital instrument constituting Tier 1 capital:

- Additional Tier 1 ("**AT1**") capital —In the case of the Issuer, these instruments will be written down if NWM Plc's CET1 ratio falls to 7 per cent in accordance with the terms of the instrument.

Tier 2 instruments, used to absorb losses on a gone concern basis after Tier 1 capital, typically consist of subordinated debt securities with a minimum maturity of five years.

From 1 January 2019, MREL requirements have applied to NWM Plc. MREL capital resource includes the sum of all Tier 1 and Tier 2 capital together with the portion of Tier 2 capital subject to the derecognition of capital treatment in the fifth year to twelve months prior to maturity where issued to other NatWest Group entities and 'gone concern' loss absorbing (MREL-eligible) securities of greater than one year residual maturity. Given NatWest Group has a Single Point of Entry resolution strategy, NWM Plc only issues internal MREL-eligible securities to NatWest Group plc. Total MREL for NWM Plc at 31 December 2025 was £9.8 billion, or 45.6 per cent of RWAs.

NWM Plc sources all of its capital funding from NatWest Group plc. As of December 2025 NWM Plc had three remaining legacy external subordinated debt instruments (Tier 2) with an outstanding notional value of £17 million, which no longer qualify as regulatory capital. NWM Plc had £0.7 billion of internally issued Tier 2 regulatory capital as of December 2025. The externally issued legacy instruments pre-date UK ring-fencing legislation and are subject to i) CRR legacy grandfathering or ii) regulatory amortisation within 5 years of maturity for the purpose of Own Funds Capital. All Tier 1 and senior internal MREL eligible instruments are held by NatWest Group plc. Going forward, NatWest Group plc is expected to be the sole subscriber of NWM Plc's AT1 and Tier 2 instruments and its senior MREL eligible instruments. This supports NatWest Group plc's single point of entry resolution strategy and ensures NatWest Group plc-level capital efficiency in relation to its external issuance programme.

NWM Plc's future ability to meet its internal AT1, Tier 2 and MREL requirements will be dependent on NatWest Group plc maintaining sufficient amounts of capital externally and use the proceeds thereof as required to subscribe to NWM Plc instruments. NWM Plc currently holds adequate regulatory capital and CRR compliant senior debt instruments to meet its minimum requirements. The table below outlines NWM Plc's regulatory capital levels and ratios as at 31 December 2025.

In the year ended 31 December 2025, NWM Plc issued two AT1 instruments (£600 million in aggregate) and two senior instruments (€580 million and £490 million) to NatWest Group plc to manage its capital requirements.

NWM Plc has non-equity capital holdings in two of its subsidiaries, RBSH and NWMSI. RBSH's AT1 (notional €250 million) capital was acquired by NWM Plc in September 2024 and Tier 2 (notional €150 million) was subscribed to in December 2019. NWM Plc has granted subordinated loans to NatWest Markets Securities Inc. ('**NWMSI**') totalling $370m and NWM Plc continues to provide a committed unsecured credit facility to NWMSI, amounting to US$1.1 billion as at 31 December 2025.

	31 December 2025		**31 December 2024**		**31 December 2023**	
	£m	**%**	**£m**	**%**	**£m**	**%**
CET1	3,952	18.4	3,779	18.2	3,776	17.1
AT1	1,192	20.3	1,496	4.1	904	3.1
Tier 1	4,926	23.0	5,067	24.3	4,455	20.2
Tier 2	650	8.7	712	3.5	617	2.8
Total	5,576	26.0	5,779	27.8	5,072	23.0
MREL-eligible securities (including eligible Tier 2 amortisation)	4,210	19.6	4,259	20.4	2,555	11.5
MREL	9,787	45.6	10,038	48.2	7,627	34.5

In line with paragraph 135 of IAS 1 '*Presentation of Financial Statements*,' the Issuer manages capital having regard to regulatory requirements. Regulatory capital is monitored and reported on an individual regulated bank legal entity basis.

	31 December 2025	31 December 2024	31 December 2023
		£m	
RWAs			
Credit risk	10,447	8,908	7,895
Counterparty credit risk	5,868	5,797	6,516
Market risk	3,431	5,105	6,366
Operational risk	1,711	1,002	1,322
Total RWAs	21,457	20,812	22,099

Credit Risk. The Issuer uses approved Advanced Internal Ratings Based (AIRB) and Internal Model Method (‘**IMM**’) models alongside the standardised approach for the calculation of credit risk. The Issuer’s advanced internal measures of Credit Risk are based on assessments of the risk characteristics of both the borrower and the specific transaction. In the standardised approach the risk weights used in the capital calculation are determined by the regulator.

Market Risk. The Issuer uses a comprehensive set of methodologies and techniques to measure traded market risk, namely VaR, stressed value-at-risk (‘**SVaR**’) and the Incremental Risk Charge (‘**IRC**’). Risks that are not adequately captured by VaR or SVaR are captured by the Risks not in VaR (“**RNIV**”) framework to ensure that the Issuer is adequately capitalised for market risk.

Operational Risk. The Issuer uses the ‘Standardised Approach’ for the calculation of Operational Risk. Capital requirements are determined by multiplying three years’ historical qualifying gross income by a percentage determined by the regulator. The percentage ranges from 12 per cent to 18 per cent, depending on the type of underlying business undertaken.

The Issuer’s relevant capital ratios are outlined in the table below.

Risk asset ratios (%)	31 December 2025	31 December 2024	31 December 2023
CET1	18.4	18.2	17.1
Tier 1	23.0	24.3	20.2
Total	26.0	27.8	23.0

Expected Capital Developments

Areas in which, and examples of where, governmental policies, regulatory and accounting changes and increased public and regulatory scrutiny could have an impact on NWM Group’s operational and financial performance include:

- The PRA has decided to delay the implementation of Basel 3.1 in the UK by one year from 1 January 2026 to 1 January 2027.
- The PRA expects firms engaged in trading activities to have a set of capabilities that will allow them to execute a full or partial wind down of their trading activities in an orderly fashion. This framework came into effect from 3 March 2025.
- The UK countercyclical capital buffer was increased from 1 per cent to 2 per cent in July 2023, in line with its steady state target of 2.0 per cent.

Capital Requirements and Adequacy

Capital adequacy is the amount of capital supply required, in terms of size and composition of the Issuer’s balance sheet, to cover the risks to which the Issuer is exposed. Capital adequacy consists of the regulatory minimum capital level for risks covered under Pillar I (Credit Risk including Counterparty Credit Risk, Market Risk and Operational Risk). The ICAAP evaluates capital requirements under Pillar II which includes part A (for risks not covered or adequately captured under Pillar I) and part B (for a forward-looking assessment of capital requirements in stress conditions). The total of Pillar I and Pillar IIA informs the total capital requirements ('**TCR**') set by the PRA. The TCR is the minimum level of regulatory capital that the Issuer is required to hold at all times.

As part of the ICAAP under Pillar II, capital adequacy is determined on the basis of an internal assessment of the Issuer's risk profile in relation to the minimum capital requirement. An important part of this process is determining adequacy and evaluating whether capital calculations take into account all material risks to which the Issuer is exposed under Pillar IIA. The Issuer uses its internal models as well as expert judgement and PRA benchmark models (where appropriate) to quantify whether the regulatory framework indicates that additional capital is needed.

CRD IV introduced a combined buffer that applies in addition to capital adequacy needs. For NWM Plc, the combined buffer consists of the capital conservation buffer and the countercyclical buffer.

The capital conservation buffer and the countercyclical buffer are designed to ensure that credit institutions accumulate a sufficient capital base over and above the Pillar I and Pillar IIA requirements during periods of economic growth to absorb losses during periods of stress. From 1 January 2019, the capital conservation buffer is 2.5 per cent of RWA. The countercyclical buffer requirement, which is set between 0 per cent and 2.5 per cent, is calculated as a weighted average of the national buffers in effect in the jurisdictions in which a bank has credit exposures. The determination of national buffers is made by host regulators, primarily informed by assessments of national GDP performance. Breaches of the Issuer's combined buffer requirement would result in regulatory restrictions on capital distributions, including the payment of dividends, payments on Additional Tier 1 capital instruments and variable remuneration.

The Financial Stability Board makes an annual assessment of each financial institution to determine whether it should be considered a Global Systemically Important Bank ('**G-SIB**') based on methodology developed by the Basel Committee on Banking Supervision. If designated as a G-SIB, a bank would be required to hold an additional capital buffer. NWM did not meet the requirements to be classified as a G-SIB and therefore it does not hold a G-SIB buffer. The PRA uses its discretion allowable within the European Banking Authority framework to designate some UK entities that would otherwise not be considered as G-SIBs to be classified as such (often referred to as **D-SIBs**). NWM Plc is not considered a G-SIB or a D-SIB.

The table below summarises the minimum capital requirements as at 31 December 2025 as a percentage of RWAs that the Issuer is expected to maintain exclusive of the Pillar IIA requirement. The Pillar IIA requirement is not disclosed publicly by the Issuer.

Type	CET1	Total Tier 1	Total capital
Minimum capital requirements (CRR)	4.5%	6.0%	8.0%
Capital conservation buffer	2.5%	2.5%	2.5%
Countercyclical capital buffer(1)	0.9%	0.9%	0.9%
Total (excluding Pillar IIA add-on)(2)	7.9%	9.4%	11.4%

(1) The institution specific countercyclical capital buffer requirement is based on the weighted average of geographical exposures. The Financial Policy Committee ('**FPC**') increased UK countercyclical capital buffer rate from 1 per cent to 2 per cent in July 2023. Foreign exposures may be subject to different countercyclical capital buffer rates dependent on the rate set in those jurisdictions. The capital conservation buffer and the countercyclical capital buffer are required to be met with CET1 capital only.

(2) In addition, NWM Plc is subject to Pillar 2A requirements, which are not disclosed publicly.

Capital Planning

General

NWM Group's capital planning takes into account both short- and long-term horizons in order to give the Board of Directors a comprehensive view of current and future capital levels. Capital plans are produced for the regulated entities, NWM Plc and its subsidiaries NWM N.V. and NWMSI. The capital plan includes a forecast of NWM Group's expected capital performance based on budgets, 12-month rolling forecast, and takes pending regulation into account when future capital requirements are assessed. NWM Group also uses stress tests in its internal capital planning and compliance with regulatory capital requirements.

NWM Plc's capital plans are produced and updated by the bank on a monthly basis. This process includes integration into NatWest Group's wider annual budgeting process. Capital planning is one of the tools that NWM Group uses to monitor and manage capital adequacy risk on a going and gone concern basis, including the risk of excessive leverage.

NWM Group's capital planning process is summarised below:

Produce capital plans	• A capital plan is produced for NWM Plc using a five-year planning horizon under expected and stress conditions. Stressed capital plans are produced to support internal stress testing through the ICAAP or for regulatory purposes. • A shorter term rolling 12-month forecast is updated frequently in response to actual performance, changes in internal and external business environment and to manage risks and opportunities.
Assess capital adequacy	• Capital plans are developed to ensure that capital of sufficient quantity and quality is planned to be available to support NWM Group's business and strategic plans over the planning horizon within approved risk appetite, as determined via stress testing, and minimum regulatory requirements. • Impact assessment captures input from across NWM Group including from businesses.
Inform capital actions	• Capital planning informs potential capital actions including managing capital through new issuance, redemptions or internal transactions. • Decisions on capital actions will be influenced by strategic and regulatory requirements, the cost and prevailing market conditions. • As part of capital planning, NWM Group will monitor its portfolio of capital securities and assess the optimal blend.

Stress Tests

Stress testing is a key risk management tool and a fundamental component of the Issuer's approach to capital management. It is used to quantify, evaluate and understand the potential impact of specified changes to risk factors on the financial strength of the Issuer, including its capital position. A macroeconomic scenario which specifies a hypothetical future state of the world is translated into risk drivers and used to test the business model.

The results of both internal and regulatory stress tests show that NWM Plc and its consolidated subsidiaries are robust in the event of unfavourable economic developments in the selected stress test scenarios.

Internal Stress Tests

Stress testing is a key risk management tool and a fundamental component of the Issuer's approach to risk and capital management. It is used to quantify, evaluate and understand the potential impact of specified changes to risk factors on the financial strength of the Issuer, including its capital position. Stress testing includes:

- Scenario testing, which examines the impact of a hypothetical future state to define changes in risk factors; and
- Sensitivity testing, which examines the impact of an incremental change to one or more risk factors.

When the Issuer uses stress tests in its capital planning, it identifies Bank-specific vulnerabilities and risks, defines scenarios that examine those risks and assesses the impact of the scenario on income, costs and risk exposures held. Stressing income and costs affect the Issuer's capital, while stressing risk exposures affect its capital adequacy requirements. Scenario results are used to inform the Issuer's business and capital plans.

The Issuer uses stress testing in its annual ICAAP for the purpose of projecting its capital adequacy in a range of unfavourable scenarios and as an essential part of the Issuer's capital planning. The ICAAP is used to form a view of capital adequacy separately to the minimum regulatory requirements. The ICAAP is used by the PRA to make an assessment of NWM Plc's specific capital requirements through the Pillar II framework. NWM N.V. submits an ICAAP to its regulator, the ECB.

The Issuer also conducts '**Reverse Stress Testing**.' This examines circumstances that can lead to specific defined outcomes such as business failure. Reverse Stress Testing starts from an outcome of business failure and identifies scenarios and circumstances where this might occur. Reverse Stress Testing allows the Issuer to examine potential vulnerabilities in its business model more fully.

Regulatory Stress Tests

The Issuer's parent, NatWest Group plc, takes part in a number of external stress tests which the Issuer supports, including the BoE's annual solvency stress test. The requirements for these stress tests do not extend to the Issuer. However, NWM Plc provides support to its parent in conducting enterprise-wide stress tests.

Leverage Ratio

The leverage ratio represents a non-risk-adjusted capital requirement implemented to serve as a further backstop measure for risk-based capital. Since January 2014, CRD IV rules have required that a credit institution calculate, monitor and report on its leverage ratio (defined as Tier 1 capital as a percentage of total exposure). The PRA and FPC released their UK leverage framework update in October 2021 (PS 21//21) and outlined requirements for material UK entities. The issuer has been subject to a leverage ratio minimum requirement from 2023 as implemented under the UK framework with its risk appetite and planning targets set on this basis.

The following table sets forth certain information with respect to NWM Group's leverage ratio as at the dates indicated.

Leverage	31 December 2025	31 December 2024	31 December 2023
Tier 1 capital (£m)	4,926	5,067	4,455
PRA UK leverage exposure (£m)	97,880	92,859	89,929
PRA UK leverage ratio (%)	5.0	5.5	5.0

Derivative Instruments

NWM Group applies hedge accounting to reduce the accounting mismatch caused in the income statement by using derivatives to hedge the following risks: interest rate, foreign exchange and the foreign exchange risk associated with net investment in foreign operations.

NWM Group's interest rate hedging relates to the management of NWM Group's non-trading structural interest rate risk, caused by the mismatch between fixed interest rates and floating interest rates on its financial instruments. NWM Group manages this risk within approved limits. Residual risk positions are hedged with derivatives, principally interest rate swaps.

Suitable larger fixed rate financial instruments are subject to fair value hedging in line with documented risk management strategies.

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest payments and receipts due to the movement of interest rates on forecast transactions and on financial assets and financial liabilities. This variability in cash flows is hedged by interest rate swaps, which convert variable cash flows into fixed. For these cash flow hedge relationships, the hedged items are actual and forecast variable interest rate cash flows arising from financial assets and financial liabilities with interest rates linked to the relevant interest rates, most notably SOFR, EURIBOR, European Central Bank deposit rate, SONIA and the Bank Rate. The variability in cash flows due to movements in the relevant interest rate is hedged; this risk component is identified using the risk management systems of NWM Group and encompasses the majority of cash flow variability risk.

Fair value hedges of interest rate risk involve interest rate swaps transforming the fixed interest rate risk in financial assets and financial liabilities to floating. The hedged risk is the risk of changes in the hedged item's fair value attributable to changes in the interest rate risk component of the hedged item. The significant interest rates identified as risk components are SOFR, EURIBOR, ESTR and SONIA. These risk components are identified using the risk management systems of NWM Group and encompass the majority of the hedged item's fair value risk.

NWM Group hedges the exchange rate risk of its net investment in foreign currency denominated operations with currency borrowings and forward foreign exchange contracts. NWM Group reviews the value of the investments' net assets, executing hedges where appropriate to reduce the sensitivity of capital ratios to foreign exchange rate movement. Hedge accounting relationships will be designated where required. Exchange rate risk also arises in NWM Group where payments are denominated in currencies other than the functional currency. Residual risk positions are hedged with cross currency basis swaps, fixing the exchange rate the payments will be settled in. The derivatives are documented as cash flow hedges.

For all cash flow hedging, fair value hedge relationships and net investment hedging, NWM Group determines that there is an economic relationship between the hedged item and hedging instrument via assessing the initial and ongoing effectiveness by comparing movements in the fair value of the expected highly probable forecast interest cash flows/fair value of the hedged item attributable to the hedged risk with movements in the fair value of the expected changes in cash flows from the hedging instruments. The method used for comparing movements is either regression testing or the dollar offset method. The method for testing effectiveness and the period over which the test is performed depends on the applicable risk management strategy and is applied consistently to each risk management strategy. Hedge effectiveness is assessed on a cumulative basis and the determination of effectiveness is in line with the requirements of IAS39.

NWM Group uses either the actual ratio between the hedged item and hedging instrument(s) or one that minimises hedge ineffectiveness to establish the hedge ratio for hedge accounting. Hedge ineffectiveness is measured in line with the requirements of IAS39 and recognised in the income statement as it arises.

	NWM Group								
	2025			2024			2023		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	3,401	27,781	26,993	3,261	40,492	40,291	3,109	34,208	33,364
Interest rate contracts	10,546	33,019	26,813	9,773	37,502	31,510	9,689	44,943	38,292
Credit derivatives	15	66	171	13	111	235	16	181	325
Equity and commodity contracts	—	—	—	—	—	—	—	—	—
	13,962	60,866	53,977	13,047	78,105	72,036		79,332	71,981

As at 31 December 2025, NWM Group's derivative assets amounted to £60,866 million, a decrease of £17,239 million, or 22 per cent, as compared to £78,105 million as at 31 December 2024. The decrease in mark-to-market value largely reflected FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

As at 31 December 2025, NWM Group's derivative liabilities amounted to £53,977 million, a decrease of £18,059 million, or 25 per cent, as compared to £72,036 million as at 31 December 2024. The decrease in mark-to-market value largely reflected FX rate volatility across major currencies including the weakening of the US dollar in 2025, following contrasting trends in the fourth quarter of 2024, and variations in interest rates across different currencies and tenors.

Material Contracts

Revenue Share Agreements

NWM Group continues to provide access to markets products and services for the NatWest Group's ring-fenced sub-group and is party to a series of Revenue Share Agreements with certain Revenue Sharing Entities. The Revenue Share Agreements reflect the provision of products and services across NWM Group's Rates, Currencies and Financing products to customers that have their primary banking relationship with the Revenue Sharing Entities. The allocation of income from customers that have their primary banking relationship with the Revenue Sharing Entities across the relevant counterparties within NatWest Group is referred to as 'revenue share.' This operating model reflects NatWest Group plc's UK ring-fencing design to locate the entirety of its markets activity within NWM Group, and for customers from other Revenue Sharing Entities to be referred to NWM Group for risk management and financing products. UK ring-fencing legislation and tax legislation dictates that all transactions with these entities are established on an arm's-length basis. Accordingly, the Revenue Share Agreements have been prepared on this basis. For further information, please see '*Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Relationship with NatWest Group—Revenue Share Agreements*.'

Profit Share Arrangement

In 2023 NWM Group entered into a profit share arrangement with fellow NatWest Group subsidiaries, pursuant to which NWM Group will be compensated on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, of which NWM Group forms part. The amount recognised in income for 2025 in relation to the Profit Share Arrangement was £189 million.

Critical Accounting Policies and Key Accounting Estimates

The reported results of NWM Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting standards used in the preparation of the financial statements require the directors, in preparing NWM Group's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of accounting guidance, standards used in the preparation of the financial statements require the directors to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's 'Conceptual Framework for Financial Reporting' The judgements and assumptions involved in NWM Group's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are noted below. The use of estimates, assumptions or models that differ from those adopted by NWM Group would affect its reported results.

How climate risk affects NWM Group's accounting judgements and estimates

Business planning

Key financial estimates are based on management's latest five-year revenue and cost forecasts. The outputs from this forecast affect forward-looking accounting estimates. Measurement of deferred tax and expected credit losses are highly sensitive to reasonably possible changes in those anticipated conditions. In 2025, scenario planning was enhanced by the further integration of NatWest Group's (including NWM Group) climate transition plan, including the assessment of climate-related risks and opportunities:

- The climate transition plan includes an assessment of:
    - changes in products, services and business operations to support customer transition towards net zero.
    - financial impacts of supporting customer transition, including investment required. The linkage between the financial plan and the climate transition plan will continue to be developed and refreshed annually as part of the financial planning cycle.
    - the impact of UK Government policies. To estimate the impact of current UK Government policy on the climate transition plan, NatWest Group developed a progress-adjusted scenario. NatWest Group use the UK CCC's Seventh Carbon Budget Report's sectoral balanced pathways and apply estimated time delays based on the credibility assessment of policies from the UK CCC's June 2025 Progress Report.

There remains considerable uncertainty in the climate policy environment, shaped by geopolitical developments and wider uncertainty over how the climate will evolve and how and when governments, regulators, businesses, investors and customers will respond.

Information used in other accounting estimates

NWM Group make use of reasonable and supportable information to make accounting judgements and estimates. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of borrowers, asset values and market indicators. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period. Some physical and transition risks can manifest in the shorter term. The following items represent the most significant effects:

- The classification of financial instruments linked to climate, or other sustainability indicators. Consideration is given to whether the effect of climate-related terms prevent the instrument cashflows being solely payments of principal and interest; and

- The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

Critical accounting policies

The judgements and assumptions involved in NWM Group's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are noted below. The use of estimates, assumptions or models that differ from those adopted by NWM Group would affect its reported results. Management's consideration of uncertainty is outlined in the relevant sections of this document, including the ECL estimate in the Risk and capital management section.

Information used for significant estimate

Policy	Judgement	Estimate	Further information
Deferred tax	Determination of whether sufficient sustainable taxable profits will be generated in future years to recover the deferred tax asset.	NWM Group's estimates are based on the five-year revenue and cost forecasts (which include inherent uncertainties).	Note 7 to the 2025 Financial Statements
Fair value – financial instruments	Classification of a fair value instrument as level 3, where the valuation is driven by unobservable inputs.	Estimation of the fair value, where it is reasonably possible to have alternative assumptions in determining the fair value.	Note 10 to the 2025 Financial Statements
Provisions for liabilities and charges	Determination of whether a present obligation exists in respect of customer redress, litigation and other regulatory, property and other provisions. Legal proceedings often require a high degree of judgement and these are likely to change as the matter progresses.	Provisions remain sensitive to the assumptions used in the estimate. NWM Group considers a wide range of possible outcomes. It is often not practical to meaningfully quantify ranges of possible outcomes, given the uncertainties involved.	Note 20 to the 2025 Financial Statements

Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.

Deferred tax

Deferred tax is the estimated tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and the carrying amount for tax purposes in the future. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent their recovery is probable.

Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax asset recoverability is based on the level of supporting offsetable deferred tax liabilities NWM Group has and of its future taxable profits. These future taxable profits are based on NWM Group's five-year revenue and cost forecasts and the expectation of long-term economic growth beyond this period. The five-year forecast takes account of management's current expectations of competitiveness and profitability. The long-term growth rate reflects external indicators which will include market expectations on climate risk. NWM Group does not consider any additional adjustments to this indicator.

Fair value – financial instruments

NWM Group measures financial instruments at fair value when they are classified as mandatory fair value through profit or loss; held-for-trading; designated fair value through profit or loss and fair value through other comprehensive income and they are recognised in the financial statements at fair value. All derivatives are measured at fair value.

NWM Group manages some portfolios of financial assets and financial liabilities based on its net exposure to either market or credit risk. In these cases, the fair value is derived from the net risk exposure of that portfolio with portfolio level adjustments applied to incorporate bid-offer spreads, counterparty credit risk, and funding costs (see '*Valuation Adjustments*' in Note 10 to the 2025 Financial Statements).

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. The complexity and uncertainty in the financial instrument's fair value is categorised using the fair value hierarchy.

The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

Provisions for liabilities and charges

NWM Group recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to pay to settle the obligation and the amount of the obligation can be estimated reliably.

Provision is made for restructuring costs, including the costs of redundancy, when NWM Group has a constructive obligation. An obligation exists when NWM Group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected either by starting to implement the plan or by announcing its main features.

NWM Group recognises any onerous cost of the present obligation under a contract as a provision. An onerous cost is the unavoidable cost of meeting NWM Group's contractual obligations that exceed the expected economic benefits. When NWM Group intends to vacate a leasehold property or right of use asset, the asset would be tested for impairment and a provision may be recognised for the ancillary contractual occupancy costs.

Future Accounting Developments

A number of IFRS changes have and will affect NWM Group, as described below.

Effective 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 – Issued May 2024).

Effective 1 January 2027:

- Presentation and Disclosures in Financial Statements (IFRS 18 – Issued April 2024); and
- Subsidiaries without Public Accountability (IFRS 19 – Issued May 2024).

NWM Group is assessing the effect of adopting the accounting developments effective from 1 January 2027 on its financial statements and have largely completed a similar assessment for the Amendments to IFRS 9 and IFRS 7 which were effective from 1 January 2026. NWM Group does not expect these accounting developments to have a material impact on its financial performance or position, although IFRS 18 may have an impact on presentation and disclosure.

DESCRIPTION OF NWM GROUP

Overview

NWM Plc is a wholly owned subsidiary of NatWest Group plc, a banking and financial services group. NWM Group is a strategically important part of NatWest Group.

NWM Group provides liquidity, risk management, financing, and advisory services, principally to corporates, sponsors, financial institutions and sovereigns as well as customers of the broader NatWest Group.

The core business lines of NWM Group are:

- **Fixed Income.** A range of cash bond, repo and interest rate derivatives products with a focus on sterling, euros and U.S. dollars that support customers' financing and hedging needs, together with the provision of liquidity and credit trading capabilities for investment-grade and high-yield bonds and loans for both financial institutions and corporate issuers.

- **Currencies.** Offering FX spot, forwards, cross-currency swaps and options, as well as an FX prime service and FX digital solutions.

- **Capital Markets.** Access to global debt capital markets across a wide variety of products and target markets that include bonds, loans, commercial paper, medium-term notes, private placements, via bespoke financing solutions to customers, including structuring, distribution, on-balance-sheet financing and risk management products. and primary lending products.

In addition to serving its own customers, NWM Group provides Fixed Income, Currencies and Capital Markets products to corporate, commercial, business and select retail clients of other NatWest Group entities. Revenue share arrangements are in place, pursuant to which a proportion of the income generated by NWM Group products from customers that have their primary relationship with other NatWest Group subsidiaries is shared between NWM Group and those subsidiaries. Approximately 20 per cent of NWM Group's total income for the year ended 31 December 2025 was sourced from customers referred to NWM Group by other NatWest Group entities, compared to 22 per cent for the year ended 31 December 2024.

NWM Group is focussed on leveraging technology and automation to deliver customer growth more efficiently and effectively to add value for customers. NWM Group has developed digital self-service applications covering, among others, FX, rates, risk management, and international payments services. NWM's specialists across currencies, fixed income and capital markets offer content and ideas alongside market-leading economic insights in the key economies where its customers do business.

NWM Group's operations are centred around the UK, a market in which it has a strong positioning and a competitive value proposition. NWM Group targets customers, both domestically in the UK and internationally, principally customers that trade with and from the UK. Activity also extends to customers in Europe and its activities in the US and the APAC region are focused on providing risk distribution capability and access to institutional clients in those regions. For the year ended 31 December 2025, 77 per cent (2024 - 76 per cent) of NWM Group's total income was generated in the UK and Europe, 17 per cent (2024 - 17 per cent) was generated in the US and 6 per cent (2024 - 7 per cent) was generated in the rest of the world. See '—*Geographic Footprint'* for further details.

As further discussed under '—*NWM Group's History and Development*,' in the year ended 31 December 2018 NatWest Group restructured its group legal entities and business model to meet the requirements of UK ring-fencing legislation. Following this, NWM Plc became the principal holding and operating company for NatWest Group's operations outside the ring-fence and NWM Group's business, operations and financial condition cannot be compared to its business, operations and financial condition prior to the implementation of the UK ring-fencing regime. The implementation of the UK ring-fencing regime had a material impact on NWM Group's operational footprint, balance sheet composition, funding strategy, capital requirements and credit ratings. Accordingly, NWM Group adapted its strategy and business model and adopted new processes and structures for, among other things, financial reporting, risk management and corporate governance and has also implemented a shared services model with the ring-fenced entities for certain other services.

In 2022, NatWest Group brought together its Commercial Banking, NatWest Markets and RBS International businesses to form a single segment, Commercial & Institutional, with common management and objectives to best support its customers across the full non-personal customer lifecycle.

In December 2024, it was announced that NWM N.V. would become NatWest Group's primary European corporate and institutional customer-facing entity. As part of this strategic transition, new structured finance origination ceased in NWBE and commenced in NWM N.V. from May 2025. In addition, all loans were transferred from NWBE to NWM N.V, and certain loans are subject to funded sub-participation arrangements with NatWest Bank Plc that transfer substantially all risks and rewards of ownership from NWM N.V. to NatWest Bank Plc. The strategic transition is complete, with most colleagues supporting customers with structured finance products in NWBE having transitioned to NWM N.V. on 1 January 2026.

NWM Group aligns itself to NatWest Group's strategy as part of NatWest Group's Commercial & Institutional segment. NWM Group supports Natwest Group's strategic framework and purpose to be the bank that turns possibilities into progress. Three strategic priorities unite the ambition to succeed with customers:

- Disciplined growth to strengthen relationships and support sustainable earnings, attracting new customers and deepening relationships with existing ones;

- Leveraging simplification to utilise leading technology and capabilities to deliver greater productivity and seamless customer experiences; and

- Active balance sheet and risk management to enable NWM to remain a trusted partner and deliver attractive risk-adjusted returns.

In addition, supporting the shift to a more sustainable future remains a core priority for NWM Group's climate strategy is designed to support NatWest Group's climate ambition and is focused on helping customers achieve their climate and sustainable goals by supporting their transition to a low carbon economy while managing NWM Group's own operations with respect to carbon emissions.

The following metrics have been set for NWM Plc in the medium-term and supersede all prior guidance:

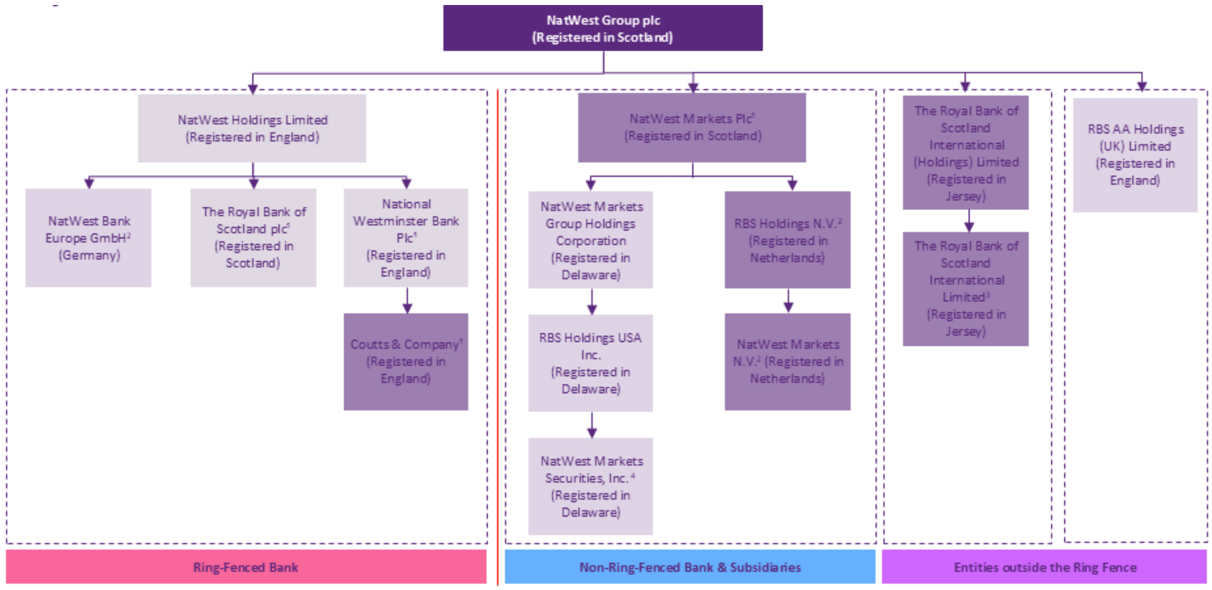
Metric	**Estimate**
CET 1 ratio(1)	~14%
MREL ratio(1)(2)	>30%
Leverage ratio	>4%

(1) CET 1 stands for Common Equity Tier 1 capital and MREL refers to the minimum requirement for own funds and eligible liabilities.
(2) Includes total regulatory capital, non-eligible capital and downstreamed internal MREL.

NWM Group's History and Development

NWM Plc is a public limited company incorporated in Scotland on 31 October 1984 with registration number SC090312. Prior to the implementation of the ring-fencing regime, NWM Plc was named RBS Plc and was NatWest Group's principal operating subsidiary, holding, directly or indirectly, the majority of the assets and operations of NatWest Group as intermediate holding company.

The chart below represents the current simplified organisational structure of NatWest Group:



1) Regulated by the Prudential Regulation Authority and/or the Financial Conduct Authority (UK).
2) European Central Bank supervised entities.
3) Regulated by the Jersey Financial Services Commission.
4) Regulated by the Securities Exchange Commission and FINMA.

NatWest Group's Principal Subsidiaries

NatWest Group, which is classified by the ECB as a 'third-country group' with two or more subsidiary banking institutions in the EU, was authorised by the ECB to establish a dual IPU structure on behalf of its European subsidiaries. To that effect, RBSH N.V., a wholly-owned subsidiary of NWM Plc, was designated to act as the IPU outside of the NatWest Group ring-fenced sub-group and is subject to ECB supervision since 1 January 2024. In November 2023 the ECB confirmed that RBS Holdings N.V. and NWM N.V. were classified as a 'significant supervised group'. Relatedly, on 1 December 2023, RBSI DS's immediate parent company changed from RBSIH to RBSH N.V. following supervisory approval.

NWM Group's Products and Customers

NWM Group's Products

NWM Group provides liquidity and risk management services in its Currencies and Fixed Income businesses through a combination of voice and electronic distribution channels. Through its Capital Markets business, NWM Group also provides integrated financing solutions, risk solutions and specialist advisory services, which incorporates relevant sustainable finance advice.

NWM Group's strategists and content experts across Currencies, Fixed Income and Capital Markets also offer industry and economic insights in the key economies where NWM Group's customers do business.

NWM Group focuses on the digitisation and automation of its services and offers a range of digital FX, fixed income, risk management and international payments options through NWM Group applications or APIs (application programme interfaces), including Agile Markets, FXmicropay and Rate Manager.

The suite of the products and services that are offered by NWM Group centre around NWM Group's business lines:

- **Fixed Income.** NWM Group has long-standing expertise in the fixed income markets and offers cash bond, repo and interest rate derivatives, with a focus on sterling, euros and US dollars, that supports its customers' financing and hedging needs. In addition, NWM Group provides liquidity and credit for investment-grade and high-yield bonds and loans for both financial institutions and corporate issuers. For the year ended 31 December 2025, income from Fixed Income represented 9 per cent of NWM Group's income including shared revenue before OCA (2024 – 14 per cent).

- **Currencies.** NWM Group is an award-winning foreign exchange service provider offering FX spot, forwards, cross-currency swaps and options, as well as an FX prime service and FX digital solutions. For the year ended 31 December 2025, income from Currencies products represented 41 per cent of NWM Group's income including shared revenue before OCA (2024 - 39 per cent).

- **Capital Markets.** NWM Group helps customers to access global debt capital markets across a wide variety of products and target markets, including bonds, loans, commercial paper, medium-term notes ('**MTNs**'), private placements, bespoke financing solutions including structuring, distribution, on-balance-sheet financing and risk management products and primary lending products. NWM Group also provides customers with thought leadership, advice and products to support their climate and environmental, social and governance ('**ESG**') strategies through its ESG and Climate capital markets platform. For the year ended 31 December 2025, income from Capital Markets products represented 49 per cent of NWM Group's income including shared revenue before OCA (2024 - 50 per cent).

Customer Segments and Ownership

NWM Group is focused on its core corporate and institutional customers. As part of NatWest Group, NWM Group also provides Fixed Income, Currency and Capital Markets products to corporate, commercial, business and select retail clients of other NatWest Group entities. As such, NWM Group as the non-ring-fenced bank entity and NatWest Group entities inside the ring-fence continue to work together to deliver an integrated products and services proposition for relevant NatWest Group customers.

Revenue share arrangements are in place, pursuant to which a proportion of the income generated by NWM Group products from customers that have their primary relationship with other NatWest Group subsidiaries is shared between NWM Group and those subsidiaries. NWM Group and these other NatWest Group entities follow an integrated customer-planning approach to maximise connectivity, which includes customer account planning, allocation decision-making, and opportunity identification. Ring-fence legislation has dictated that all transactions with these entities are established on an arm's-length, third-party basis. See also, '*Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Relationship with NatWest Group—Revenue Share Agreements.*'

NWM Group's customer base is split into four customer segments:

- Financial Institutions, for which NWM Group owns the client relationship;

- Corporates, for which the NatWest Group ring-fenced sub-group generally owns the client relationship and for which NWM Group delivers markets products, with the exception of relationships with Western European corporates, where client coverage primarily resides in NWM Group;

- Commercial Mid-Market customers, for which the NatWest Group ring-fenced sub-group owns the client relationship and for which NWM Group delivers select markets products; and

- Business Banking customers, for which the NatWest Group ring-fenced sub-group owns the client relationship and for which NWM Group delivers select markets products.

NWM Group's Strategy

NWM Group supports Natwest Group's strategic framework of building enduring, trusted relationships with its customers. It connects purpose, turning possibilities into progress, with ambition to succeed with customers, and is structured around three strategic priorities:

- Disciplined growth to strengthen relationships and support sustainable earnings, attracting new customers and deepening relationships with existing ones;

- Leveraging simplification to utilise leading technology and capabilities to deliver greater productivity and seamless customer experiences; and

- Active balance sheet and risk management to enable NWM to remain a trusted partner and deliver attractive risk-adjusted returns.

NWM Group has an important role in delivering this strategy by connecting NatWest Group's corporate and institutional customers with international capital markets and helping them to manage their financing and risk management needs. NWM Group continues to simplify its operating model and allocate capital towards supporting NatWest Group's customers' needs and increasing its focus on digital solutions.

NWM Plc aligns itself to NatWest Group's strategy as part of the Commercial & Institutional segment.

Disciplined Growth

NWM Group will aim to be more customer-centric and develop a greater focus on specialisms, by tailoring services to meet the specific needs of clients in areas such as UK Debt Capital Markets. Additionally, it will enhance its competitive edge where it competes against global investment banks and creates relevance with customers as a multi-specialist provider recognised for deep expertise that customers value.

In addition to supporting its own customers, NWM Group also supports NatWest Group's business customers by providing them with capital markets expertise and thought leadership in areas across its Fixed Income, Currencies and Capital Markets offering. The creation by NatWest Group of the C&I segment, of which NWM Group forms part, has continued to enhance NWM Group's ability to work across NatWest Group to deliver on opportunities from referrals from other entities within the NatWest Group, including to support revenue growth.

In 2025, NWM Group continued to focus on anticipating its customers' needs and providing excellent customer service and execution. NWM Group's support with financing and risk solutions has been recognised by a number of industry awards including:

- 'UK's Best FX Bank for Corporates' at the Euromoney Foreign Exchange Awards 2025.
- 'Best FX Prime Broker' for the third consecutive year at the e-FX Awards 2025.
- 'Sterling Bond House of the Year' at the International Financing Review (IFR) Awards 2025.
- 'Most Impressive Corporate Medium Term Notes (MTN) Dealer for Financial Institutions' and 'Most impressive Sovereign, Supranational, and Agency (SSA) House in Sterling' at the Global Capital Bond Awards 2025.
- 'Lead manager of the year, green bonds – sovereigns' and 'Lead manager of the year, social bonds – financial institutions' at the Environmental Finance's Bond Awards 2025.
- 'Best ESG Bookrunner/Dealer', 'Best GBP Bookrunner/Dealer' and 'Best GBP MTN Private Placement Dealer' at the CMD Portal January 2026 Awards.

NWM Group has continued to support its customers' transition to net zero as well as their broader ESG ambitions and targets. In 2025, NWM Group completed £9.2 billion of climate and sustainable funding and financing. This contributed to a cumulative £57.3 billion towards the NatWest Group target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025. NatWest Group exceeded this target during Q1 2025.

In July 2025, NatWest Group set a new target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030. In 2025, NWM Group provided £8.6 billion towards this new target. The climate and sustainable funding and financing framework which underpinned the previous NatWest Group £100 billion target has been replaced with the climate and transition finance framework.

Leveraging simplification

NWM Group intends to simplify products and services to clients so it can provide an improved customer experience and benefits at lower cost. It will also continue to develop a simpler, more technology-focused operating model for greater agility and scalability, modernise and simplify core platforms, and improve colleague productivity by streamlining governance and resources.

Active balance sheet and risk management

NWM Group will aim to be more agile in the way that it deploys capital to customers who need its support and where NWM Group can most effectively use it, allocating capital dynamically and decisively. NWM Group will also continue to build risk management capabilities, broaden distribution capabilities, and improve returns through disciplined continuous review. This includes focusing on serving core NWM Group customers, as well as large- / mid-corporate customers across NatWest Group's C&I segment. Capital is therefore intended to be deployed towards activities supporting NWM Group's and NatWest Group's corporate and institutional customers. Through the effective use of capital NWM Group sought to reduce risk-weighted assets (RWAs) on the one hand, while redeploying capital to its growth areas on the other hand.

Competitive Position and Main Markets

As a strategically important part of NatWest Group, NWM Group provides risk management, financing and advisory services, principally to corporate customers in the UK, Western Europe and the United States, sponsors, non-bank financial institutions and sovereigns as well as other customers of the broader NatWest Group. It competes with large UK domestic banks, major international universal banks that offer combined investment and commercial banking capabilities, and investment banks that offer risk management, trading solutions and debt financing to financial institutions and corporate customers.

Competition intensified in NWM Group's main markets in 2025 as capital markets conditions improved and peers sought new growth opportunities. NWM Group saw competitors expand their financial markets propositions, invest in better platforms and show greater strategic intent by targeting higher transaction volumes, particularly with institutional clients. This was through more bespoke and innovative funding, complex risk management solutions and innovative sustainably-linked products. The adoption of AI and machine learning accelerated, shifting from strategic planning to tactical implementation, aimed at better management of risk and personalisation of banking services.

In 2025, debt capital markets sentiment remained constructive as inflation continued to trend lower in the markets where NWM Group primarily operates and central banks in such markets maintained a gradual easing cycle. This supportive backdrop sustained strong refinancing activity, with issuers capitalising on improved funding conditions. FICC divisions delivered another solid performance, underpinned by resilient client flows and persistent market volatility. Elevated trading volumes across FICC reflected ongoing demand for hedging and tactical positioning amid shifting rate expectations and geopolitical uncertainty.

The strategy NWM Group has developed over the years continued to help NWM Group remain well positioned to respond to evolving threats from other players in the banking market during 2025. In addition, NWM Group's expertise in fixed income, FX, sustainable finance, and its debt capital markets proposition continued to support customers' core risk-management needs and provide capabilities ranging from advisory, execution and distribution, to secondary market liquidity.

Geographic Footprint

NWM offers its customers global market access, providing them with trading, risk management and financing solutions through its trading and sales operations in Amsterdam, London, Singapore and Stamford, and sales offices across key locations in the UK, EU, US and APAC.

NWM Plc maintains the following geographic footprint:

- UK & Western Europe: NWM Plc has its primary trading and origination hub in London whilst NWM N.V. operates its trading and sales operations in Amsterdam and branches in select EEA locations to provide continuity of services for its European customers;
- Asia: Trading and sales origination hub based in Singapore with sales offices supporting risk distribution and access to investor capital in Tokyo and Hong Kong; and
- US: NWMSI, its broker-dealer in Stamford, provides access to US capital markets and USD products.

For the year ended 31 December 2025, 77 per cent (2024 - 76 per cent) of NWM Group's total income was generated in the UK and Europe, 17 per cent (2024 - 17 per cent) was generated in the US and 6 per cent (2024 – 7 per cent) was generated in the rest of the world. In the US and APAC region, NWM Group provides customers mainly with risk management solutions but only has a limited customer business in primary markets.

The geographical analysis in the tables below has been compiled on the basis of location of office where the transactions are recorded.

	2025				
	UK £m	USA £m	Europe £m	ROW £m	Total £m
Total revenue	2,844	294	529	89	3,756
Interest receivable	2,256	23	299	7	2,585
Interest payable	(1,822)	(48)	(225)	(2)	(2,097)
Fees and commissions receivable	–	142	222	53	417
Fees and commissions payable	(164)	–	(24)	–	(188)
Income from trading activities	462	136	31	29	658
Other operating income	126	(7)	(23)	–	96
Total income	858	246	280	87	1,471
Operating (loss)/profit before tax	(54)	99	79	36	160
Total assets	112,207	22,924	32,819	421	168,371
Total liabilities	116,770	21,413	23,084	141	161,408
Contingent liabilities and commitments	8,273	–	7,510	–	15,783

	2024				
	UK £m	USA £m	Europe £m	ROW £m	Total £m
Total revenue	2,725	297	625	91	3,738
Interest receivable	2,238	32	438	12	2,720
Interest payable	(1,900)	(63)	(323)	(2)	(2,288)
Fees and commissions receivable	73	134	213	56	476
Fees and commissions payable	(161)	(26)	(25)	(1)	(213)
Income from trading activities	414	135	13	23	585
Other operating income	–	(4)	(39)	–	(43)
Total income	664	208	277	88	1,237
Operating (loss)/profit before tax	(195)	75	112	45	37
Total assets	123,458	25,793	32,984	931	183,166
Total liabilities	128,675	23,495	23,449	618	176,237
Contingent liabilities and commitments	8,356	–	6,453	1	14,810

Litigation and Regulatory Matters

NWM Plc and its subsidiary and associated undertakings (NWM 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.

NWM 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 NWM 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. NWM 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 NWM 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 NWM 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 NWM Group's 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 NWM 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.

Other than those discussed below, NWM Group is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the financial position or profitability of NWM Group. NWM Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWM Group may be necessary, in amounts that may be substantial in some instances. Refer to Note 20 ('*Other liabilities'*) to the 2025 Financial Statements for information on material provisions.

Matters which are, or could be, material, either individually or in aggregate, having regard to NWM Group, considered as a whole, in which NWM Group is currently involved are set out below. Information has been provided on the procedural history of certain Matters, where NWM Group believes appropriate, to aid the understanding of the Matter.

For a discussion of certain risks associated with NWM Group's litigation, investigations and reviews, see '*Risk Factors—Legal, regulatory and conduct risk— NWM 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 NWM Group.*'

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

NWM Plc and certain other members of NatWest Group, including NatWest Group plc, are defendants in a number of claims pending in the United States District Court for the Southern District of New York (SDNY) with respect to the setting of USD LIBOR. The complainants allege that the NWM Group defendants and other panel banks violated various federal laws, including the US commodities and antitrust laws, and state statutory and common law, as well as contracts, by manipulating LIBOR and prices of LIBOR-based derivatives in various markets through various means.

The co-ordinated proceeding in the SDNY relating to USD LIBOR now includes one remaining class action, which is on behalf of persons who purchased LIBOR-linked instruments from defendants and bonds issued by defendants, as well as two non-class actions.

On 25 September 2025, the SDNY granted summary judgment to the defendants on the issue of liability and dismissal of all claims in both the class action and the non-class actions. The decision is being appealed in the United States Court of Appeals for the Second Circuit (US Court of Appeals).

In addition to the USD LIBOR cases described above, there is a class action relating to derivatives allegedly tied to JPY LIBOR and Euroyen TIBOR, which was dismissed by the SDNY in relation to NWM Plc and other NatWest Group companies in September 2021. That dismissal is now the subject of an appeal to the US Court of Appeals.

Two other IBOR-related class actions involving NWM Plc, concerning alleged manipulation of Euribor and Pound Sterling LIBOR, were previously dismissed by the SDNY for various reasons.

On 22 August 2025, the US Court of Appeals reversed the SDNY's decision in the Euribor case, reinstating claims against NWM plc. That case has therefore returned to the SDNY for further proceedings.

On 15 September 2025, the US Court of Appeals affirmed the SDNY's dismissal of the Pound Sterling LIBOR case.

Foreign exchange litigation

NWM Plc, NWMSI and/or NatWest Group plc are defendants in several cases relating to NWM Plc's foreign exchange (FX) business.

In May 2019, a cartel class action was filed in the Federal Court of Australia against NWM Plc and four other banks on behalf of persons who bought or sold currency through FX spots or forwards between 1 January 2008 and 15 October 2013 with a total transaction value exceeding AUD 0.5 million. The claimant has alleged that the banks, including NWM Plc, contravened Australian competition law by sharing information, coordinating conduct, widening spreads and manipulating FX rates for certain currency pairs during this period. NatWest Group plc and NWMSI have been named in the action as 'other cartel participants' but are not respondents.

In May 2025, NWM Plc executed an agreement to settle the claim in the Federal Court of Australia, which the court approved in August 2025. The settlement amount is covered in full by an existing provision.

In July and December 2019, two separate applications seeking opt-out collective proceedings orders were filed in the UK Competition Appeal Tribunal (CAT) against NatWest Group plc, NWM Plc and other banks. Both applications were brought on behalf of persons who, between 18 December 2007 and 31 January 2013, entered into a relevant FX spot or outright forward transaction in the European Economic Area with a relevant financial institution or on an electronic communications network.

In March 2022, the CAT declined to certify either application as collective proceedings on an opt-out basis. This decision was appealed by the applicants and was the subject of an application for judicial review. The CAT, in its judgment, allowed the applicants three months in which to reformulate their claims as opt-in claims.

In its amended judgment in November 2023, the Court of Appeal allowed the appeal and decided that the claims should proceed on an opt-out basis. Separately, the court determined which of the two competing applicants can proceed as class representative and dismissed the application for judicial review of the CAT's decision. The other applicant has discontinued its claim and withdrawn from the proceedings. The banks sought permission to appeal the Court of Appeal decision directly to the UK Supreme Court, which was granted in April 2024. The appeal was heard in April 2025.

In December 2025, the UK Supreme Court reinstated the CAT's decision to refuse the application for a collective proceedings order on an opt-out basis.

Two motions to certify FX-related class actions were filed in the Tel Aviv District Court in Israel in September and October 2018 and were subsequently consolidated into one motion. The consolidated motion to certify, which names The Royal Bank of Scotland plc (now NWM Plc) and several other banks as defendants, was served on NWM Plc in May 2020.

The applicants sought the court's permission to amend their motions to certify the class actions. NWM Plc filed a motion challenging the permission granted by the court for the applicants to serve the consolidated motion outside the Israeli jurisdiction. That NWM Plc motion remains pending. In February 2024, NWM Plc executed an agreement to settle the claim, subject to court approval. The settlement amount is covered in full by an existing provision.

In December 2021, a summons was served in the Netherlands against NatWest Group plc, NWM Plc and NWM N.V. by Stichting FX Claims on behalf of a number of parties, seeking declarations from the court concerning liability for anti-competitive FX market conduct described in decisions of the European Commission (EC) of 16 May 2019, along with unspecified damages. The claimant amended its claim to also refer to a 2 December 2021 decision by the EC, which described anti-competitive FX market conduct. NatWest Group plc, NWM Plc and other defendants contested the jurisdiction of the Dutch court.

In March 2023, the district court in Amsterdam accepted that it has jurisdiction to hear claims against NWM N.V. but refused jurisdiction to hear any claims against the other defendant banks (including NatWest Group plc and NWM Plc) brought on behalf of the parties represented by the claimant that are domiciled outside of the Netherlands. The claimant is appealing that decision.

The defendant banks have brought cross-appeals which seek a ruling that the Dutch court has no jurisdiction to hear any claims against the defendant banks domiciled outside of the Netherlands, irrespective of whether the claim has been brought on behalf of a party represented by the claimant that is domiciled within or outside of the Netherlands. The Amsterdam Court of Appeal has stayed these appeal proceedings until the Court of Justice of the European Union has answered preliminary questions that have been referred to it in another matter.

In September 2023, a second summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of a new group of parties. The claimant seeks declarations from the district court in Amsterdam concerning liability for anti-competitive FX market conduct described in the above referenced decisions of the EC of 16 May 2019 and 2 December 2021, along with unspecified damages. NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

In January 2025, a third summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of another new group of parties. The claimant seeks similar declarations from the district court in Amsterdam to those being sought in the above-mentioned claims, along with unspecified damages.

NatWest Group plc, NWM Plc and other defendants are contesting the Dutch court's jurisdiction. The district court has stayed the proceedings pending judgment in the above-mentioned appeals.

Certain other foreign exchange transaction related claims have been or may be threatened. NWM Group cannot predict whether all or any of these claims will be pursued.

Swaps antitrust litigation

NWM Plc, NWMSI and NatWest Group plc, as well as a number of other interest rate swap dealers, are defendants in several cases pending in the SDNY alleging violations of the US antitrust laws in the market for interest rate swaps. Three plaintiffs (TeraExchange, Javelin, and trueEx) allege that they would have successfully established exchange-like trading of interest rate swaps if the defendants had not unlawfully conspired to prevent that from happening through boycotts and other means. Discovery is complete though expert discovery is ongoing.

In June 2021, a class action antitrust complaint was filed against a number of credit default swap dealers in New Mexico federal court on behalf of persons who, from 2005 onwards, settled credit default swaps in the United States by reference to the ISDA credit default swap auction protocol. The complaint alleges that the defendants conspired to manipulate that benchmark through various means in violation of the antitrust laws and the Commodity Exchange Act.

In May 2025, the US Court of Appeals affirmed a January 2024 decision by the SDNY which barred the plaintiffs in the New Mexico case from pursuing claims based on conduct occurring before 30 June 2014 on the ground that such claims were extinguished by a 2015 settlement agreement that resolved a prior class action relating to credit default swaps.

The case in New Mexico (which had been stayed pending the appeal of the SDNY's decision) has now resumed. The defendants have filed a motion to dismiss, which is pending.

Odd lot corporate bond trading antitrust litigation

On 2 September 2025, the SDNY dismissed the class action antitrust complaint alleging that from August 2006 onwards various securities dealers, including NWMSI, conspired artificially to widen spreads for odd lots of corporate bonds bought or sold in the United States secondary market and to boycott electronic trading platforms that would have allegedly promoted pricing competition in the market for such bonds. The plaintiffs did not appeal the decision and the case is now closed.

Spoofing litigation

In December 2021, three substantially similar class actions complaints were filed in federal court in the United States against NWM Plc and NWMSI alleging Commodity Exchange Act and common law unjust enrichment claims arising from manipulative trading known as spoofing. The complaints refer to NWM Plc's December 2021 spoofing-related guilty plea (described below under "US investigations relating to fixed-income securities") and purport to assert claims on behalf of those who transacted in US Treasury securities and futures and options on US Treasury securities between 2008 and 2018.

In July 2022, the defendants filed a motion to dismiss these claims, which have been consolidated into one matter in the United States District Court for the Northern District of Illinois. The motion to dismiss remains pending.

Madoff

NWM N.V. was named as a defendant in two actions filed by the trustee for the bankrupt estates of Bernard L. Madoff and Bernard L. Madoff Investment Securities LLC, in bankruptcy court in New York, which together seek to clawback more than US$300 million (plus pre-judgment interest) that NWM N.V. allegedly received from certain Madoff feeder funds and certain swap counterparties.

The claims were previously dismissed, but as a result of an August 2021 decision by the US Court of Appeals, they are now proceeding in the discovery phase in the bankruptcy court, where they have been consolidated into one action.

US Anti-Terrorism Act litigation

NWM N.V. and certain other financial institutions are defendants in several actions filed by a number of US nationals (or their estates, survivors, or heirs), most of whom are or were US military personnel, who were killed or injured in attacks in Iraq between 2003 and 2011.

NWM Plc is also a defendant in some of these cases.

According to the plaintiffs' allegations, the defendants are liable for damages arising from the attacks because they allegedly conspired with and/or aided and abetted Iran and certain Iranian banks to assist Iran in transferring money to Hezbollah and the Iraqi terror cells that committed the attacks, in violation of the US Anti-Terrorism Act, by agreeing to engage in 'stripping' of transactions initiated by the Iranian banks so that the Iranian nexus to the transactions would not be detected.

The first of these actions, alleging conspiracy claims but not aiding and abetting claims, was filed in the United States District Court for the Eastern District of New York in November 2014. In September 2019, the district court dismissed the case, finding that the claims were deficient for several reasons, including lack of sufficient allegations as to the alleged conspiracy and causation. In January 2023, the US Court of Appeals affirmed the district court's dismissal of this case.

On 30 September 2025, the district court denied a motion by the plaintiffs to re-open the case to assert aiding and abetting claims that they previously did not assert. Another action, filed in the SDNY in 2017, which asserted both conspiracy and aiding and abetting claims, was dismissed by the SDNY in March 2019 on similar grounds as the first case, but remains subject to appeal to the US Court of Appeals.

Other follow-on actions that are substantially similar to those described above are pending in the same courts.

1MDB litigation

A Malaysian court claim was served in Switzerland in November 2022 by 1MDB, a sovereign wealth fund, in which Coutts & Co Ltd was named, along with six others, as a defendant in respect of losses allegedly incurred by 1MDB. It is claimed that Coutts & Co Ltd is liable as a constructive trustee for having dishonestly assisted the directors of 1MDB in the breach of their fiduciary duties by failing (amongst other alleged claims) to undertake due diligence in relation to a customer of Coutts & Co Ltd, through which funds totalling c.US$1 billion were received and paid out between 2009 and 2011. 1MDB sought the return of that amount plus interest.

Coutts & Co Ltd filed an application in January 2023 challenging the validity of service and the Malaysian court's jurisdiction to hear the claim, and a hearing took place in February 2024.

In March 2024, the court granted that application. 1MDB appealed that decision and a prior decision by the court not to allow them to discontinue their claim. Both appeals were scheduled to be heard in November 2025 but did not progress as 1MDB withdrew their appeal and discontinued the claim.

Coutts & Co Ltd (a subsidiary of RBS Netherlands Holdings B.V., which in turn is a subsidiary of NWM Plc) is a company registered in Switzerland and is in wind-down following the announced sale of its business assets in 2015.

Oracle Securities Litigation

On 14 January 2026, a class action complaint was filed in New York state court against Oracle Corporation and the underwriters of a September 2025 bond offering by Oracle, including NWMSI. The complaint alleges that the offering documents for the bonds were materially misleading because they failed to disclose that, at the time of the bond offering, Oracle was already planning to further increase its debt to fund its Artificial Intelligence infrastructure expansion.

The complaint seeks damages under the U.S. Securities Act of 1933 (the 'Securities Act'), as amended, on behalf of those who purchased Oracle's bonds. In connection with the bond offering, Oracle agreed to indemnify the underwriters against certain potential liabilities, including disclosure-based liability under the Securities Act.

Tandanor Litigation in Argentina

In October 2012, a claim was filed in the District Court of Buenos Aires by 'Argentina Talleres Navales Dársena Norte Sociedad Anónima Comercial, Industrial y Naviera' ("Tandanor") (a naval repair business) against what is now the Representative Office of The Royal Bank of Scotland NV, Argentine Branch (in liquidation) (the "Representative Office") and eleven private individuals. (The Representative Office inherited the claim from Banco Holandés Unido, Argentine Branch.) The claim, which was unquantified, sought damages for alleged fraudulent conduct during Tandanor's privatisation, which concluded in 1993. The Representative Office's participation in the privatisation was 2.9%. The Argentine Ministry of Defence joined Tandanor as a plaintiff in 2014.

The claim was dismissed on limitation grounds in 2018, and the plaintiffs were unsuccessful in subsequent appeals. In November 2024, however, the Argentine Supreme Court set the appealed judgments aside and, in June 2025, the Argentine Federal Court of Appeal returned the case to the Argentine Federal District Court for further consideration. In December 2025, the plaintiffs filed an update quantifying damages at USD1.1bn. The Representative Office continues to defend the claim and has requested a hearing

Regulatory Matters (including investigations)

NWM 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. NWM Group companies 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.

Any matter discussed or identified during such discussions and inquiries may result in, amongst other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NWM Group, remediation of systems and controls, public or private censure, restriction of NWM 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 NWM Group, its business, authorisations and licences, reputation, results or operations or the price of securities issued by it, or lead to material additional provisions being taken.

US investigations relating to fixed-income securities

In December 2021, NWM Plc pled guilty in the United States District Court for the District of Connecticut to one count of wire fraud and one count of securities fraud in connection with historical spoofing conduct by former employees in US Treasuries markets between January 2008 and May 2014 and, separately, during approximately three months in 2018. The 2018 trading occurred during the term of a non-prosecution agreement (NPA) between NWMSI and the United States Attorney's Office for the District of Connecticut (USAO CT), under which non-prosecution was conditioned on NWMSI and affiliated companies not engaging in criminal conduct during the term of the NPA. The relevant trading in 2018 was conducted by two NWM traders in Singapore and breached that NPA. The plea agreement reached with the US Department of Justice (DOJ) and the USAO CT resolved both the spoofing conduct and the breach of the NPA.

The DOJ and USAO CT paused the monitorship in May 2025 and, following a review, determined that a monitorship was no longer necessary as a result of NWM's notable progress in strengthening its compliance programme, certain of NWM's remedial improvements, internal controls, and the status of implementation of Monitor recommendations, and that reporting by NWM to the DOJ and USAO CT on its continued compliance programme progress provided an appropriate degree of oversight. The court approved the agreement and extended NWM's obligations under the plea agreement and probation until December 2026.

In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as increased costs, findings that NWM Plc violated its probation term, and possible re-sentencing, amongst other consequences. Other material adverse collateral consequences may occur as a result of this matter, as further described in the section '*Risk Factors—NWM 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 NWM Group'*.

Facilities

In the UK, NWM Group leases its facilities from NWB.

IT

Chief Digital Information Officer ("**CDIO**") roles are established across each of NWM Group's customer businesses to deliver a 'One Bank' approach and to enhance the value, speed, and flexibility of the services provided to its customers as well as ensuring the strength and resilience of its platforms.

The C&I CDIO team supporting NWM Group is a global team that spans locations in the UK, US, India, and APAC with key technology opportunities focused on supporting the bank's strategic goals to drive sustainable growth and build a connected digital bank that evolves with customer needs.

NWM Group continues to invest in remediation and upgrade of its legacy technology estate aligned to the highest risk assets, however, there are increasing dependencies on technology and operational efficiencies and there remains opportunity to further simplify the front to back operating model and optimise against cost and control objectives. To achieve this, NWM Group will focus on:

- Rationalising the number of technology applications and continue migration to cloud to reduce cost and improve efficiency;

- Simplifying and digitising front to back products and processes to enable business scalability and ensure a safe and secure operating and control environment;

- Data improvements to embed data-led distribution of content, product, and analytics, leveraging AI insights and approaches aligned to bank-wide data models and reusable data assets to unlock analytics and keep NWM Group's customers safe and secure; and

- Transforming to a digital first centre of excellence to enable greater investment on customer products and distribution, digitising NWM Group's end-to-end customer journeys to improve customer experience, support revenue optimisation and drive efficiencies across pricing, execution, and hedging.

Employees

As at 31 December 2025, NWM Group employed 1,600 people (full-time equivalent basis, excluding temporary staff) rounded to the nearest hundred. The majority of NWM Group's employees are located in the UK.

The number of persons employed by NWM Group at 31 December 2025, excluding temporary staff, was as follows (rounded to the nearest hundred for 2025 and 2024):

	2025	2024
UK	900	1000
USA	300	300
Rest of the World	400	400
Total	1,600	1,700

Material Adverse Change and Significant Change

There has been no significant change in the financial position or financial performance of the NWM Group taken as a whole since 31 December 2025 (the end of the last financial period for which the latest audited or interim financial information of the NWM Group has been published).

There has been no material adverse change in the prospects of NWM Group since 31 December 2025 (the last date to which the latest audited published financial information of NWM Group was prepared).

SELECTED STATISTICAL DATA AND OTHER INFORMATION

The following information is included for analytical purposes and should be read in connection with, and is qualified in its entirety by, the Financial Statements incorporated by reference into this Registration Document, as well as 'Operating and Financial Review.' The information included in this section has not been derived from the Financial Statements. This information has been derived from the Issuer's accounting records and has not been audited.

The information included in this section is not intended to, and does not, comply with subpart 1400 of Regulation S-K under the Securities Act applicable to offerings of securities by bank holding companies that are registered with the SEC.

Trading Portfolio Assets and Liabilities

The table below summarises debt securities held at mandatory fair value through profit or loss by Issuer as well as ratings based on the lowest of S&P's, Moody's and Fitch.

	Central and local government					
	UK	**US**	**Other**	**Financial institutions**	**Corporate**	**Total**
	£m	**£m**	**£m**	**£m**		**£m**
2025						
AAA	—	—	1,505	654	—	2,159
AA to AA+	—	4,153	257	309	18	4,737
A to AA-	1,808	—	1,481	596	215	4,100
BBB- to A-	—	—	892	256	384	1,532
Non-investment grade	—	—	—	11	50	61
Unrated	—	—	—	—	—	—
Total	1,808	4,153	4,135	1,826	667	12,589
2024						
AAA	—	—	1,335	1,368	—	2,703
AA to AA+	—	3,734	74	569	2	4,379
A to AA-	2,077	—	1,266	381	519	4,243
BBB- to A-	—	—	831	562	885	2,278
Non-investment grade	—	—	—	108	167	275
Unrated	—	—	—	—	—	—
Total	2,077	3,734	3,506	2,988	1,573	13,878
2023						
AAA	—	—	1,333	1,132	—	2,465
AA to AA+	—	2,600	19	762	4	3,385
A to AA-	2,729	—	1,017	251	283	4,280
BBB- to A-	—	—	693	295	489	1,477
Non-investment grade	—	—	—	198	149	347
Unrated	—	—	—	—	—	—
Total	2,729	2,600	3,062	2,638	925	11,954

Trading assets and liabilities held at fair value in trading portfolios are analysed as follows.

	NWM Group			NWM Plc		
	2025	**2024**	**2023**	**2025**	**2024**	**2023**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Trading Assets						
Loans						
– Reverse repos	27,656	27,127	23,694	9,460	10,099	11,315

	NWM Group			NWM Plc		
	2025	2024	2023	2025	2024	2023
	£m	£m	£m	£m	£m	£m
– Cash collateral given	5,635	7,333	8,914	4,005	5,606	7,263
– Other loans	294	545	762	240	397	645
Total loans	33,585	35,005	33,370	13,705	16,102	19,223
Securities						
– Central and local government						
– UK	1,808	2,077	2,729	1,808	2,077	2,729
– US	4,153	3,734	2,600	257	186	33
– Other	4,135	3,506	3,062	4,135	3,506	3,062
– Financial Institutions and Corporate	2,493	4,561	3,563	2,182	4,315	3,364
Total securities	12,589	13,878	11,954	8,382	10,084	9,188
Total	46,174	48,883	45,324	22,087	26,186	28,411
Trading Liabilities						
Deposits						
– Repos	28,578	30,562	26,902	8,936	10,293	12,125
– Cash collateral received	11,792	12,307	15,062	9,762	9,993	12,455
– Other deposits	739	895	1,150	716	851	1,127
Total deposits	41,109	43,764	43,114	19,414	21,137	25,707
Debt securities in issue	234	257	706	234	257	706
Short positions						
– Central and local government						
– UK	1,504	2,680	1,893	1,504	2,680	1,893
– US	1,161	1,677	2,071	19	14	17
– Other	4,137	4,755	4,049	4,137	4,755	4,033
– Financial Institutions and Corporate	702	1,379	1,790	608	1,287	1,723
Total short positions	7,504	10,491	9,803	6,268	8,736	7,666
Total	48,847	54,512	53,623	25,916	30,130	34,079

Companies within NWM Group transact derivatives as principal either as a trading activity or to manage balance sheet foreign exchange, interest rate and credit risk. Further details are set out in the table below.

	NWM Group								
	2025			2024			2023		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	3,401	27,781	26,993	3,261	40,492	40,291	3,109	34,208	33,364
Interest rate contracts	10,546	33,019	26,813	9,773	37,502	31,510	9,689	44,943	38,292
Credit derivatives	15	66	171	13	111	235	16	181	325
Equity and commodity contracts	—	—	—	—	—	—	—	—	—
		60,866	53,977		78,105	72,036		79,332	71,981

	NWM Plc								
	2025			2024			2023		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
	£bn	£m	£m	£bn	£m	£m	£bn	£m	£m
Exchange rate contracts	3,421	28,075	27,363	3,274	40,602	40,417	3,116	34,415	33,508
Interest rate contracts	9,740	29,654	24,639	9,252	34,270	29,370	9,267	41,237	35,577
Credit derivatives	15	64	164	13	110	229	15	180	319
Equity and commodity contracts	—	—	—	—	—	—	—	—	—
		57,793	52,166		74,982	70,016		75,832	69,404

See Note 31 ('–*Related parties*') to the 2025 Financial Statements for further information on the amounts due to/from fellow NatWest Group subsidiaries.

Investment Securities

Investment securities, comprising debt securities held outside of trading portfolios, are broken down in the following table. For further information please see Note 15 (‘*Other financial assets*’) to the 2025 Financial Statements.

	NWM Group Debt securities				
	Central and local government				
	UK	US	Other	Other debt	Total
	£m				
2025					
Mandatory fair value through profit or loss	—	—	—	1	1
Designated as at fair value	—	—	—	3	3
Fair value through other comprehensive income	378	3,216	758	1,835	6,187
Amortised cost	—	—	—	12,686	12,686
Total	378	3,216	758	14,525	18,877
2024					
Mandatory fair value through profit or loss	—	—	—	1	1
Designated as at fair value	—	—	2	3	5
Fair value through other comprehensive income	—	2,523	835	1,144	4,502
Amortised cost	—	—	—	13,185	13,185
Total	—	2,523	837	14,333	17,693
2023					
Mandatory fair value through profit or loss	—	—	—	1	1
Designated as at fair value	—	—	3	2	5
Fair value through other comprehensive income	—	2,472	573	948	3,993
Amortised cost	—	—	—	11,555	11,555
Total	—	2,472	576	12,506	15,554

	NWM Plc Debt securities				
	Central and local government				
	UK	US	Other	Other debt	Total
	£m				
2025					
Mandatory fair value through profit or loss	—	—	—	1	1
Fair value through other comprehensive income	378	3,216	405	1,577	5,576
Amortised cost	—	—	—	11,582	11,582
Total	378	3,216	405	13,160	17,159
2024					
Mandatory fair value through profit or loss	—	—	—	1	1
Fair value through other comprehensive income	—	2,523	345	1,140	4,008
Amortised cost	—	—	—	11,927	11,927
Total	—	2,523	345	13,068	15,936
2023					
Mandatory fair value through profit or loss	—	—	—	1	1
Fair value through other comprehensive income	—	2,393	352	900	3,645
Amortised cost	—	—	—	9,641	9,641
Total	—	2,393	352	10,542	13,287

Deposits and Short-Term Borrowings

The table below shows NWM Group's carrying values of the principal funding sources based on contractual maturity.

	2025			2024		
	Short-term less than 1 year	**Long-term more than 1 year**	**Total**	**Short-term less than 1 year**	**Long-term more than 1 year**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Bank deposits	2,140	6,361	8,501	4,056	509	4,565
of which: repos (amortised cost)	*611*	*5,445*	*6,056*	*2,487*	—	*2,487*
Customer deposits	6,100	1,061	7,161	4,784	56	4,840
of which: repos (amortised cost)	*150*	*1,043*	*1,193*	*482*	—	*482*
Trading liabilities(1)						
Repos(2)	26,168	2,410	28,578	29,752	810	30,562
Derivative cash collateral received	11,792	—	11,792	12,307	—	12,307
Other bank and customer deposits	454	285	739	627	268	895
Debt securities in issue	28	206	234	20	237	257
	38,442	2,901	41,343	42,706	1,315	44,021
Other financial liabilities						
Customer deposits (designated at fair value)	836	1,476	2,312	221	1,316	1,537
Debt securities in issue						
commercial paper and certificates of deposits	4,955	683	5,638	7,228	377	7,605
Medium-term notes (MTNs)	7,510	19,722	27,232	7,548	14,304	21,852
Subordinated liabilities	17	254	271	—	269	269
	13,318	22,135	35,453	14,997	16,266	31,263
Amounts due to holding company and fellow subsidiaries(3)						
Internal MREL	759	3,564	4,323	929	3,429	4,358
Other bank and customer deposits	589	—	589	1,204	—	1,204
Subordinated liabilities	—	1,066	1,066	—	1,115	1,115
	1,348	4,630	5,978	2,133	4,544	6,677
Total funding	61,348	37,088	98,436	68,676	22,690	91,366
Of which: available in resolution(4)			*4,885*			*4,813*

(1) Funding sources excludes short positions of £7,504 million (2024 - £10,491 million) reflected as trading liabilities on the balance sheet.

(2) Comprises Central and other bank repos of £8,152 million (2024 - £7,174 million), other financial institution repos of £18,042 million (2024 - £20,398 million) and other corporate repos of £2,384 million (2024 - £2,990 million).

(3) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments of £90 million (2024 - £94 million) have been excluded from the table.

(4) Eligible liabilities (as defined in the Banking Act 2009 as amended from time to time) that meet the eligibility criteria set out in the regulations, rules, policies, guidelines, or statements of the Bank of England. In July 2025, the Bank of England finalised MREL policy changes requiring firms to use full accounting values for eligible liabilities, which entered into effect on 1 January 2026.

Senior notes and subordinated liabilities – residual maturity profile by instrument type

The table below shows NWM Group's debt securities in issue, subordinated liabilities and internal resolution instruments by residual maturity.

	Trading liabilities	Other financial liabilities				Amounts due to holding company and fellow subsidiaries		
	Debt securities in issue	Debt securities in issue						
	MTNs (1)	Commercial paper and CDs	MTNs(1)	Subordinated liabilities	Total	Internal MREL	Subordinated liabilities	Total notes in issue
	£m	£m	£m	£m	£m	£m	£m	£m
2025								
Less than 1 year	28	4,955	7,510	17	12,482	759	—	13,269
1-3 years	1	683	11,097	—	11,780	1,799	—	13,580
3-5 years	73	—	8,042	—	8,042	1,765	1,066	10,946
More than 5 years	132	—	583	254	837	—	—	969
Total	234	5,638	27,232	271	33,141	4,323	1,066	38,764
2024								
Less than 1 year	20	7,228	7,548	—	14,776	929	—	15,725
1-3 years	35	377	9,959	—	10,336	1,751	—	12,122
3-5 years	42	—	3,652	—	3,652	1,678	987	6,359
More than 5 years	160	—	693	269	962	—	128	1,250
Total	257	7,605	21,852	269	29,726	4,358	1,115	35,456

(1) With respect to MTNs only, £7,537 million will mature in 2026, £6,318 million will mature in 2027, £4,780 million will mature in 2028, £3,247 million will mature in 2029 and £4,868 million will mature in 2030.

The table below shows the currency breakdown of total notes in issue.

	GBP	USD	EUR	Other	Total
	£m	£m	£m	£m	£m
2025					
Commercial paper and CDs	1,129	479	4,030	—	5,638
MTNs	2,106	7,308	14,926	3,126	27,466
External subordinated liabilities	18	16	237	—	271
Internal MREL due to NatWest Group plc	493	2,395	1,435	—	4,323
Subordinated liabilities due to NatWest Group plc	—	1,066	—	—	1,066
Total	3,746	11,264	20,628	3,126	38,764
2024 Total	4,785	11,135	16,606	2,930	35,456

Maturity

The following tables show the residual maturity of financial instruments, based on contractual date of maturity.

	NWM Group								
	2025			2024			2023		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets									
Cash and balances at central banks	16,023	—	16,023	16,229	—	16,229	13,831	—	13,831
Trading assets	33,314	12,860	46,174	37,134	11,749	48,883	36,496	8,828	45,324
Derivatives	23,886	36,980	60,866	33,968	44,137	78,105	29,995	49,337	79,332
Settlement balances	643	—	643	2,043	—	2,043	7,227	—	7,227
Loans to banks—amortised cost	1,029	192	1,221	1,152	19	1,171	1,246	—	1,246
Loans to customers—amortised cost	8,412	15,042	23,454	8,157	9,764	17,921	5,032	7,954	12,986
Amounts due from holding company and fellow subsidiaries(1)	140	79	219	271	18	289	1,462	74	1,536
Other financial assets	1,595	17,489	19,084	1,239	16,611	17,850	1,453	14,270	15,723
Liabilities									
Bank deposits	2,140	6,361	8,501	4,056	509	4,565	1,622	645	2,267
Customer deposits	6,100	1,061	7,161	4,784	56	4,840	6,990	8	6,998
Amounts due to holding company and fellow subsidiaries(2)	1,355	4,631	5,986	2,136	4,553	6,689	2,897	2,827	5,724
Settlement balances	932	—	932	1,729	—	1,729	6,641	—	6,641
Trading liabilities	39,743	9,104	48,847	44,481	10,031	54,512	45,336	8,287	53,623
Derivatives	24,177	29,800	53,977	34,172	37,864	72,036	30,433	41,548	71,981
Other financial liabilities	13,318	22,135	35,453	14,997	16,266	31,263	8,181	15,393	23,574
Lease liabilities	9	24	33	9	32	41	8	33	41

	NWM Plc								
	2025			2024			2023		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets									
Cash and balances at central banks	9,357	—	9,357	11,069	—	11,069	8,607	—	8,607
Trading assets	14,853	7,234	22,087	17,697	8,489	26,186	21,047	7,364	28,411
Derivatives	24,059	33,734	57,793	33,889	41,093	74,982	29,990	45,842	75,832
Settlement balances	490	—	490	550	—	550	2,168	—	2,168
Loans to banks—amortised cost	584	19	603	878	19	897	910	—	910
Loans to customers—amortised cost	8,140	14,014	22,154	7,730	9,359	17,089	4,745	7,359	12,104
Amounts due from holding company and fellow subsidiaries(1)	2,550	969	3,519	2,363	893	3,256	5,145	1,093	6,238
Other financial assets	1,050	16,304	17,354	736	15,345	16,081	916	12,528	13,444
Liabilities									
Bank deposits	1,702	5,948	7,650	3,601	468	4,069	1,351	558	1,909
Customer deposits	1,780	1,044	2,824	2,305	45	2,350	3,059	1	3,060
Amounts due to holding company and fellow subsidiaries(2)	2,995	5,188	8,183	5,796	4,864	10,660	11,439	2,827	14,266
Settlement balances	501	—	501	444	—	444	400	—	400
Trading liabilities	19,227	6,689	25,916	21,797	8,333	30,130	27,341	6,738	34,079
Derivatives	24,322	27,844	52,166	34,081	35,935	70,016	30,234	39,170	69,404
Other financial liabilities	11,463	20,277	31,740	13,383	14,583	27,966	6,149	14,506	20,655
Lease liabilities	2	2	4	2	3	5	2	—	2

(1) Amounts due from holding company and fellow subsidiaries relating to non-financial instruments of £68 million (2024—£54 million) for NWM Group and £92 million (2024—£85 million) for the Issuer have been excluded from the tables.

(2) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments of £82 million (2024—£82 million) for NWM Group and £95 million (2024—£97 million) for the Issuer have been excluded from the tables.

The table below shows the timing of cash outflows to settle financial liabilities, prepared on the following basis.

Financial liabilities are included at the earliest date on which the counterparty can require repayment regardless of whether or not such early repayment results in a penalty. If repayment is triggered by, or is subject to, specific criteria such as market price hurdles being reached, the liability is included at the earliest possible date that the conditions could be fulfilled without considering the probability of the conditions being met. For example, if a structured note automatically prepays when an equity index exceeds a certain level, the cash outflow will be included in the less-than-three-months' period whatever the level of the index at the year end. The settlement date of debt securities issued by certain securitisation vehicles consolidated by NWM Group depends on when cash flows are received from the securitised assets. Where these assets are prepayable, the timing of the cash outflow relating to securities assumes that each asset will be prepaid at the earliest possible date.

Liabilities with a contractual maturity of greater than 20 years — The principal amounts of financial liabilities that are repayable after 20 years or where the counterparty has no right to repayment of the principal, are excluded from the table along with interest payments after 20 years.

Held-for-trading liabilities — Held-for-trading liabilities of £103 billion (2024—£127 billion) for NWM Group and £79 billion (2024—£104 billion) for the Issuer, have been excluded from the following tables.

	NWM Group					
	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	10-20 years
2025	£m	£m	£m	£m	£m	£m
Liabilities by contractual maturity						
Bank deposits	832	1,320	4,043	2,487	—	—
Customer deposits	5,031	1,091	1,053	—	—	14
Amounts due to holding companies and fellow subsidiaries(1)	1,090	50	1,930	2,855	—	—
Settlement balances	932	—	—	—	—	—
Derivatives held for hedging	(3)	46	226	135	23	—
Other financial liabilities	3,877	9,448	12,923	8,299	552	550
Lease liabilities	3	6	13	9	2	—
	11,762	11,961	20,188	13,785	577	564
Guarantees and commitments notional amount						
Guarantees(2)	591	—	—	—	—	—
Commitments(3)	14,075	—	—	—	—	—
	14,666	—	—	—	—	—
2024						
Liabilities by contractual maturity						
Bank deposits	2,945	1,117	429	81	—	—
Customer deposits	3,483	1,332	51	—	—	14
Amounts due to holding companies and fellow subsidiaries	339	1,184	1,757	2,667	128	—
Settlement balances	1,729	—	—	—	—	—
Derivatives held for hedging	31	290	271	155	2	—
Other financial liabilities	4,733	8,498	12,496	4,582	501	550
Lease liabilities	2	7	16	10	6	—
	13,262	12,428	15,020	7,495	637	564
Guarantees and commitments notional amount						
Guarantees(2)	696	—	—	—	—	—
Commitments(3)	13,107	—	—	—	—	—
	13,803	—	—	—	—	—
2023						
Liabilities by contractual maturity						
Bank deposits	1,087	541	645	—	—	—
Customer deposits	5,317	1,708	3	1	2	19
Amounts due to holding companies and fellow subsidiaries	1,434	435	1,730	915	183	—
Settlement balances	6,641	—	—	—	—	—
Derivatives held for hedging	28	110	199	84	14	—
Other financial liabilities	2,400	6,183	10,075	4,166	348	505
Lease liabilities	1	4	9	15	12	—
	16,908	8,981	12,661	5,181	559	524
Guarantees and commitments notional amount						
Guarantees(2)	754	—	—	—	—	—
Commitments(3)	13,789	—	—	—	—	—
	14,543	—	—	—	—	—

	NWM Plc					
	0-3 months	3-12 months	1-3 years	3-5 years	5-10 years	10-20 years
2025	£m	£m	£m	£m	£m	£m
Liabilities by contractual maturity						
Bank deposits	625	1,086	4,043	2,073	-	-
Customer deposits	1,076	720	1,044	-	-	-
Amounts due to holding companies and fellow subsidiaries	1,473	192	2,241	2,855	—	—
Settlement balances	501	—	—	—	—	—

	NWM Plc					
	0-3 months	**3-12 months**	**1-3 years**	**3-5 years**	**5-10 years**	**10-20 years**
2025	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Derivatives held for hedging	(3)	46	227	134	22	—
Other financial liabilities	3,654	7,817	12,149	7,928	231	50
Lease liabilities	1	1	2	—	—	—
	7,327	9,862	19,706	12,990	253	50
Guarantees and commitments notional amount						
Guarantees	131	—	—	—	—	—
Commitments	7,636	—	—	—	—	—
	7,767	—	—	—	—	—
2024						
Liabilities by contractual maturity						
Bank deposits	2,741	862	387	81	—	—
Customer deposits	1,604	722	47	—	—	—
Amounts due to holding companies and fellow subsidiaries	581	1,318	1,857	2,878	128	—
Settlement balances	444	—	—	—	—	—
Derivatives held for hedging	31	290	271	155	2	—
Other financial liabilities	4,002	7,605	11,742	4,271	298	116
Lease liabilities	1	2	3	—	—	—
	9,404	10,799	14,307	7,385	428	116
Guarantees and commitments notional amount						
Guarantees	272	—	—	—	—	—
Commitments	7,384	—	—	—	—	—
	7,656	—	—	—	—	—
2023						
Liabilities by contractual maturity						
Bank deposits	1,075	280	558	—	—	—
Customer deposits	1,911	1,172	3	1	2	3
Amounts due to holding companies and fellow subsidiaries	3,194	435	1,729	915	183	—
Settlement balances	400	—	—	—	—	—
Derivatives held for hedging	29	109	199	84	14	—
Other financial liabilities	1,702	4,703	9,920	3,898	340	167
Other liabilities(4)	—	1	—	—	—	—
	8,311	6,700	12,409	4,898	539	170
Guarantees and commitments notional amount						
Guarantees(2)	296	—	—	—	—	—
Commitments(3)	7,798	—	—	—	—	—
	8,094	—	—	—	—	—

(1) Amounts due from holding company and fellow subsidiaries relating to non-financial instruments have been excluded from the tables.

(2) NWM Group is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. NWM Group expects most guarantees it provides to expire unused.

(3) NWM Group has given commitments to provide funds to customers under undrawn formal facilities, credit lines and other commitments to lend subject to certain conditions being met by the counterparty. NWM Group does not expect all facilities to be drawn, and some may lapse before drawdown.

(4) Other liabilities includes notes in circulation.

RISK AND CAPITAL MANAGEMENT

Presentation of Information

Where marked as ‘audited’ in the section header, certain information in this section is within the scope of the independent auditor’s report. Risk and capital management is generally conducted on an overall basis within NatWest Group such that common policies, procedures, frameworks and models apply across NatWest Group. Therefore, for the most part, discussion on these qualitative aspects reflects those in NatWest Group as relevant for the businesses and operations in NWM Group.

Risk Management Framework

Introduction

NWM Group operates under NatWest Group’s enterprise-wide risk management framework (EWRMF), which is centred on the embedding of a strong risk culture. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision-making across the organisation.

The framework ensures that NWM Group’s principal risks – which are detailed in this section – are appropriately controlled and managed. It sets out the standards and objectives for risk management as well as defining the division of roles and responsibilities.

This seeks to ensure a consistent approach to risk management across NWM Group. It aligns risk management with NWM Group’s overall strategic priorities of growth through better understanding of customers, leveraging simplification and better management of resources.

The framework, which is designed and maintained by NatWest Group’s independent Risk function, is owned by the NatWest Group Chief Risk Officer. It is reviewed and approved annually by the Board. The framework incorporates risk governance, the three lines of defence operating model and the Risk function’s mandate.

Risk appetite, supported by a robust set of principles, policies and practices, defines the levels of tolerance for a variety of risks and provides a structured approach to risk-taking within agreed boundaries.

While all NWM Group colleagues are responsible for managing risk, the Risk function provides oversight and monitoring of risk management activities, including the implementation of the framework and adherence to its supporting policies, standards and operational procedures. The Chief Risk Officer plays an integral role in providing the Board with advice on NWM Group’s risk profile, the performance of its controls and in providing challenge where a proposed business strategy may exceed risk tolerance.

In addition, there is a process to identify and manage top and emerging risks, which are those that could have a significant negative impact on NWM Group’s ability to meet its strategic objectives. Both top and emerging risks may incorporate aspects of – or correlate to – a number of principal risks and are reported alongside them to the Board on a regular basis.

Culture

The approach to risk culture, under the banner of intelligent risk-taking, ensures a focus on robust risk management behaviours and practices. This underpins the strategy across all three lines of defence, enables NWM Group to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base.

NWM Group expects leaders to act as role models for strong risk behaviours and practices building clarity, developing capability and motivating employees to reach the required standards set out in the intelligent risk-taking approach. Colleagues are expected to:

- Consistently role-model the behaviours in Our Code, based on strong ethical standards.

- Empower others to take risks aligned to NWM Group’s strategy, explore issues from a fresh perspective, and tackle challenges in new and better ways across organisational boundaries.

- Manage risk in line with appropriate risk appetite.
- Ensure each decision made keeps NWM Group, colleagues, customers, communities and shareholders safe and secure.
- Understand their role in managing risk, remaining clear and capable, grounded in knowledge of regulatory obligations.
- Consider risk in all actions and decisions.
- Escalate risks and issues early; taking action to mitigate risks and learning from mistakes and near-misses, reporting and communicating these transparently.
- Challenge others' attitudes, ideas and actions.

Target intelligent risk-taking outcomes are embedded in NatWest Group's behaviours framework, forming a core foundation of the risk culture and guiding recruitment and selection across the organisation.

Training

Enabling employees to have the capabilities and confidence to manage risk is core to NWM Group's learning strategy. NWM Group offers a wide range of learning, both technical and behavioural, across the risk disciplines. This training may be mandatory, role-specific or for personal development. Mandatory learning for all staff is focused on keeping employees, customers and NWM Group safe. This is easily accessed online and is assigned to each person according to their role and business area. The system allows monitoring at all levels to ensure completion.

Our Code

NWM Group operates under NatWest Group's conduct guidance, Our Code, which provides direction on expected behaviour and sets out the standards of conduct that support the values. The code explains the effect of decisions that are taken and describes the principles that must be followed.

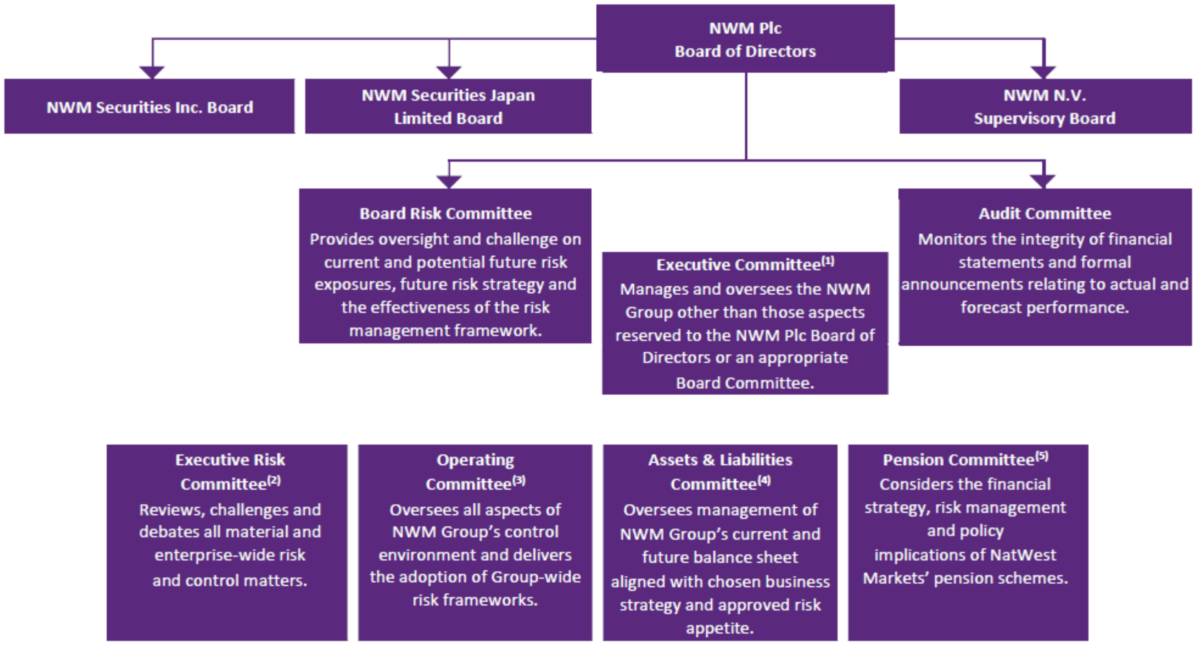
These principles cover conduct-related issues as well as wider business activities. They focus on desired outcomes, with practical guidelines to align the values with commercial strategy and actions. The embedding of these principles facilitates sound decision-making and a clear focus on good customer outcomes.

Any employee falling short of the expected standards will be subject to internal disciplinary policies and procedures and where appropriate, the relevant authorities will be notified. Variable pay for eligible colleagues will reflect overall performance, including the impact of any conduct issues. Adjustments may be made through the performance management process, or where necessary, via the accountability review process for the individuals concerned. The NatWest Group remuneration policy ensures that the remuneration arrangements for all employees reflect the principles and standards prescribed by the PRA rulebook and the FCA handbook.

Governance

Committee structure

The diagram shows NWM Plc's risk governance structure in 2025 and the main purposes of each committee.



(1) The NWM Chief Executive Officer has established the Executive Committee to support him in discharging his individual responsibilities in managing the day to day activities of NWM.

(2) The Executive Risk Committee is chaired by the NWM Chief Risk Officer and supports him in discharging his risk management accountabilities.

(3) The Operating Committee is chaired by the NWM Chief Operating Officer and supports him in discharging his individual accountabilities in accordance with the authority delegated to him by the NWM Chief Executive Officer.

(4) The Assets & Liabilities Committee is chaired by the NWM Chief Financial Officer and supports him in discharging his individual accountabilities relating to treasury and balance sheet management.

(5) The Pension Committee is chaired by the NWM Chief Financial Officer and supports him in discharging his individual accountabilities relating to the management of NatWest Markets' pension schemes.

(6) The Financial Crime Risk Committee, the NWM Electronic Trading Risk Committee, the Reputational Risk Committee, the Valuations Committee, the Policy Approval Committee, the NWM Model Risk Committee, the Provisions Committee, the Executive Disclosure Committee and the Credit Risk Committee are not shown here. They support the Executive Risk Committee in discharging its risk management responsibilities.

The Board Risk Committee (BRC) is responsible for:

- Providing oversight and advice to the Board on current and potential future risk exposures and future risk profile. including risk appetite and the approval and effectiveness of internal controls required to manage risk.
- Reviewing the performance of NWM Group relative to risk appetite.
- Reviewing all material risk exposures and management's recommendations to monitor, control and mitigate such exposures, including all principal risks.
- Approving the key risk policies.
- Providing input to remuneration decisions from a risk management perspective.
- Reviewing and recommending to the Board the assumptions, scenarios and metrics used for stress tests.

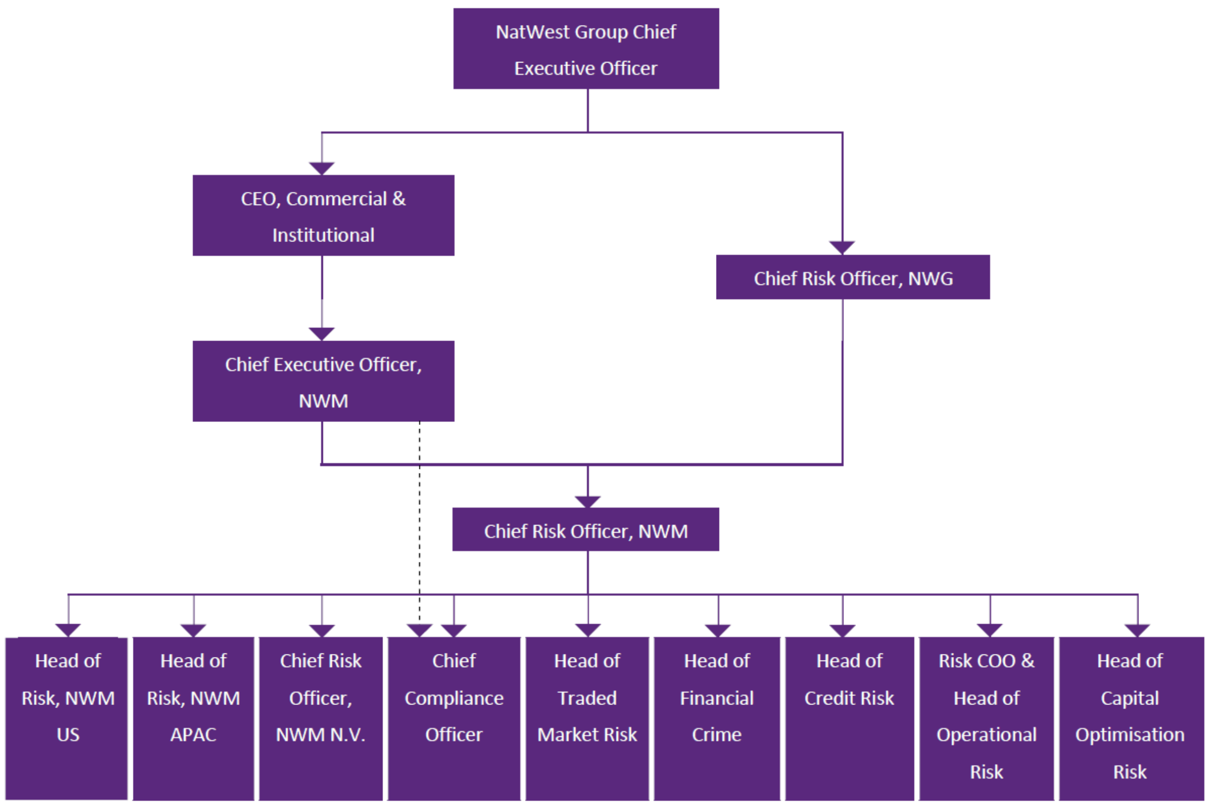
The Executive Risk Committee (ERC) is responsible for:

- Supporting the Chief Risk Officer and other accountable individuals in discharging their risk management accountabilities.

- Reviewing performance relative to risk appetite.
- Reviewing and debating all material risk exposures across NWM Group and management's recommendations to monitor and control such exposures.
- Reviewing the EWRMF, supporting its recommendation to BRC and overseeing its implementation across NWM Group.
- Reviewing the key risk policies and supporting their recommendation to BRC.

Risk management structure

The diagram shows NWM Group's risk management structure in 2025.



(1) The NWM Chief Risk Officer reports directly to the NWM Chief Executive Officer and the NatWest Group Chief Risk Officer. The NWM Chief Risk Officer also has an additional reporting line to the chair of the NWM Board Risk Committee, and a right of access to the committee.

(2) The NWM Group Risk function is independent and provides oversight of risk management activities to ensure risks are adequately monitored and controlled. The heads of risk work closely with the NWM N.V. Chief Risk Officer, the US Country Risk Head and the Head of NWM Risk, APAC to ensure consistency across the international businesses.

(3) The NWH Group Risk function provides services across NatWest Group, including – where agreed – to the NWM Chief Risk Officer. These services are managed, as applicable, through service level agreements and resource augmentation agreements.

Three lines of defence

NWM Group uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. This supports the embedding of effective risk management throughout the organisation.

First line of defence

The first line of defence incorporates most roles in NWM Group, including those in the customer-facing businesses, Technology and Services as well as support functions such as People, Legal and Finance.

The first line of defence is empowered to take risks within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWM Group Board.

The first line of defence is responsible for managing its direct risks, and with the support of specialist functions, it is also responsible for managing its consequential risks, by identifying, assessing, mitigating, monitoring and reporting risks.

Second line of defence

The second line of defence comprises the Risk function and is independent of the first line.

The second line of defence is empowered to design and maintain the risk management framework and its components. It undertakes proactive risk oversight and continuous monitoring activities to confirm that NWM Group engages in permissible and sustainable risk-taking activities.

The second line of defence advises on, monitors, challenges, approves and escalates where required and reports on the risk-taking activities of the first line of defence, ensuring that these are within the constraints of the risk management framework, policies, risk appetite statements set by NatWest Group and measures set by the NWM Group Board.

Third line of defence

The third line of defence is the Internal Audit function and is independent of the first and second lines.

The third line of defence is responsible for providing independent assurance to the Board, its subsidiary legal entity boards and executive management on the overall design and operating effectiveness of the risk management framework and its components. This includes the adequacy and effectiveness of key internal controls, governance and the risk management in place to monitor, manage and mitigate the principal risks to NWM Group and its subsidiary companies.

The third line of defence executes its duties freely and objectively in accordance with the Chartered Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity.

Risk appetite

Risk appetite defines the type and aggregate level of risk NWM Group is willing to accept in pursuit of its strategic objectives and business plans. Risk appetite supports sound risk-taking, the promotion of robust risk practices and risk behaviours, and is calibrated at least annually.

For certain principal risks, risk capacity defines the maximum level of risk NWM Group can assume before breaching constraints determined by regulatory capital and liquidity requirements, the operational environment, and from a conduct perspective. Establishing risk capacity helps determine where risk appetite should be set, ensuring there is a buffer between internal risk appetite and NWM Group's ultimate capacity to absorb losses.

Risk appetite framework

The risk appetite framework supports effective risk management by promoting sound risk-taking through a structured approach, within agreed boundaries. It also ensures emerging risks and risk-taking activities that might be out of appetite are identified, assessed, escalated and addressed in a timely manner.

To facilitate this, a detailed review of the framework is carried out annually which is approved by the Board. The review includes:

- Assessing the adequacy of the framework compared to internal and external expectations.

- Ensuring the framework remains effective and acts as a strong control environment for risk appetite.
- Assessing the level of embedding of risk appetite across the organisation.

Establishing risk appetite

In line with the risk appetite framework, risk appetite is maintained across NWM Group through risk appetite statements. These are in place for all principal risks and describe the extent and type of activities that can be undertaken.

The financial and non-financial risks that NWM Group faces are detailed in the NatWest Group risk directory. This provides a common risk language to ensure consistent terminology is used across NWM Group. The NatWest Group risk directory is subject to annual review to ensure it continues to fully reflect the risks that NWM Group faces.

Risk appetite statements consist of qualitative statements of appetite supported by risk limits and triggers that operate as a defence against excessive risk-taking. Risk measures and their associated limits are an integral part of the risk appetite approach and a key part of embedding risk appetite in day-to-day risk management decisions. A clear tolerance for each principal risk is set in alignment with business activities.

The Board sets risk appetite for all principal risks to help ensure NWM Group is well placed to meet its priorities and long-term targets, even in challenging economic environments. This supports NWM Group in remaining resilient and secure as it pursues its strategic business objectives.

The process of reviewing and updating risk appetite statements is completed alongside the business and financial planning process. This ensures that plans and risk appetite are appropriately aligned.

Risk appetite is reviewed at least annually by the Board on the Board Risk Committee’s recommendation to ensure it remains appropriate and aligned to strategy.

NWM Group’s risk profile is continually monitored and frequently reviewed. Management focus is concentrated on all principal risks as well as the top and emerging risks that may correlate to them. Performance against risk appetite for all principal risks is reported regularly to the Executive Risk Committee, the Board Risk Committee, and the Board.

NWM Group key risk policies define at a high level the qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk taking across all principal risks. They form part of the qualitative expression of risk appetite and are consistently applied across NWM Group and its subsidiaries. Key risk policies are reviewed and approved by the Board Risk Committee at least annually.

Identification and measurement

Identification and measurement within the risk management process comprises:

- Regular assessment of the overall risk profile, incorporating market developments and trends, as well as external and internal factors.
- Monitoring of the risks associated with lending and credit exposures.
- Assessment of trading and non-trading portfolios.
- Review of potential risks in new business activities and processes.
- Analysis of potential risks in any complex and unusual business transactions.

Mitigation

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

When evaluating possible strategies, costs and benefits, residual risks (risks that are retained) and secondary risks (those that arise from risk mitigation actions themselves) are also considered. Monitoring and review processes are in place to evaluate results. Early identification, and effective management of changes in legislation and regulation are critical to the successful mitigation of principal risks. The effects of all changes are managed to ensure the timely achievement of compliance. Those changes assessed as having a high or medium-high impact are managed more closely. Action is taken to mitigate potential risks as and when required. Further in-depth analysis, including the stress testing of exposures, is also carried out.

NatWest Group's control framework is a vital system ensuring effective risk management, compliance, and operational efficiency. Central to this framework is the implementation of various control types, including preventive, detective, and directive controls, which address diverse risks.

Control recording is essential, involving detailed documentation of control activities to evaluate their adequacy and effectiveness. This serves as valuable evidence during audits and regulatory reviews.

The risk and control self-assessment (RCSA) process enhances the framework by enabling teams to identify potential risks and assess the adequacy of controls.

Regular independent adequacy and effectiveness testing of controls within the first line of defence and internal audits conducted by IA ensure controls function as intended. Continuous monitoring and reporting provide real-time insights into control effectiveness, fostering accountability and responsiveness to evolving risks. By emphasising control recording, RCSA, and testing, banks can maintain a resilient control environment that supports operational integrity and regulatory compliance.

Monitoring

The primary tool used to provide regular monitoring of the risk and control environment across NatWest Group is the risk and control performance assessment (RCPA). Each business area self-assesses using a set of consistent indicators and providing qualitative context to arrive at an RCPA outcome of met, partially met or not met. The assessment is completed annually and the indicators are regularly monitored. The indicators support an understanding of: the strength of the control environment to manage risk exposure within appetite; adequacy and effectiveness of the day-to-day management of risk and control; adherence with applicable components of the EWRMF; and a culture of intelligent risk-taking.

Emerging risks that could affect future results and performance are also closely monitored.

Specific activities relating to compliance and conduct, credit, financial crime and operational risks are subject to testing and monitoring by the Risk function. This confirms to both internal and external stakeholders – including the Board, senior management, the customer-facing businesses, Internal Audit and NatWest Group's regulators – that risk policies and procedures are being correctly implemented and that they are operating adequately and effectively. Thematic reviews and targeted reviews are also carried out where relevant to ensure appropriate customer outcomes.

Stress testing

Stress testing – capital management

Stress testing is a key risk management tool and a fundamental component of NWM Group's approach to capital management. It is used to quantify and evaluate the potential impact of specified changes to risk factors on the financial strength of NWM Group, including its capital position.

Stress testing includes:

- Scenario testing, which examines the impact of a hypothetical future state to define changes in risk factors.
- Sensitivity testing, which examines the impact of an incremental change to one or more risk factors.

The process for stress testing consists of four broad stages:

Define scenarios	• Identify macro and NWM Group-specific vulnerabilities and risks. • Define and calibrate scenarios to examine risks and vulnerabilities. • Formal governance process to agree scenarios.
Assess impact	• Translate scenarios into risk drivers. • Assess impact to current and projected profit and loss and balance sheet across NWM Group.
Calculate results and assess implications	• Aggregate impacts into overall results. • Results form part of the risk management process. • Scenario results are used to inform NWM Group's business and capital plans.
Develop and agree management actions	• Scenario results are analysed by subject matter experts. Appropriate management actions are then developed. • Scenario results and management actions are reviewed by the Board Risk Committee and recommended to the Board for approval.

Stress testing is used widely across NatWest Group, including at NWM Group level. The diagram below summarises key areas of focus.

Stress testing usage within NatWest Group	**Strategic financial and capital planning**	Capital adequacy
	Risk appetite	Sector review and credit limit setting
		Business vulnerabilities analysis
	Risk monitoring	Tail risk assessment
		Early warning indicators
	Risk mitigation	Contingency planning and management actions
		Assess financial performance

Specific areas that involve capital management include:

- **Strategic financial and capital planning** – by assessing the impact of sensitivities and scenarios on the capital plan and capital ratios.
- **Risk appetite** – by gaining a better understanding of the drivers of, and the underlying risks associated with, risk appetite.
- **Risk monitoring** – by monitoring the risks and horizon-scanning events that could potentially affect NWM Group's financial strength and capital position.
- **Risk mitigation** – by identifying actions to mitigate risks, or those that could be taken, in the event of adverse changes to the business or economic environment. Principal risk mitigating actions are documented in NWM Group's recovery plan.

Reverse stress testing is also carried out in order to identify and assess scenarios that would cause NWM Group's business model to become unviable. Reverse stress testing allows potential vulnerabilities in the business model to be examined more fully.

Capital sufficiency – going concern forward-looking view

Going concern capital requirements are examined on a forward-looking basis – including as part of the annual budgeting process – by assessing the resilience of capital adequacy and leverage ratios under hypothetical future states. These assessments include assumptions about regulatory and accounting factors (such as IFRS 9). They incorporate economic variables and key assumptions on balance sheet and profit and loss drivers, such as impairments, to demonstrate that NWM Group and its operating subsidiaries maintain sufficient capital.

A range of future states are tested. In particular, capital requirements are assessed:

- Based on a forecast of future business performance, given expectations of economic and market conditions over the forecast period.

- Based on a forecast of future business performance under adverse economic and market conditions over the forecast period. Scenarios of different severity may be examined.

The potential impact of normal and adverse economic and market conditions on capital requirements is assessed through stress testing, the results of which are not only used widely across NWM Group but also by the regulators to set specific capital buffers. NWM Group takes part in stress tests run by regulatory authorities to test industry-wide vulnerabilities under crystallising global and domestic systemic risks.

Stress and peak-to-trough movements are used to help assess the amount of capital NWM Group needs to hold in stress conditions in accordance with the capital risk appetite framework.

Internal assessment of capital adequacy

An internal assessment of material risks is carried out annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. This is referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year together with a forward-looking stress capital assessment. Following review and recommendation by the NWM Plc Board Risk Committee, the ICAAP is approved by the Board and submitted to the PRA.

The ICAAP is used to form a view of capital adequacy separately to the minimum regulatory requirements. The ICAAP is used by the PRA to assess NWM Group's specific capital requirements through the Pillar 2 framework.

Capital allocation

NWM Group has mechanisms to allocate capital across its businesses. These aim to optimise the use of capital resources taking into account applicable regulatory requirements, strategic and business objectives and risk appetite.

Governance

Capital management is subject to substantial review and governance. The Board approves the capital plans, including those for key legal entities and businesses as well as the results of the stress tests relating to those capital plans.

Stress testing – liquidity

Liquidity risk monitoring and contingency planning

A suite of tools is used to monitor, limit and stress-test the liquidity and funding risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity and funding risks are reviewed at significant legal entity and business levels daily, with performance reported to the Assets & Liabilities Committee on a regular basis. Liquidity condition indicators are monitored daily. This ensures any build-up of stress is detected early and the response escalated appropriately through recovery planning.

Internal assessment of liquidity

Under the liquidity risk management framework, NWM Group maintains the Internal Liquidity Adequacy Assessment Process. This includes assessment of net stressed liquidity outflows under a range of severe but plausible stress scenarios. Each scenario evaluates either an idiosyncratic, market-wide or combined stress event as described in the table below.

Type	Description
Idiosyncratic scenario	The market perceives NWM Group to be suffering from a severe stress event, which results in an immediate assumption of increased credit risk or concerns over solvency.
Market-wide scenario	A market stress event affecting all participants in a market through contagion, potential counterparty failure and other market risks. NWM Group is affected under this scenario but no more severely than any other participants with equivalent exposure.
Combined scenario	This scenario models the combined impact of an idiosyncratic and market stress occurring at once, severely affecting funding markets and the liquidity of some assets.

NWM Group uses the most severe outcome to set the internal stress testing scenario which underpins its internal liquidity risk appetite. This complements the regulatory liquidity coverage ratio requirement.

Stress testing – recovery and resolution planning

Within NWM Group, both NWM Plc and RBSH N.V. each have a recovery plan explaining how they would identify and respond to a financial stress event and restore their financial position so that they remain viable on an ongoing basis.

The recovery plan ensures risks that could delay the implementation of a recovery strategy are highlighted and preparations are made to minimise the impact of these risks. Preparations include:

- Developing a series of recovery indicators to provide early warning of potential stress events.
- Clarifying roles, responsibilities and escalation routes to minimise uncertainty or delay.
- Developing a recovery playbook to provide a concise description of the actions required during recovery.
- Detailing a range of options to address different stress conditions.
- Appointing dedicated option owners to reduce the risk of delay and capacity concerns.

The plan is intended to enable critical services and products to be maintained, as well as core business lines, while operating within risk appetite and restoring financial condition. It is assessed for appropriateness on an ongoing basis. The NWM Plc plan is reviewed and approved by the Board prior to submission to the PRA.

Fire drill simulations of possible recovery events are used to test the effectiveness of the recovery plans. The fire drills are designed to replicate possible financial stress conditions and allow senior management to rehearse the responses and decisions that may be required in an actual stress event. The results and lessons learnt from the fire drills are used to enhance the overall approach to recovery planning.

Under the resolution assessment part of the PRA rulebook, NatWest Group is required to carry out an assessment of its preparations for resolution, submit a report of the assessment to the PRA and publish a summary of this report.

Resolution would be implemented if NatWest Group was assessed by the UK authorities to have failed and the appropriate regulator put it into resolution.

The process of resolution is owned and implemented by the Bank of England (as the UK resolution authority). NatWest Group ensures ongoing maintenance and enhancements of its resolution capabilities, in line with regulatory requirements.

Stress testing – market risk

Non-traded market risk

Scenario analysis based on hypothetical adverse scenarios is performed on non-traded exposures as part of the Bank of England and European Banking Authority stress test exercises. NatWest Group also produces an internal scenario analysis as part of its financial planning cycles.

Non-traded exposures are capitalised through the ICAAP. This covers gap risk, basis risk, credit spread risk, pipeline risk, structural foreign exchange risk, prepayment risk, equity risk and accounting volatility risk. The ICAAP is completed with a combination of value and earnings measures. The total non-traded market risk capital requirement is determined by adding the different charges for each sub risk type.

The ICAAP methodology captures at least ten years of historical volatility, produced with a 99% confidence level. Methodologies are reviewed by NatWest Group Model Risk and the results are approved by the NatWest Group Balance Sheet Management Committee.

Non-traded market risk stress results are combined with those for other risks into the capital plan presented to the Board. The cross-risk capital planning process is conducted once a year, with a planning horizon of five years. The scenario narratives cover both regulatory scenarios and macroeconomic scenarios identified by NatWest Group.

Vulnerability-based stress testing begins with the analysis of a portfolio and expresses its key vulnerabilities in terms of plausible, vulnerability scenarios under which the portfolio would suffer material losses. These scenarios can be historical, macroeconomic or forward-looking/hypothetical. Vulnerability-based stress testing is used for internal management information and is not subject to limits. The results for relevant scenarios are reported to senior management.

Traded market risk

NWM Group carries out regular market risk stress testing to identify vulnerabilities and potential losses in excess of, or not captured in, value-at-risk. The calculated stresses measure the impact of changes in risk factors on the fair values of the trading portfolios.

NWM Group conducts historical, macroeconomic and vulnerability-based stress testing. Historical stress testing is a measure that is used for internal management. Using the historical simulation framework employed for value-at-risk, the current portfolio is stressed using historical data since 1 January 2005. This methodology simulates the impact of the 99.9 percentile loss that would be incurred by historical risk factor movements over the period, assuming variable holding periods specific to the risk factors and the businesses.

Historical stress tests form part of the market risk limit framework and their results are reported regularly to senior management. Macroeconomic stress tests are carried out periodically as part of the bank-wide, cross-risk capital planning process. The scenario narratives are translated into risk factor shocks using historical events and insights by economists, risk managers and the first line.

Market risk stress results are combined with those for other risks into the capital plan presented to the Board. The cross-risk capital planning process is conducted at least once a year, with a planning horizon of five years. The scenario narratives cover both regulatory scenarios and macroeconomic scenarios.

Vulnerability-based stress testing begins with the analysis of a portfolio and expresses its key vulnerabilities in terms of plausible vulnerability scenarios under which the portfolio would suffer material losses. These scenarios can be historical, macroeconomic or forward-looking/hypothetical. Vulnerability-based stress testing is used for internal management information and is not subject to limits. The results for relevant scenarios are reported to senior management.

Stress testing – climate risk

NatWest Group (including NWM Group) continued to enhance its in-house climate risk modelling capabilities, supporting the ongoing integration of climate risk within its capital adequacy (ICAAP), impairment (IFRS 9) and risk management processes, for example, sharing insights with sector and front-line teams to support the financial budget and climate transition plan processes. In particular, internal physical risk modelling capabilities were developed during 2025.

Specific internal-run exercises in 2025 included:

- A credit-risk focused exercise covering both physical and transition risk scenarios for the Commercial & Institutional portfolio.

- A non-financial risk scenario for climate focused on external communications which could omit or contain incorrect information and mislead on NWM Group as part of NatWest Group activities.

There are various challenges with quantitative climate scenario analysis. These risks and uncertainties, coupled with significantly long timeframes, make the outputs of climate-related risk modelling with respect to the potential use cases identified inherently more uncertain than outputs modelled for traditional financial planning cycles based on historical financial information.

Regulatory stress testing

The Bank of England updated its approach to stress testing. The Bank Capital Stress Test (BCST) is the successor to the Annual Cyclical Stress scenario and will be run biennially. NatWest Group was selected by the Bank of England to be one of the participants in the 2025 BCST. The results were published in December 2025 and NatWest Group remained above its CET1 capital and Tier 1 leverage ratio hurdle rates in stress and was not required to strengthen its capital position. The results of this stress test, and other relevant information, will be used by the Bank of England to help inform NatWest Group capital buffers (both the UK countercyclical capital buffer rate and PRA buffers).

The 2025 stress test aimed to assess the impact of a UK and global macroeconomic stress on UK banks, spanning a five-year period from Q4 2025 to Q4 2030. It was a coherent ‘tail risk’ scenario, designed to be severe and broad enough to assess the resilience of UK banks to a range of adverse shocks. The stress scenario is similar to the 2022/23 Annual Cyclical Stress with weaker UK CPI inflation offset by more severe financial markets stresses and economic shocks in some jurisdictions.

The stress test was based on an end-of-December 2024 balance sheet position.

In addition to its participation in NatWest Group’s stress testing programme, NWM Group has a further regulatory commitment in relation to its traded risk model approvals for market risk (IMA) and counterparty credit risk (IMM). A robust stress testing framework is a regulatory requirement.

The purpose of this stress testing framework includes the identification of possible causes of large losses, an estimation of their size and potential impact on capital adequacy together with the identification of steps that could be taken to manage those exposures as required. Such risk management-led stress testing covers both traded market risk and counterparty credit risk and is used to monitor and set risk appetite.

The requirements of NWM Group’s stress testing programme are codified in NWM Group’s stress testing policy and associated mandatory procedures.

Traded market risk

Definition (audited)

Traded market risk is the risk of losses in trading book positions from fluctuations in market variables, such as interest rates, credit spreads, foreign exchange rates, equity prices, implied volatilities and asset correlations.

Sources of risk (audited)

NWM Group is exposed to traded market risk through trading activities that it enters into where such risk arises from market-making and underwriting activity and by facilitating customer-facing business that cannot be immediately offset with other customers or market participants.

From a market risk perspective, activities are focused on rates; currencies; and traded credit. NWM Group undertakes transactions in financial instruments including debt securities, as well as securities financing and derivatives.

The key categories of traded market risk are interest rate risk, credit spread risk and foreign currency price risk. Trading activities may also give rise to counterparty credit risk. For further detail, refer to the Credit risk section.

Key developments in 2025

- Drivers of market volatility during the year included global inflationary concerns, US tariffs, the ongoing Russia-Ukraine conflict and geopolitical tensions in the Middle East.
- Traded VaR and SVaR remained within appetite, aided by NWM Group's continued disciplined approach to risk-taking.
- Overall, internal traded VaR decreased on an average basis, compared to 2024.

Governance (audited)

Risk governance for traded market risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for traded market risk is in line with the approach outlined in the Risk management framework section.

NWM Group's qualitative appetite for traded market risk is set out in the traded market risk appetite statement. Quantitative appetite is expressed in terms of exposure limits. The limits at NWM Group level comprise value-at-risk (VaR), stressed value-at-risk (SVaR) and stress-testing. More details on these metrics are provided on the following pages.

Measurement (audited)

NWM Group uses VaR, SVaR and the incremental risk charge (IRC) to capitalise traded market risk. Risks that are not adequately captured by VaR or SVaR are captured by the Risks Not In VaR (RNIV) framework to ensure that NWM Group is adequately capitalised for market risk. In addition, stress testing is used to identify any vulnerabilities and potential losses.

The key inputs into these measurement methods are market data and risk factor sensitivities. Sensitivities refer to the changes in trade or portfolio value that result from small changes in market parameters that are subject to the market risk limit framework. Revaluation ladders are used in place of sensitivities to capture the impact of large moves in risk factors or the joint impact of two risk factors.

The suite of internal metrics used for risk management purposes at NWM Group level have been designed to capture correlation effects and to allow for an aggregated view of traded market risk across risk types, markets and business lines while also taking into account the characteristics of each risk type.

Value-at-risk

For internal risk management purposes, VaR assumes a time horizon of one trading day and a confidence level of 99%.

The internal VaR model – which captures all trading book positions including those products approved by the regulator – is based on a historical simulation, utilising market data from the previous 500 days, and is sensitive to recent market conditions.

The model also captures the potential impact of interest rate risk, credit spread risk, foreign currency price risk, equity price risk and commodity price risk.

When simulating potential movements in such risk factors, a combination of absolute, relative and rescaled returns is used.

The performance and adequacy of the VaR model are tested regularly through the following processes:

Back-testing: Internal and regulatory back-testing is conducted on a daily basis. For further information on back-testing, refer to the following page.

Ongoing model validation: VaR model performance is assessed both regularly and on an ad-hoc basis if market conditions or portfolio profile change significantly.

Model Risk Management review: As part of the model lifecycle, all risk models (including VaR) are independently reviewed to ensure they are still fit for purpose given current market conditions and portfolio profile. Further detail on the independent model validation by Model Risk Management is provided above.

One-day 99% traded internal VaR (audited)

The table below shows one-day 99% internal VaR for the trading portfolios of NWM Group, split by exposure type.

	2025				**2024**			
	Average	**Maximum**	**Minimum**	**Period end**	**Average**	**Maximum**	**Minimum**	**Period end**
Traded internal VaR (1-day 99%)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Interest rate	3.2	5.4	1.8	2.3	6.6	12.1	3.0	3.8
Credit spread	4.8	7.2	3.1	3.1	7.7	10.1	5.6	5.6
Currency	1.3	4.0	—	0.5	2.0	6.7	0.5	1.3
Equity	0.1	0.1	—	0.1	0.1	0.3	—	—
Diversification(1)	(3.8)			(2.5)	(6.3)			(5.4)
Total	5.6	9.7	3.4	3.5	10.1	16.2	5.3	5.3

(1) NWM Group benefits from diversification across various financial instrument types, currencies and markets. The extent of the diversification benefit depends on the correlation between the assets and risk factors in the portfolio at a particular time. The diversification factor is the sum of the VaR on individual risk types less the total portfolio VaR.

- Both interest rate VaR and credit spread VaR decreased on an average basis, compared to 2024.
- This reflects an earlier period of higher market volatility dropping out of the rolling window for VaR calculation during H2 2024.

VaR back-testing

The main approach employed to assess the VaR model's ongoing performance is back-testing, which counts the number of days when a loss exceeds the corresponding daily VaR estimate, measured at a 99% confidence level.

Two types of profit and loss (P&L) are used in back-testing comparisons: Actual P&L and Hypothetical P&L.

Regulatory back-testing

In the 250-business-day period to 31 December 2025, NWM Plc recorded zero back-testing exceptions for one-day 99% traded regulatory VaR compared with Actual or Hypothetical (Hypo) P&L.

Internal back-testing

The table below shows internal back-testing exceptions in the major NWM businesses for the 250-business-day period to 31 December 2025. Internal back-testing compares one-day 99% traded internal VaR with Actual and Hypo P&L.

	Back-testing exceptions	
	Actual	Hypo
Fixed income	—	—
Currencies	—	3

The back-testing exceptions in Currencies were driven by losses in February, April and August 2025 due to increased foreign exchange and rates market volatility.

Stressed VaR (SVaR)

As with VaR, the SVaR methodology produces estimates of the potential change in the market value of a portfolio, over a specified time horizon, at a given confidence level. SVaR is a VaR-based measure using historical data from a one-year period of stressed market conditions. A simulation of 99% VaR is run on the current portfolio for each 250-day period from 2005 to the current VaR date, moving forward one day at a time. The SVaR is the worst VaR outcome of the simulated results.

This is in contrast with VaR, which is based on a rolling 500-day historical data set. A time horizon of ten trading days is assumed with a confidence level of 99%. NWM Group's internal traded SVaR model captures all trading book positions.

The table below analyses 10-day 99% internal SVaR for the trading portfolios of NWM Group.

	2025				2024			
	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum	Period end
	£m	£m	£m	£m	£m	£m	£m	£m
Total internal traded SvaR	58	112	31	38	56	136	31	41

Risks Not In VaR (RNIVs)

The RNIV framework is used to identify and quantify market risks that are not fully captured by the internal VaR and SVaR models.

RNIV calculations form an integral part of ongoing model and data improvement efforts to capture all market risks in scope for model approval in VaR and SVaR.

Stress testing

For information on stress testing, refer to "*Stress testing*" above.

Incremental risk charge (IRC)

The IRC model quantifies the impact of rating migration and default events on the market value of instruments with embedded credit risk (in particular, bonds and credit default swaps) held in the trading book. It further captures basis risk between different instruments, maturities and reference entities.

Monitoring and mitigation

Traded market risk is identified and assessed by gathering, analysing, monitoring and reporting market risk information at desk, business and NWM Group-wide levels. Industry expertise continued system developments and techniques such as stress testing are also used to enhance the effectiveness of the identification and assessment of all material market risks.

Traded market risk exposures are monitored against limits and analysed daily. A daily report summarising the position of exposures against limits at desk, business and NWM Group levels is provided to senior management and market risk managers across the function. Limit reporting is supplemented with regulatory capital and stress testing information as well as ad-hoc reporting.

A risk review of trading businesses is undertaken weekly with senior risk and front office staff. This includes a review of profit and loss drivers, notable position concentrations and other positions of concern.

Business profit and loss performance is monitored automatically through loss triggers which, if breached, require a remedial action plan to be agreed between the Market Risk function and the business. The loss triggers are set using both a fall-from-peak approach and an absolute loss level. In addition, regular updates on traded market risk positions are provided to NWM Group’s Executive Risk Committee and Board Risk Committee.

Non-traded market risk

Definition (audited)

Non-traded market risk is the risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates.

Sources of risk (audited)

Non-traded market risk exists in all balance-sheet exposure that makes reference to market risk factors. The key sources of non-traded market risk are interest rate risk, credit spread risk, foreign exchange risk and equity risk.

Key developments in 2025

NWM Plc’s non-traded market risk internal VaR increased on an average and period-end basis compared to 2024. The increase was driven by structural foreign exchange rate VaR. This was largely due to a reduction in the US dollar open foreign exchange position, which resulted in greater sensitivity of the CET1 ratio to foreign exchange rates.

NWM Plc maintains a structural hedge of its common equity and reserves. At 31 December 2025, the notional amount of the structural hedge in place was £3.4 billion (£3.4 billion at 31 December 2024). NWM N.V. also maintains a structural hedge of its common equity and reserves; at 31 December 2025, the notional amount of this hedge, in sterling-equivalent terms, was £1.3 billion (£1.2 billion at 31 December 2024).

Governance (audited)

Risk governance for non-traded market risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for non-traded market risk is in line with the approach outlined in the Risk management framework section.

Qualitative appetite is set out in the non-traded market risk appetite statement. Quantitative appetite for non-traded market risk is expressed in terms of value-at-risk (VaR) and earnings-at-risk limits. Stress and sensitivity limits are also incorporated.

Non-traded internal VaR (one-day 99%)

The following table shows NWM Plc’s one-day internal banking book VaR at a 99% confidence level, split by risk type. VaR values for each year are calculated based on one-day values for each of the 12 month-end reporting dates. For NWM N.V. VaR, refer to the NWM N.V. ARA.

	2025				2024			
	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum	Period end
NWM Plc	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate	2.5	3.8	1.9	2.9		3.4	4.9	1.3
Credit spread	3.6	4.7	2.6	3.6		5.1	6.3	4.2
Structural foreign exchange rate	4.6	7.6	2.8	7.6		2.9	3.4	2.5
Equity risk	1.1	1.6	0.7	1.2		1.0	1.2	0.8

NWM Plc	2025				2024			
	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum	Period end
	£m	£m	£m	£m	£m	£m	£m	£m
Diversification(1)	(3.5)			(6.2)	(4.5)			(5.3)
Total	8.3	9.7	5.0	9.1		7.9	10.3	4.9

(1) NWM Plc benefits from diversification across various financial instrument types, currencies and markets. The extent of the diversification benefit depends on the correlation between the assets and risk factors in the portfolio at a particular time. The diversification factor is the sum of the VaR on individual risk types less the total portfolio VaR.

For VaR commentary, refer to Key developments in 2025 above.

Interest rate risk

Non-traded interest rate risk (NTIRR) mainly arises from capital hedges, from portfolios held for liquidity purposes and from interest rate repricing mismatches between assets and liabilities in other portfolios. When aggregated, these products form portfolios of assets and liabilities with varying degrees of sensitivity to changes in market interest rates. Mismatches can give rise to volatility in net interest income as interest rates vary.

NTIRR comprises the following three primary risk types:

Gap risk: arises from the timing of rate changes in non-trading book instruments. The extent of gap risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).

Basis risk: captures the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices, or on the same interest rate indices but with different tenors.

Option risk: arises from option derivative positions or from optional elements embedded in assets, liabilities and/or off-balance sheet items, where NWM Group or its customer can alter the level and timing of their cash flows.

NWM Group manages its interest rate positions within limits at legal entity level and hedges these positions externally using cash and derivatives (primarily interest rate swaps).

Credit spread risk

Credit spread risk arises from the potential adverse economic impact of a change in the spread between bond (or other credit-sensitive instrument) yields and swap rates, where the portfolios are accounted at fair value through other comprehensive income. Credit risk also arises on loan portfolios classified at fair value.

To ensure NWM Group can continue to meet its obligations in the event that access to wholesale funding markets is restricted, it maintains a liquidity buffer in the form of bond portfolios – comprising primarily high-quality securities – and central bank cash.

Credit spread risk is monitored daily through sensitivities and VaR measures. Exposures and limit utilisations are reported to senior management on a regular basis. The dealing mandates in place for the bond portfolios further mitigate the risk by imposing constraints by duration, asset class and credit rating.

Foreign exchange risk

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

Structural foreign exchange rate risk – mainly arises from the capital deployed in foreign subsidiaries and branches.

Transactional foreign exchange rate risk – arises from customer transactions and profits and losses that are in a currency other than the functional currency.

Structural foreign exchange rate risk is assessed and managed by NWM Plc Treasury, with the aim of reducing NWM Plc's solo CET1 ratio sensitivity to unexpected movements in spot foreign exchange rates.

The position is managed within risk appetite levels under delegated authority from NWM Plc ALCo. The sensitivity of the CET1 ratio to exchange rates is reported to NWM Plc senior management monthly.

Gains or losses arising from the retranslation of net investments in overseas operations are recognised in equity reserves and reduce the sensitivity of capital ratios to foreign exchange rate movements primarily arising from the retranslation of non-sterling denominated RWAs.

Foreign exchange exposures arising from customer transactions are hedged by businesses on a regular basis in line with NatWest Group policy.

Foreign exchange exposures

The table below shows NWM Group's structural foreign currency exposures.

	Net investments in foreign operations	Net investment hedges	Structural foreign currency exposures	Economic hedges	Residual structural foreign currency exposures
	£m	£m	£m	£m	£m
2025					
US dollar(1)	1,053	—	1,053	(557)	496
Euro	2,592	(400)	2,192	—	2,192
Swiss franc	190	(189)	1	—	1
Other non-sterling	280	(36)	244	—	244
	4,115	(625)	3,490	(557)	2,933
2024					
US dollar(1)	1,824	(598)	1,226	(1,226)	—
Euro	2,392	(355)	2,037	—	2,037
Swiss franc	180	(180)	—	—	—
Other non-sterling	313	(38)	275	—	275
	4,709	(1,171)	3,538	(1,226)	2,312

(1) Economic hedges of US dollar net investments in foreign operations represent US dollar equity securities that do not qualify as net investment hedges for accounting purposes.

Sterling strengthened against the US dollar, to 1.35 at 31 December 2025 compared to 1.25 at 31 December 2024. It weakened against the euro, to 1.15 at 31 December 2025 compared to 1.20 at 31 December 2024.

Changes in foreign currency exchange rates affect equity in proportion to structural foreign currency exposure. For example, a 5% strengthening or weakening in foreign currencies against sterling would result in a gain or loss of £0.2 billion in equity, respectively.

Capital, liquidity and funding risk

NWM Group continually ensures a comprehensive approach is taken to the management of capital, liquidity and funding, underpinned by frameworks, risk appetite and policies, to manage and mitigate capital, liquidity & funding risks. The framework ensures the tools and capability are in place to facilitate the management and mitigation of risk ensuring the Group operates within its regulatory requirements and risk appetite.

Definitions (audited)

Regulatory capital consists of reserves and instruments issued that are available, have a degree of permanency and are capable of absorbing losses. A number of strict conditions are set by applicable regulations to determine capital eligibility.

Capital risk is the inability to conduct business in base or stress conditions on a risk or leverage basis due to insufficient qualifying capital as well as the failure to assess, monitor, plan and manage capital adequacy requirements.

Liquidity risk is defined as the risk that the Group or any of its subsidiaries or branches cannot meet its actual or potential financial obligations in a timely manner as they fall due in the short term.

Funding risk is the current or prospective risk that the Group or its subsidiaries or branches cannot meet financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably.

Liquidity and funding risks arise in a number of ways, including through the maturity transformation role that banks perform. The risks are dependent on factors such as:

- Maturity profile;
- Composition of sources and uses of funding;
- The quality and size of the liquidity portfolio;
- Wholesale market conditions; and
- Depositor and investor behaviour.

Sources (audited)

Capital

The eligibility of instruments and financial resources as regulatory capital is laid down by applicable regulation. Capital is categorised by applicable regulation under two tiers (Tier 1 and Tier 2) according to the ability to absorb losses on either a going or gone concern basis, degree of permanency and the ranking of loss absorption. There are three broad categories of capital across these two tiers:

- **CET1 capital** – CET1 capital must be perpetual and capable of unrestricted and immediate use to cover risks or losses as soon as these occur. This includes ordinary shares issued and retained earnings.
- **Additional Tier 1 (AT1) capital** – This is the second type of loss absorbing capital and must be capable of absorbing losses on a going concern basis. These instruments are perpetual in nature, with an initial call period of at least five years from issue and are written off or converted into CET1 capital if a pre-specified CET1 ratio is reached. The sum of CET1 and AT1 capital is referred to as Tier 1 capital.
- **Tier 2 capital** – Tier 2 capital is the bank entities' supplementary capital and provides loss absorption on a gone concern basis. Gone concern refers to the situation in which resources must be available to enable an orderly resolution, in the event that the Bank of England (BoE) deems that NWM Plc has failed. Tier 2 capital absorbs losses after Tier 1 capital. It typically consists of subordinated debt securities with a minimum initial maturity of five years.

Minimum requirement for own funds and eligible liabilities (MREL)

In addition to capital, other specific loss absorbing instruments, including senior notes with a residual maturity of at least one year issued by NWM Plc, may be used to cover certain gone concern capital requirements.

Liquidity

NWM Group maintains a prudent approach to the definition of liquidity portfolio to ensure it is available when and where required, taking into account regulatory, legal and other constraints.

Liquidity portfolio is divided into primary and secondary liquidity as follows:

- Primary liquidity is LCR eligible assets and includes cash and balances at central banks, Treasury bills and high-quality government securities.

- Secondary liquidity is assets eligible as collateral for local central bank liquidity facilities. These assets include own-issued securitisations or whole loans that are retained on balance sheet and pre-positioned with a central bank so that they may be converted into additional sources of liquidity at very short notice.

Funding

NWM Group's primary funding sources are as follows:

Type	Description
Wholesale markets	Includes: • Short-term (less than 1 year) unsecured money market funding. • Commercial paper and certificates of deposit. • Secured repo market funding.
Term debt	Includes: • Long-term (typically more than 1 year) senior unsecured and secured debt securities. • Long-term subordinated liabilities.
Internal capital and MREL	Includes: • Equity, AT1, Tier 2 capital instruments and MREL issued to NatWest Group plc (under the Single Point of Entry regime).

Managing capital, liquidity and funding requirements: regulated entities

In line with paragraph 135 of IAS 1 'Presentation of Financial Statements', NWM Group manages capital having regard to regulatory requirements. Regulatory capital, MREL, RWA and leverage is monitored and reported on an individual regulated bank legal entity basis ('bank entity'), which is based on the relevant CRR prudential rules and regulations as applied in the UK and EU.

Liquidity metrics including the LCR are presented for the solo legal entity as regulated by the PRA. Disclosures for funding sources and notes issued are presented for NWM Group rather than for NatWest Markets Plc.

Capital, liquidity and funding risk continued

Key developments in 2025

- NWM Plc's RWAs increased by £0.7 billion to £21.5 billion at 31 December 2025. This increase was mainly driven by higher credit risk, primarily reflecting growth in lending, and an increase in operational risk RWAs following the annual recalculation, including an acceleration from Q1 2026 to align with market practice. These increases were partially offset by a reduction in market risk reflecting active risk management.

- NWM Plc's CET1 ratio increased by 20 basis points to 18.4% at 31 December 2025, from 18.2% at 31 December 2024, largely driven by an increase in CET1 capital, partially offset by the increase in RWAs.

- NWM Plc's Tier 1 capital decreased by £0.1 billion in 2025, driven by the redemption of AT1 capital notes with NatWest Group plc of $1.15 billion, partially offset by the issuance of two new AT1 instruments to NatWest Group plc amounting to £600 million.

- NWM Plc's MREL at 31 December 2025 was £9.8 billion, compared with £10.0 billion at 31 December 2024. The decrease of £0.2 billion was largely due to the reduction in Tier 1 capital, and a reduction in senior unsecured debt of £0.1 billion during 2025. This reduction in senior unsecured debt was largely due to the maturity of an internal MREL instrument with NatWest Group plc of $1.15 billion, and the impact of FX movements, partially offset by two new internal MREL instruments with NatWest Group plc of €580 million and £490 million respectively. As a percentage of RWAs, total MREL decreased to 45.6% compared with 48.2% at 31 December 2024, mainly due to the increase in RWAs.

- NWM Plc's leverage ratio decreased by 50 basis points to 5.0%, driven by the decrease in Tier 1 capital and higher leverage exposure. The main drivers of the increase in leverage exposure were an increase in other financial assets and net derivatives, partially offset by a decrease in trading assets.

- NWM Plc's liquidity portfolio decreased by £0.8 billion to £20.2 billion at 31 December 2025, compared with £21.0 billion at the prior year end.

- The average LCR for NWM Plc increased to 198% at 31 December 2025 from 192% at 31 December 2024, largely reflecting higher average levels in the liquidity portfolio during the year.

Capital management

Capital management is the process by which banks ensure that they have sufficient capital and other loss absorbing instruments to operate effectively. This includes meeting minimum regulatory requirements, operating within Board-approved risk appetite, maintaining credit ratings and supporting strategic goals. Capital management is critical in supporting banks businesses. Capital management within NWM Group is executed in accordance with the NatWest Group-wide framework.

NWM Plc's capital plans are produced and updated by the bank on a monthly basis. This process includes integration into NatWest Group's wider annual budgeting process and is summarised below. Other elements of capital management, including risk appetite and stress testing, are set out on pages 22 and 23.

Produce capital plans	• A capital plan is produced for NWM Plc using a five-year planning horizon under expected and stress conditions. Stressed capital plans are produced to support internal stress testing through the ICAAP or for regulatory purposes. • A shorter term (rolling 12 month) forecast is updated frequently in response to actual performance, changes in internal and external business environment and to manage risks and opportunities.
Assess capital adequacy	• Capital plans are developed to ensure that capital of sufficient quantity and quality is planned to be available to support NWM Group's business and strategic plans over the planning horizon within approved risk appetite, as determined via stress testing, and minimum regulatory requirements. • Impact assessment captures input from across NWM Group including from businesses.
Inform capital actions	• Capital planning informs potential capital actions including managing capital through new issuance, redemptions or internal transactions. • Decisions on capital actions will be influenced by strategic and regulatory requirements, the cost and prevailing market conditions. • As part of capital planning, NWM Group will monitor its portfolio of capital securities and assess the optimal blend.

Capital planning is one of the tools that NWM Group uses to monitor and manage capital adequacy risk on a going and gone concern basis, including the risk of excessive leverage.

Liquidity and funding management

Liquidity and funding management follows a similar process to that outlined above for capital.

Liquidity portfolio management

The size of the portfolio is determined by reference to NWM Group's liquidity risk appetite. Consistent with NatWest Group, NWM Group retains a prudent approach to setting the composition of the liquidity portfolio, which is subject to internal policies and limits covering quality of counterparty, maturity mix and currency mix. NWM Group categorises its liquidity portfolio, including its locally managed liquidity portfolios, into primary and secondary liquid assets. The majority of the NWM Plc portfolio is managed by NatWest Holdings Treasury on behalf of NWM Plc, for which the NatWest Markets Treasurer is responsible.

NatWest Markets Securities Inc. and NatWest Markets N.V., both of which are significant operating subsidiaries of NWM Plc, hold locally managed liquidity portfolios to comply with local regulations that differ from PRA rules.

The liquidity value of the portfolio is determined by taking current market prices and applying a discount or haircut, to determine a liquidity value that represents the amount of cash that can be generated by the asset.

Capital, liquidity and funding risk continued

Funding risk management

NWM Group manages funding risk through a comprehensive framework which measures and monitors the funding risk on the balance sheet.

The long-term obligations of NWM Group must be met with diverse and stable funding sources, the behavioural maturity of these liabilities must at a minimum equal those of the assets.

Minimum requirements

Capital ratios

NWM Plc is subject to minimum capital requirements relative to RWAs. The table below summarises the minimum Pillar 1 capital requirements and additional capital buffers that the entity is expected to have to meet.

Type	CET1	Total tier 1	Total capital
Minimum capital requirements	4.5%	6.0%	8.0%
Capital conservation buffer (1)	2.5%	2.5%	2.5%
Countercyclical capital buffer (1)	0.9%	0.9%	0.9%
Total	**7.9%**	**9.4%**	**11.4%**

(1) The UK countercyclical buffer (CCyB) rate is currently being maintained at 2%. This may vary in either direction in the future subject to how risks develop. Foreign exposures may be subject to different CCyB rates depending on the rate set in those jurisdictions. The capital conservation buffer and the countercyclical capital buffer are required to be met with CET1 capital only.

(2) In addition, NWM Plc is subject to Pillar 2A requirements for CET1, AT1 and T2.

Leverage ratio

The table below summarises the minimum ratios of capital to leverage exposure under the binding PRA UK leverage framework applicable for NWM Plc.

Type	CET1	Total tier 1
Minimum ratio	2.44%	3.25%
Countercyclical leverage ratio buffer (1)	0.3%	0.3%

Type	CET1	Total tier 1
Total	**2.74%**	**3.55%**

(1) The countercyclical leverage ratio buffer is set at 35% of NWM Plc's CCyB.

Liquidity ratio

NWM Plc has a minimum LCR requirement under the PRA framework of 100%.

Measurement

Capital, RWAs and leverage

The table below sets out the key capital and leverage metrics in accordance with current PRA rules.

	2025	2024
Capital adequacy ratios	**%**	**%**
CET1	18.4	18.2
Tier 1	23.0	24.3
Total	26.0	27.8
Total MREL	45.6	48.2
Capital	**£m**	**£m**
CET1	3,952	3,779
Tier 1	4,926	5,067
Total	5,576	5,779
Total MREL(1)	9,787	10,038
RWAs		
Credit risk	10,447	8,908
Counterparty credit risk	5,868	5,797
Market risk	3,431	5,105
Operational risk	1,711	1,002
Total RWAs	21,457	20,812

(1) Includes senior debt instruments issued to NatWest Group plc with a regulatory value of £4.2 billion (2024 - £4.3 billion).

Leverage

	2025	2024
Tier 1 capital (£m)	4,926	5,067
Leverage exposure (£m)(1)	97,880	92,859
Leverage ratio (%)	5.0	5.5

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

Capital, liquidity and funding risk continued

Leverage exposure

The leverage metrics for UK entities are calculated in accordance with the Leverage ratio (CRR) part of the PRA Rulebook.

	2025	2024
	£m	£m
Leverage		
Cash and balances at central banks	9,357	11,069
Trading assets	22,087	26,186
Derivatives	57,793	74,982
Financial assets	43,722	37,408
Other assets	3,329	3,292
Total assets	136,288	152,937
Derivatives		
– netting and variation margin	(54,908)	(72,159)
– potential future exposures	16,778	15,093
Securities financing transactions gross up	2,759	1,959
Other off balance sheet items	9,267	8,638
Regulatory deductions and other adjustments	(2,643)	(2,266)
Exclusion of core UK-group exposures	(317)	(288)
Claims on central banks	(9,344)	(11,055)
Leverage exposure	97,880	92,859

Liquidity portfolio

The liquidity portfolio comprises of both HQLA managed in the Treasury owned Liquid Asset Buffer (LAB) and other eligible unencumbered HQLA arising in the entity, all of which are under the control of the NatWest Markets Treasurer. The table below shows the composition of the liquidity portfolio with primary liquidity aligned to high-quality liquid assets on a regulatory LCR basis. Secondary liquidity comprises of assets which are eligible as collateral for local central bank liquidity facilities and do not form part of the LCR eligible high-quality liquid assets. High-quality liquid assets cover both Pillar 1 and Pillar 2 risks.

	Liquidity value	
	31 December	31 December
	2025	2024
	£m	£m
Cash and balances at central banks	9,238	10,965
High quality government/MDB/PSE and GSE bonds(1)	10,133	8,962
Extremely high quality covered bonds	—	—
LCR Level 1 eligible assets	19,371	19,927
LCR Level 2 eligible assets(2)	783	1,031
Primary liquidity (HQLA)(3)	20,154	20,958
Secondary liquidity (4)	—	30
Total liquidity value	20,154	20,988
Average LCR (%)	198	192

(1) Multilateral development bank abbreviated to MDB, public sector entities abbreviated to PSE and government sponsored entities abbreviated to GSE.

(2) Includes Level 2A and Level 2B.

(3) High-quality liquid assets abbreviated to HQLA.

(4) Comprises assets eligible for discounting at the Bank of England and other central banks which do not form part of the LCR high-quality liquid assets.

The table below shows the liquidity value of the liquidity portfolio by currency.

	GBP	USD	EUR	Other	Total
	£m	£m	£m	£m	£m
Total liquidity portfolio					
2025	11,747	3,981	3,642	784	20,154
2024	11,667	3,353	4,996	972	20,988

Capital, liquidity and funding risk continued

Funding sources (audited)

The table below shows NWM Group's carrying values of the principal funding sources based on contractual maturity.

	2025			2024		
	Short-term less than 1 year	Long-term more than 1 year	Total	Short-term less than 1 year	Long-term more than 1 year	Total
	£m	£m	£m	£m	£m	£m
Bank deposits	2,140	6,361	8,501	4,056	509	4,565
of which: repos (amortised cost)	611	5,445	6,056	2,487	—	2,487
Customer deposits	6,100	1,061	7,161	4,784	56	4,840
of which: repos (amortised cost)	150	1,043	1,193	482	—	482
Trading liabilities(1)						
Repos(2)	26,168	2,410	28,578	29,752	810	30,562
Derivative cash collateral received	11,792	—	11,792	12,307	—	12,307
Other bank and customer deposits	454	285	739	627	268	895
Debt securities in issue	28	206	234	20	237	257
	38,442	2,901	41,343	42,706	1,315	44,021
Other financial liabilities						
Customer deposits (designated at fair value)	836	1,476	2,312	221	1,316	1,537
Debt securities in issue						
Commercial paper and certificates of deposits	4,955	683	5,638	7,228	377	7,605
Medium term notes (MTNs)	7,510	19,722	27,232	7,548	14,304	21,852
Subordinated liabilities	17	254	271	—	269	269
	13,318	22,135	35,453	14,997	16,266	31,263
Amounts due to holding company and fellow subsidiaries(3)						
Internal MREL	759	3,564	4,323	929	3,429	4,358
Other bank and customer deposits	589	—	589	1,204	—	1,204
Subordinated liabilities	—	1,066	1,066	—	1,115	1,115
	1,348	4,630	5,978	2,133	4,544	6,677
Total funding	61,348	37,088	98,436	68,676	22,690	91,366
Of which: available in resolution(4)			4,885			4,813

(1) Funding sources excludes short positions of £7,504 million (2024 - £10,491 million) reflected as trading liabilities on the balance sheet.

(2) Comprises Central and other bank repos of £8,152 million (2024 - £7,174 million), other financial institution repos of £18,042 million (2024 - £20,398 million) and other corporate repos of £2,384 million (2024 - £2,990 million).

(3) Amounts due to holding company and fellow subsidiaries relating to non-financial instruments of £90 million (2024 - £94 million) have been excluded from the table.

(4) Eligible liabilities (as defined in the Banking Act 2009 as amended from time to time) that meet the eligibility criteria set out in the regulations, rules, policies, guidelines, or statements of the Bank of England. In July 2025, the Bank of England finalised MREL policy changes requiring firms to use full accounting values for eligible liabilities, with the new rules taking effect on 1 January 2026.

Senior notes and subordinated liabilities - residual maturity profile by instrument type (audited)

The table below shows NWM Group's debt securities in issue, subordinated liabilities and internal resolution instruments by residual maturity.

	Trading liabilities	Other financial liabilities				Amounts due to holding company and fellow subsidiaries		
	Debt securities in issue	Debt securities in issue						
	MTNs	Commercial paper and CDs	MTNs	Subordinated liabilities	Total	Internal MREL	Subordinated liabilities	Total notes in issue
	£m	£m	£m	£m	£m	£m	£m	£m
2025								
Less than 1 year	28	4,955	7,510	17	12,482	759	—	13,269
1-3 years	1	683	11,097	—	11,780	1,799	—	13,580
3-5 years	73	—	8,042	—	8,042	1,765	1,066	10,946
More than 5 years	132	—	583	254	837	—	—	969
Total	**234**	**5,638**	**27,232**	**271**	**33,141**	**4,323**	**1,066**	**38,764**
2024								
Less than 1 year	20	7,228	7,548	—	14,776	929	—	15,725
1-3 years	35	377	9,959	—	10,336	1,751	—	12,122
3-5 years	42	—	3,652	—	3,652	1,678	987	6,359
More than 5 years	160	—	693	269	962	—	128	1,250
Total	**257**	**7,605**	**21,852**	**269**	**29,726**	**4,358**	**1,115**	**35,456**

The table below shows the currency breakdown of total notes in issue.

	GBP	USD	EUR	Other	Total
	£m	£m	£m	£m	£m
2025					
Commercial paper and CDs	1,129	479	4,030	—	5,638
MTNs	2,106	7,308	14,926	3,126	27,466
External subordinated liabilities	18	16	237	—	271
Internal MREL due to NatWest Group plc	493	2,395	1,435	—	4,323
Subordinated liabilities due to NatWest Group plc	—	1,066	—	—	1,066
Total	**3,746**	**11,264**	**20,628**	**3,126**	**38,764**
2024 total	**4,785**	**11,135**	**16,606**	**2,930**	**35,456**

Credit risk

Definition (audited)

Credit risk is the risk that customers, counterparties or issuers fail to meet a contractual obligation to settle outstanding amounts.

Sources of risk (audited)

The principal sources of credit risk for NWM Group are lending, off-balance sheet products, derivatives and securities financing, debt securities, and settlement risk through trading activities.

Key developments in 2025 (audited)

- The credit profile remained stable and NWM Group has yet to see signs of financial stress materially affect customers' ability to repay.

- Current and potential credit exposure increased in the context of planned business growth.

Governance (audited)

Risk governance for credit risk is in line with the approach outlined in the Risk management framework section.

Risk appetite

Risk appetite for credit risk is in line with the approach outlined in the Risk management framework section.

Identification and measurement

Risks are identified through relationship management and credit stewardship of customers and portfolios. Credit stewardship takes place throughout the customer relationship, beginning with the initial approval. It includes the application of credit assessment standards, credit risk mitigation, ensuring that credit documentation is complete and appropriate, carrying out regular portfolio or customer reviews and problem debt identification and management.

Assessment and monitoring

Customers, which includes businesses corporates, banks and other financial institutions, are typically managed on an individual basis. Customers are aggregated as a single risk when sufficiently interconnected to the extent that a failure of one could lead to the failure of another.

A risk-based credit assessment is carried out before taking credit risk. The assessment process depends on the complexity of the transaction.

For lower-risk transactions below specific thresholds, credit decisions can be approved through a combination of fully automated or relationship manager self-sanctioning within the business. Higher-risk and larger transactions involve more analysis that can include on-site due diligence. The credit process is facilitated through an auto-decision making system, which utilises scorecards, strategies and policy rules.

Credit quality and loss given default (LGD) are reviewed annually. The review process assesses borrower performance, the adequacy of security, compliance with terms and conditions, and refinancing risk.

Mitigation

Mitigation techniques outlined in the credit risk toolkits and transactional acceptance standards are applied in managing credit portfolios across NWM Group. These techniques mitigate credit concentrations related to individual customers, borrower groups or a collection of related borrowers. Where possible, customer credit balances are netted against obligations. Mitigation tools may involve structuring security interests in physical or financial assets, using credit derivatives such as credit default swaps, credit-linked debt instruments and securitisation structures, and utilising guarantees or similar instruments (including credit insurance) from related and third parties.

Problem debt management

When stress or financial difficulties are identified, NWM Group collaborates closely with customers to support them.

NWM Group uses a range of early warning indicators to identify customers that may be exposed to emerging risks, including financial stress, allowing for increased monitoring where necessary. Early warning indicators may be internal, such as a customer's bank account activity, or external, such as the share price of a publicly listed customer. When these indicators suggest that a customer is experiencing potential or actual difficulty, or if relationship managers or credit officers observe other signs of financial difficulty, the customer may be classified within the Wholesale Problem Debt Management framework.

Wholesale Problem Debt Management framework

This framework is designed to provide early identification of credit deterioration, support intelligent risk-taking, ensure fair and consistent customer outcomes and provide key insights into customer lending portfolios.

Customer Lending Support

Customer Lending Support is a centre of expertise that provides support to customers in financial stress.

Forbearance (audited)

Forbearance occurs when a concession is made on the contractual terms of a debt in response to a customer's financial difficulties.

The aim of forbearance is to help the customer regain financial stability while reducing risk. To ensure that forbearance is appropriate for the customer, minimum standards are applied when assessing, recording, monitoring and reporting forbearance.

Forbearance may involve covenant waivers, amendments to margins, payment concessions and loan rescheduling (including extensions in contractual maturity), capitalisation of arrears, and debt forgiveness or debt-for-equity swaps.

Customer probability of default (PD) and facility LGD are reassessed prior to finalising any forbearance arrangement. The ultimate outcome of a forbearance strategy is highly dependent on the co-operation of the borrower and a viable business or repayment outcome. If forbearance becomes unsuitable or is unsuccessful, NWM Group may pursue repayment, enforcement of security or insolvency proceedings, although these are options of last resort.

IFRS 9 models

IFRS 9 models provide PD, exposure at default (EAD) and LGD for the purpose of calculating expected credit loss (ECL).

Model build

Risk ranking is normally the same as for internal ratings based (IRB) models to maintain consistency in risk measurement. Economic drivers are incorporated, normally by using stress models. Term structures are used to assess the risk of loss beyond 12 months that will affect lifetime loss for exposures which have significantly deteriorated (Stage 2) or defaulted (Stage 3).

Model application

Model application involves selecting forward-looking economic scenarios and assigning appropriate probability weights.

Model design principles

The modelling of ECL under IFRS 9 adopts the standard approach of breaking down credit loss estimation into its component parts of PD, LGD and EAD. To comply with IFRS 9, these model parameters are designed with the following characteristics:

- Unbiased – provide a best estimate.
- Point-in-time – reflecting current economic conditions as opposed to through-the-cycle.
- Economic forecasts – IFRS 9 PD estimates and, where appropriate, EAD and LGD estimates reflecting economic forecasts.
- Lifetime measurement – parameters are provided as multi-period term structures up to behavioural lifetimes.

PD

PD models use a point-in-time/through-the-cycle framework to provide point-in-time estimates that reflect economic conditions at the reporting date. A key driver is the score from related IRB PD models, with economic forecasts incorporated through the stress models.

LGD

Economic forecasts are incorporated into LGD estimates using the existing point-in-time/through-the-cycle framework. However, for some portfolios, including low-default, sovereigns and banks, there is insufficient loss data to substantiate estimates that vary with economic conditions.

EAD

EAD values rely on product-specific credit conversion factors (CCFs), closely mirroring the product segmentation and approach of the respective IRB model, but without conservative or downturn assumptions. These CCFs are estimated over multi-year time horizons.

Economic drivers (audited)

Introduction

The portfolio segmentation and selection of economic 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 drivers uses empirical analysis and expert judgement.

The most significant economic drivers for material portfolios include stock indices, gross domestic product (GDP) and interest rates.

Economic scenarios

At 31 December 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 31 December 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.

While growth was strong in the early part of 2025, momentum was lost in the second half of the year. Inflation rose to nearly double the target level of 2% in 2025, with underlying price pressures remaining firm. The peak unemployment rate is higher than at 31 December 2024. The unemployment rate is assumed to continue to rise in the near-term, albeit at a slower pace. Housing market activities remained resilient in 2025, with prices expected to grow modestly.

High-level narrative – potential developments, vulnerabilities and risks

Growth	**Outperformance sustained** – above trend growth as consumer sentiment recovers	**Upside**
	Steady growth – staying close to trend pace	**Base case**
	Stalling – cautious consumer and policy uncertainty weighs on activity	**Downside**
	Extreme stress – extreme fall in GDP, with policy support to facilitate sharp recovery	**Extreme downside**
Inflation	**Sticky** – strong growth and/or wage policies keep services inflation above target in medium term	**Upside**
	Battle won – beyond near-term volatility, services inflation continues to ease, 2% target is met on a sustained basis	**Base case**

	Slow – above target inflation in 2026 but swiftly falls to lower levels	**Downside**
	Close to deflation – inflationary pressures diminish amidst pronounced weakness in demand	**Extreme downside**
Labour market	**Recovery** – job growth rebounds strongly, reversing much of the recent rise in unemployment rate	**Upside**
	Cooling continues – gradual loosening continues into 2026, before improving	**Base case**
	Job shedding – 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 keep the Monetary Policy Committee cautious	**Upside**
	Steady – rate cutting cycle largely done, two further rate cuts	**Base case**
	Supportive – sharp declines 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 – 3.25%	**Base case**
	Low – 2.5% and below	**Downside/Extreme downside**

Main macroeconomic variables

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

	2025					2024				
	Upside	**Base case**	**Downside**	**Extreme downside**	**Weighted average**	**Upside**	**Base case**	**Downside**	**Extreme downside**	**Weighted average**
	%	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Five-year summary										
GDP	2.1	1.4	0.5	0.1	1.2	2.0	1.3	0.5	(0.2)	1.1
Bank of England base rate	4.0	3.5	2.6	1.4	3.2	4.4	4.0	3.0	1.6	3.6
Stock price index	6.2	4.8	2.8	1.1	4.3	6.3	5.0	3.4	1.1	4.5
World GDP	3.7	3.1	2.5	2.2	3.0	3.8	3.2	2.5	1.6	3.0
Probability weight	22.4	45.0	19.5	13.1		23.2	45.0	19.1	12.7	

(1) The five-year summary runs from 2025-2029 for 31 December 2025 and from 2024-2028 for 31 December 2024.

(2) The table shows average levels for the Bank of England base rate and Q4 to Q4 compound annual growth rate for the other parameters.

Probability weightings of scenarios

NWM Group applies a quantitative approach for IFRS 9 multiple economic scenarios by selecting specific discrete scenarios that represent the range of risks in the economic outlook and assigning appropriate probability weights.

The approach involves comparing GDP paths for NWM Group’s scenarios against a set of 1,000 model simulations to determine the percentile in the distribution that aligns most closely with each scenario. The probability weight for the base case is determined first using judgement, while probability weights for the alternative scenarios are then 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. Given the balance of risks that the economies in which NWM Group operates are exposed to, NWM 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 22.4% weighting was applied to the upside scenario, a 45.0% weighting applied to the base case scenario, a 19.5% weighting applied to the downside scenario and a 13.1% weighting applied to the extreme downside scenario.

Annual figures

	Upside	Base case	Downside	Extreme downside	Weighted average
	%	%	%	%	%
GDP – annual growth					
2025	1.4	1.4	1.4	1.4	1.4
2026	1.9	1.0	0.3	(3.7)	0.5
2027	3.2	1.5	(0.6)	(0.2)	1.3
2028	2.3	1.4	0.2	1.4	1.4
2029	1.6	1.4	1.4	1.4	1.5
2030	1.6	1.4	1.7	1.4	1.5
Bank of England base rate - annual average					
2025	4.24	4.24	4.24	4.24	4.24
2026	4.00	3.52	2.94	1.14	3.20
2027	4.00	3.25	2.00	0.17	2.77
2028	4.00	3.25	2.00	0.39	2.80
2029	4.00	3.25	2.00	1.02	2.88
2030	4.00	3.25	2.15	1.82	3.02
Stock price index – four quarter change					
2025	11.1	11.1	11.1	11.1	11.1
2026	8.1	3.3	(16.0)	(52.9)	(6.7)
2027	5.1	3.3	7.2	33.9	6.5
2028	3.5	3.3	7.2	25.3	5.9
2029	3.5	3.3	7.2	20.2	5.7
2030	3.0	3.3	7.2	16.8	5.5

Worst points

	2025					2024				
	Downside		Extreme downside		Weighted average	Downside		Extreme downside		Weighted average
	%	Quarter	%	Quarter	%	%	Quarter	%	Quarter	%
GDP	—	Q4 2027	(3.8)	Q4 2026	—	—	Q1 2024	(4.1)	Q4 2025	—
Bank of England base rate extreme level	2.0	Q1 2025	0.1	Q1 2025	2.8	2.0	Q1 2024	0.1	Q1 2024	2.9
Stock price index	(6.7)	Q4 2026	(47.7)	Q4 2026	-	(0.2)	Q4 2025	(27.4)	Q4 2025	—

(1) The figures show falls relative to the starting period for GDP and stock price index. For the 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 31 December 2025 scenarios and Q4 2023 for 31 December 2024 scenarios.

Impairment, provisioning and write-offs (audited)

In the overall assessment of credit risk, impairment provisioning and write-offs are used as key indicators of credit quality.

Significant increase in credit risk (SICR)

Defaulted exposures are classified in Stage 3 and subject to lifetime ECL measurement. Remaining exposures are assessed for SICR since initial recognition. Where exposures are identified with SICR, they are classified in Stage 2 and assessed using a lifetime ECL measurement. Exposures not considered deteriorated are assessed with a 12-month ECL. NWM Group applies a framework to identify deterioration, primarily based on changes in lifetime PD, supported by additional qualitative high-risk backstops.

- IFRS 9 lifetime PD assessment (the primary driver) – relies on measuring the relative deterioration in forward-looking lifetime PD and is assessed monthly. SICR is determined by comparing the residual lifetime PD at the balance sheet date with the lifetime PD at the date of initial recognition (DOIR). If the current lifetime PD exceeds the origination PD by more than a defined threshold, SICR is assumed to have occurred and the exposure moved into Stage 2 for a lifetime ECL assessment. A doubling of PD would indicate a SICR, subject to a minimum PD uplift of 0.1%.

- Qualitative high-risk backstop assessment – supplements the PD assessment to evaluate whether significant deterioration in lifetime risk of default occurred. This included the mandatory 30+ days past due backstop, as prescribed by IFRS 9 guidance, as well as other elements such as forbearance support and exposures managed within the Wholesale Problem Debt framework.

Lifetime

The definitions of initial recognition and asset lifetime are important considerations when determining the amount of lifetime losses to be applied.

- Initial recognition refers to the date that a transaction (or account) is first recognised on the balance sheet, with the PD at that point serving as the basis for subsequent determination of SICR, as detailed above.

- For asset lifetime, the approach is aligned with IFRS 9 requirements:

  - Term lending – the contractual maturity date is used and adjusted for behavioural trends where applicable, such as expected prepayment and amortisation.

  - Revolving facilities – asset duration is based on annual customer review schedules and would be set to the next review date.

Governance (audited)

The IFRS 9 PD, EAD and LGD models are subject to NatWest Group's model risk policy, which stipulates periodic model monitoring and re-validation and defines approval procedures and authorities according to model materiality. Post model adjustments are applied where management deemed them necessary to ensure an adequate level of overall ECL provision. All post model adjustments undergo review, challenge and approval by the relevant model or provisioning committees.

Post model adjustments will remain a key focus area of NWM Group's ongoing ECL adequacy assessment process. A comprehensive framework has been established that incorporates analysis of diverse economic data, external benchmarks and portfolio performance trends with a particular focus on segments that may be more susceptible to specific risk factors.

For 2025, the economic uncertainty post model adjustment remained at £10 million (2024 – £10 million) with £7 million in Stage 1 and £3 million in Stage 2 (2024 – £8 million (Stage 1) and £2 million (Stage 2)).

Measurement uncertainty and ECL sensitivity analysis (audited)

The recognition and measurement of ECL is complex and requires significant judgement and estimation, especially during times of economic volatility and uncertainty. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objectives of IFRS 9. The ECL provision is sensitive to the model inputs and economic assumptions used in the estimation.

Simulations were conducted to assess the impact of various economic scenarios, including base case, upside, downside and extreme downside scenarios. The potential ECL impacts reflected the simulated impact as at 31 December 2025.

In the simulations, NWM Group assumed that the economic macro variables associated with each scenario would 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 table, with the simulation affecting both PDs and LGDs. Post model adjustments included in the ECL estimates were adjusted in line with the modelled ECL movements. However, adjustments that were judgemental in nature, such as those for deferred model calibrations and economic uncertainty, were not automatically recalculated. Instead, they will be re-evaluated by management through ECL governance for any new economic scenario outlook.

As expected, the scenarios created varying impacts on ECL by portfolio, and these impacts were deemed reasonable.

The simulations assumed that existing modelled relationships between key economic variables and drivers would hold. However, in practice, other factors such as potential changes in customer behaviour and policy changes could also impact the wider availability of credit.

The focus of the simulations was on ECL provisioning requirements for performing exposures in Stage 1 and Stage 2. The simulations were run on a stand-alone basis and were independent of each other. Scenario impacts on SICR were considered when evaluating the ECL movements of Stage 1 and Stage 2. In all scenarios, the total exposure remained the same, but exposure by stage varied.

Stage 3 provisions are not subject to the same level of measurement uncertainty, as default is an observed event as at the balance sheet date and defaulted LGD is typically more impacted by borrower specific factors rather than economics. Therefore, Stage 3 provisions were not considered in this analysis. NWM Group's core criterion for identifying a SICR is based on PD deterioration. Under the simulations, changes in PDs resulted in exposures moving between Stage 1 and Stage 2, contributing to the ECL impact.

31 December 2025	**Actual**	**Base scenario**	**Moderate upside scenario**	**Moderate downside Scenario**	**Extreme downside scenario**
Stage 1 modelled loans (£m)	23,961	24,006	24,006	23,960	23,300
Stage 1 modelled ECL (£m)	28	23	22	30	58
Stage 1 coverage (%)	0.12%	0.10%	0.09%	0.13%	0.25%
Stage 2 modelled loans (£m)	226	181	181	227	887
Stage 2 modelled ECL (£m)	8	8	6	8	18
Stage 2 coverage (%)	3.54%	4.42%	3.31%	3.52%	2.03%
Stage 1 and Stage 2 modelled loans (£m)	24,187	24,187	24,187	24,187	24,187
Stage 1 and Stage 2 modelled ECL (£m)	36	31	28	38	76
Stage 1 and Stage 2 coverage (%)	0.15%	0.13%	0.12%	0.16%	0.31%
Variance – (lower)/higher to actual total Stage 1 and Stage 2 ECL (£m)	—	(5)	(8)	2	40
Reconciliation to Stage 1 and Stage 2 flow exposures (£m)					
Modelled loans	24,187	24,187	24,187	24,187	24,187
Other asset classes	33,134	33,134	33,134	33,134	33,134

(1) Reflects ECL for all modelled exposure in scope for IFRS 9. The analysis excludes non-modelled portfolios and exposure relating to bonds and cash.

(2) All simulations are run on a stand-alone basis and are independent of each other, with the potential ECL impact reflecting the simulated impact as at 31 December 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.

(3) Refer to the Economic drivers section for details of economic scenarios.

Credit risk – Trading activities

This section details the credit risk profile of NWM Group's trading activities.

Securities financing transactions and collateral (audited)

The table below shows securities financing transactions in NWM Group. Balance sheet captions include balances held at all classifications under IFRS.

	Reverse repos			Repos		
	Total	Of which: can be offset	Outside netting arrangements	Total	Of which: can be offset	Outside netting arrangements
	£m	£m	£m	£m	£m	£m
2025						
Gross	48,581	48,525	56	52,956	50,897	2,059
IFRS offset	(17,129)	(17,129)	—	(17,129)	(17,129)	—
Carrying value	31,452	31,396	56	35,827	33,768	2,059
Master netting arrangements	(474)	(474)	—	(474)	(474)	—
Securities collateral	(30,669)	(30,669)	—	(33,294)	(33,294)	—
Potential for offset not recognised under IFRS	(31,143)	(31,143)	—	(33,768)	(33,768)	-
Net	309	253	56	2,059	—	2,059
2024						
Gross	45,774	45,734	40	48,705	48,002	703
IFRS offset	(15,174)	(15,174)	—	(15,174)	(15,174)	—
Carrying value	30,600	30,560	40	33,531	32,828	703
Master netting arrangements	(1,549)	(1,549)	—	(1,549)	(1,549)	—
Securities collateral	(28,799)	(28,799)	—	(31,279)	(31,279)	—
Potential for offset not recognised under IFRS	(30,348)	(30,348)	—	(32,828)	(32,828)	—
Net	252	212	40	703	—	703

Debt securities (audited)

The table below shows debt securities held at mandatory fair value through profit or loss by issuer as well as ratings based on the lowest of Standard & Poor's, Moody's and Fitch.

	Central and local government			Financial institutions	Corporate	Total
	UK	US	Other			
	£m	£m	£m	£m	£m	£m
2025						
AAA	—	—	1,505	654	—	2,159
AA to AA+	—	4,153	257	309	18	4,737
A to AA-	1,808	—	1,481	596	215	4,100
BBB- to A-	—	—	892	256	384	1,532
Non-investment grade	—	—	—	11	50	61
Total	**1,808**	**4,153**	**4,135**	**1,826**	**667**	**12,589**
2024						
AAA	—	—	1,335	1,368	—	2,703
AA to AA+	—	3,734	74	569	2	4,379
A to AA-	2,077	—	1,266	381	519	4,243
BBB- to A-	—	—	831	562	885	2,278
Non-investment grade	—	—	—	108	167	275
Total	**2,077**	**3,734**	**3,506**	**2,988**	**1,573**	**13,878**

Derivatives (audited)

The table below shows third party derivatives by type of contract. The master netting agreements and collateral shown do not result in a net presentation on the balance sheet under IFRS.

	2025							2024		
	Notional									
	GBP	USD	EUR	Other	Total	Assets	Liabilities	Notional	Assets	Liabilities
	£bn	£bn	£bn	£bn	£bn	£m	£m	£bn	£m	£m
Gross exposure						62,981	56,370		79,894	74,421
IFRS offset						(2,537)	(2,537)		(2,727)	(2,727)
Carrying value	**3,025**	**3,494**	**6,243**	**1,156**	**13,918**	**60,444**	**53,833**	**13,007**	**77,167**	**71,694**

	2025							2024		
	Notional									
	GBP	USD	EUR	Other	Total	Assets	Liabilities	Notional	Assets	Liabilities
	£bn	£bn	£bn	£bn	£bn	£m	£m	£bn	£m	£m
Of which:										
Interest rate(1)	2,702	1,997	5,617	192	10,508	32,623	26,689	9,740	36,582	31,276
Exchange rate	321	1,491	619	964	3,395	27,755	26,973	3,254	40,474	40,183
Credit	2	6	7	—	15	66	171	13	111	235
Equity and commodity	—	—	—	—	—	—	—	—	—	—
Carrying value					**13,918**	**60,444**	**53,833**	**13,007**	**77,167**	**71,694**
Counterparty mark-to-market netting						(45,877)	(45,877)		(61,531)	(61,531)
Cash collateral						(9,104)	(4,241)		(9,815)	(5,797)
Securities collateral						(3,169)	(1,256)		(3,396)	(896)
Net exposure						**2,294**	**2,459**		**2,425**	**3,470**
Banks(2)						90	220		204	342
Other financial institutions(3)						1,502	1,119		1,424	1,443
Corporate(4)						669	1,098		764	1,653
Government(5)						33	22		33	32
Net exposure						**2,294**	**2,459**		**2,425**	**3,470**
UK						1,090	1,500		1,041	1,744
Europe						693	588		874	977
US						437	283		443	605
RoW						74	88		67	144
Net exposure						**2,294**	**2,459**		**2,425**	**3,470**
Asset quality of uncollateralised derivative assets										
AQ1-AQ4						1,856			2,028	
AQ5-AQ8						435			394	
AQ9-AQ10						3			3	
Net exposure						**2,294**			**2,425**	

(1) The notional amount of interest rate derivatives includes £8,191 billion (2024 – £6,733 billion) in respect of contracts cleared through central clearing counterparties.

(2) Transactions with certain counterparties with which NWM Group has netting arrangements but collateral is not posted on a daily basis; certain transactions with specific terms that may not fall within netting and collateral arrangements; derivative positions in certain jurisdictions where the collateral agreements are not deemed to be legally enforceable.

(3) Includes transactions with securitisation vehicles and funds where collateral posting is contingent on NWM Group's external rating.

(4) Mainly large corporates with which NWM Group may have netting arrangements in place with no collateral posting.

(5) Sovereigns and supranational entities with no collateral arrangements, collateral arrangements that are not considered enforceable, or one-way collateral agreements in their favour.

Credit risk – Banking activities

Introduction

This section details the credit risk profile of NWM Group's banking activities. Refer to Accounting policy 3.11 and Note 14 to the 2025 Financial Statements for policies and critical judgements relating to impairment loss determination.

Financial instruments within the scope of the IFRS 9 ECL framework (audited)

Refer to Note 9 to the 2025 Financial Statements for balance sheet analysis of financial assets that are classified as amortised cost or fair value through other comprehensive income (FVOCI), the starting point for IFRS 9 ECL framework assessment.

Financial assets

	31 December 2025			31 December 2024		
	Gross	ECL	Net	Gross	ECL	Net
	£bn	£bn	£bn	£bn	£bn	£bn
Balance sheet total gross amortised cost and FVOCI	60.4			55.2		
In scope of IFRS 9 ECL framework	59.6			53.1		
% in scope	99%			96%		
Loans to customers – in scope – amortised cost	23.5	—	23.5	18.0	—	18.0
Loans to customers – in scope – FVOCI	0.1	—	0.1	—	—	—
Loans to banks – in scope – amortised cost	1.1	—	1.1	1.1	—	1.1
Total loans – in scope	**24.7**	**—**	**24.7**	**19.1**	**—**	**19.1**
Stage 1	24.5	—	24.5	18.7	—	18.7
Stage 2	0.2	—	0.2	0.4	—	0.4
Stage 3	—	—	—	—	—	—
Other financial assets – in scope – amortised cost	28.7	—	28.7	29.4	—	29.4
Other financial assets – in scope – FVOCI	6.2	—	6.2	4.6	—	4.6
Total other financial assets – in scope	**34.9**	**—**	**34.9**	**34.0**	**—**	**34.0**
Stage 1	34.9	—	34.9	34.0	—	34.0
Out of scope of IFRS 9 ECL framework	0.8	na	0.8	2.1	na	2.1
Loans to banks – out of scope – amortised cost	0.1	na	0.1	—	na	—
Other financial assets – out of scope – amortised cost	0.6	na	0.6	2.1	na	2.1
Other financial assets – out of scope – FVOCI	0.1	na	0.1	—	na	—

na = not applicable

The assets outside the scope of IFRS 9 ECL framework were as follows:

- Settlement balances, items in the course of collection, cash balances and other non-credit risk assets of £0.7 billion (2024 – £2.1 billion). These were assessed as having no ECL unless there was evidence that they were defaulted.

- Equity shares of £0.1 billion (2024 – £0.1 billion) as not within the IFRS 9 ECL framework by definition.

- Fair value adjustments on loans and debt securities hedged by interest rate swaps, where the underlying loan was within the IFRS 9 ECL scope of nil (2024 – nil).

In-scope assets also include an additional £0.2 billion (2024 – £0.3 billion) of inter-Group assets not shown in the table above.

Contingent liabilities and commitments

Total contingent liabilities (including financial guarantees) and commitments within IFRS 9 ECL scope of £15.8 billion (2024 – £14.8 billion) comprised Stage 1 £15.3 billion (2024 – £14.3 billion); Stage 2 £0.5 billion (2024 – £0.5 billion); and Stage 3 nil (2024 – nil).

Sector analysis – portfolio summary (audited)

The table below shows financial assets and off-balance sheet exposures gross of ECL and related ECL provisions, impairment by sector, asset quality and geographical region based on the country of operation of the customer. The tables below report only third-party exposures and related ECL provisions, charges and write-offs.

	Corporate and other	Financial institutions(1)	Sovereign	Total
2025	£m	£m	£m	£m
Loans by geography	**1,044**	**23,407**	**292**	**24,743**
– UK	295	8,875	—	9,170
– Other Europe	686	5,431	242	6,359

2025	Corporate and other £m	Financial institutions(1) £m	Sovereign £m	Total £m
– RoW	63	9,101	50	9,214
Loans by stage and asset quality	**1,044**	**23,407**	**292**	**24,743**
Stage 1	893	23,322	292	24,507
– AQ1-AQ4	294	20,866	292	21,452
– AQ5-AQ8	599	2,456	—	3,055
Stage 2	129	85	—	214
– AQ1-AQ4	—	69	—	69
– AQ5-AQ8	129	16	—	145
Stage 3	22	—	—	22
– AQ10	22	—	—	22
of which: individual	*15*	—	—	*15*
of which: collective	*7*	—	—	*7*
Weighted average life(2)				
– ECL measurement (years)	4	4	nm	4
Weighted average 12 months PDs(2)				
– IFRS 9 (%)	1.23	0.17	0.01	0.20
– Basel (%)	1.30	0.15	0.01	0.19
ECL provisions by geography	**26**	**24**	**1**	**51**
– UK	7	10	—	17
– Other Europe	12	6	1	19
– RoW	7	8	—	15
ECL provisions by stage	**26**	**24**	**1**	**51**
– Stage 1	*5*	*22*	*1*	*28*
– Stage 2	*6*	*2*	—	*8*
– Stage 3	*15*	—	—	*15*
of which: individual	*8*	—	—	*8*
of which: collective	*7*	—	—	*7*
ECL provisions coverage (%)	**2.49**	**0.10**	**0.34**	**0.21**
– Stage 1 (%)	*0.56*	*0.09*	*0.34*	*0.11*
– Stage 2 (%)	*4.65*	*2.35*	—	*3.74*
– Stage 3 (%)	*68.18*	—	—	*68.18*
ECL (release)/charge – Third party	**4**	**—**	**(1)**	**3**
Amounts written–off	1	—	—	1
Other financial assets by asset quality(3)	**285**	**12,653**	**21,982**	**34,920**
– AQ1-AQ4	*278*	*12,499*	*21,982*	*34,759*
– AQ5-AQ8	*7*	*154*	—	*161*
Off–balance sheet	**6,791**	**8,997**	**—**	**15,788**
– Loan commitments	6,772	8,410	—	15,182
– Financial guarantees	19	587	—	606
Off–balance sheet by asset quality(3)	**6,791**	**8,997**	**—**	**15,788**
– AQ1-AQ4	*6,125*	*8,713*	—	*14,838*
– AQ5-AQ8	*665*	*284*	—	*949*
– AQ10	*1*	—	—	*1*

For the notes to this table refer to the following page.

Sector analysis – portfolio summary (audited)

2024	Corporate and other £m	Financial institutions(1) £m	Sovereign £m	Total £m
Loans by geography	**599**	**17,903**	**661**	**19,163**
– UK	*199*	*6,446*	—	*6,645*
– Other Europe	*319*	*4,273*	*625*	*5,217*
– RoW	*81*	*7,184*	*36*	*7,301*

2024	Corporate and other £m	Financial institutions(1) £m	Sovereign £m	Total £m
Loans by stage and asset quality	599	17,903	661	19,163
Stage 1	471	17,627	661	18,759
– AQ1-AQ4	196	16,218	661	17,075
– AQ5-AQ8	275	1,409	—	1,684
Stage 2	76	276	—	352
– AQ1-AQ4	22	164	—	186
– AQ5-AQ8	54	112	—	166
Stage 3	52	—	—	52
– AQ10	52	—	—	52
of which: individual	45	—	—	45
of which: collective	7	—	—	7
Weighted average life (2)				
– ECL measurement (years)	3	3	—	3
Weighted average 12 months PDs (2)				
– IFRS 9 (%)	1.31	0.16	0.01	0.19
– Basel (%)	1.31	0.14	0.01	0.16
ECL provisions by geography	23	23	1	47
– UK	5	11	1	17
– Other Europe	11	5	—	16
– RoW	7	7	—	14
ECL provisions by stage	23	23	1	47
– Stage 1	4	20	1	25
– Stage 2	2	3	—	5
– Stage 3	17	—	—	17
of which: individual	10	—	—	10
of which: collective	7	—	—	7
ECL provisions coverage (%)	3.84	0.13	0.15	0.25
– Stage 1 (%)	0.85	0.11	0.15	0.13
– Stage 2 (%)	2.63	1.09	—	1.42
– Stage 3 (%)	32.69	—	—	32.69
ECL (release)/charge – Third party	(9)	1	—	(8)
Amounts written-off	2	—	—	2
Other financial assets by asset quality (3)	117	13,967	19,913	33,997
– AQ1-AQ4	114	13,659	19,913	33,686
– AQ5-AQ8	3	308	—	311
Off-balance sheet	6,296	8,518	—	14,814
– Loan commitments	6,272	7,829	—	14,101
– Financial guarantees	24	689	—	713
Off-balance sheet by asset quality (3)	6,296	8,518	—	14,814
– AQ1-AQ4	6,122	8,107	—	14,229
– AQ5-AQ8	171	411	—	582
– AQ10	3	—	—	3

(1) Financial institutions (FI) include transactions, such as securitisations, where the underlying assets may be in other sectors.

(2) Not within audit scope.

(3) AQ bandings are based on Basel PDs and mapping is as follows:

Internal asset quality band	Probability of default range	Indicative S&P rating
AQ1	0% -0.034%	AAA to AA
AQ2	0.034% - 0.048%	AA to AA-
AQ3	0.048% - 0.095%	A+ to A
AQ4	0.095% - 0.381%	BBB+ to BBB-

Internal asset quality band	Probability of default range	Indicative S&P rating
AQ5	0.381% - 1.076%	BB+ to BB
AQ6	1.076% - 2.153%	BB- to B+
AQ7	2.153% - 6.089%	B+ to B
AQ8	6.089% - 17.222%	B- to CCC+
AQ9	17.222% - 100%	CCC to C
AQ10	100%	D

Credit risk enhancement and mitigation (audited)

The table below shows exposures of modelled portfolios within the scope of the ECL framework and related credit risk enhancement and mitigation (CREM).

			Maximum credit risk		CREM by type			CREM coverage		Exposure post CREM	
2025	**Gross exposure £bn**	**ECL £bn**	**Total £bn**	**Stage 3 £bn**	**Financial (1) £bn**	**Property £bn**	**Other (2) £bn**	**Total £bn**	**Stage 3 £bn**	**Total £bn**	**Stage 3 £bn**
Financial assets											
Cash and balances at central banks	16.0	—	16.0	—	—	—	—	—	—	16.0	—
Loans - amortised cost (3)	24.7	—	24.7	—	5.0	—	—	5.0	—	19.7	—
Debt securities	19.0	—	19.0	—	0.1	—	—	0.1	—	18.9	—
Total financial assets	59.7	—	59.7	—	5.1	—	—	5.1	—	54.6	—
Contingent liabilities and commitments	15.8	—	15.8	—	1.1	0.1	—	1.2	—	14.6	—
Total off-balance sheet	15.8	—	15.8	—	1.1	0.1	—	1.2	—	14.6	—
Total exposure	75.5	—	75.5	—	6.2	0.1	—	6.3	—	69.2	—
2024											
Financial assets											
Cash and balances at central banks	16.2	—	16.2	—	—	—	—	—	—	16.2	—
Loans - amortised cost (3)	19.2	—	19.2	—	3.8	—	—	3.8	—	15.4	—
Debt securities	17.8	—	17.8	—	—	—	—	—	—	17.8	—
Total financial assets	53.2	—	53.2	—	3.8	—	—	3.8	—	49.4	—
Contingent liabilities and commitments	14.8	—	14.8	—	0.9	0.1	—	1.0	—	13.8	—
Total off-balance sheet	14.8	—	14.8	—	0.9	0.1	—	1.0	—	13.8	—
Total exposure	68.0	—	68.0	—	4.7	0.1	—	4.8	—	63.2	—

(1) Includes cash and securities collateral.

(2) Includes guarantees and charges over trade debtors.

(3) NWM Group holds collateral in respect of individual loans – amortised cost to banks and customers. This collateral includes mortgages over property; charges over business assets such as plant and equipment, inventories and trade debtors; and guarantees of lending from parties other than the borrower. NWM Group obtains collateral in the form of securities in reverse repurchase agreements. Collateral values are capped at the value of the loan.

Flow statement (audited)

The flow statement that follows shows the main ECL and related income statement movements. It also shows 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 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-off against accounts with ECL, including the net asset written-off for any debt sale activity.

	Stage 1		Stage 2		Stage 3		Total	
NWM Group	**Financial assets £m**	**ECL £m**	**Financial assets £m**	**ECL £m**	**Financial assets £m**	**ECL £m**	**Financial asset £m**	**ECL £m**
At 1 January 2025	52,474	25	349	5	53	17	52,876	47
Currency translation and other adjustments	(424)	—	(3)	—	2	—	(425)	—
Transfers from Stage 1 to Stage 2	(581)	(2)	581	2	—	—	—	—
Transfers from Stage 2 to Stage 1	765	8	(765)	(8)	—	—	—	—
Net re-measurement of ECL on stage transfer	—	(7)		7	—	—	—	—
Changes in risk parameters		(5)		2		(1)		(4)
Other changes in net exposure	4,839	9	86	—	(32)	—	4,893	9
Other (P&L only items)	—	—	—	(1)		(1)	—	(2)
Income statement (releases)/charges	—	(3)	—	8	—	(2)	—	3
Amounts written-off	—	—	—	—	(1)	(1)	(1)	(1)
At 31 December 2025	57,073	28	248	8	22	15	57,343	51
Net carrying amount	57,045		240		7	—	57,292	
At 1 January 2024	49,168	24	687	8	24	24	49,879	56
2024 movements	3,306	1	(338)	(3)	29	(7)	2,997	(9)
At 31 December 2024	52,474	25	349	5	53	17	52,876	47
Net carrying amount	52,449	—	344	—	36	—	52,829	—

Climate and nature risk

Definition

Climate and nature[(1)] risk is the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss respectively and the political, economic and environmental responses to it.

Sources of risk

Physical risks may arise from climate events such as heatwaves, droughts, floods, storms and nature-related events such as land or air pollution. They can potentially result in financial losses, impairing asset values and the creditworthiness of borrowers. NWM Group could be exposed to physical risks directly by the effects on its property portfolio and, indirectly, by the impacts on the wider economy as well as on the property, business interests and supply chains of its customers.

Transition risks may arise from the process of adjustment towards a low-carbon, nature restored economy. Changes in policy, technology and sentiment could prompt reassessment of customers' financial risk and may lead to falls in the value of a large range of assets. NWM Group could be exposed to transition risks directly through the costs of adaptation of its own operations as well as supply chain disruption leading to financial impacts. Potential indirect effects include the impact on the wider economy, including on customers, which may erode NWM Group's competitiveness and profitability, as well as threaten reputational damage.

Liability risks may arise should stakeholders consider NWM Group's climate and nature risk management practices and disclosures insufficient, and responsible for or attributable to, stakeholders' losses.

On the other hand, liability risks may also arise where some jurisdictions believe financial institutions have taken their sustainability-related initiatives too far, with some imposing sanctions in these circumstances.

Climate risk has been included in the NatWest Group risk directory since 2021. In 2024, NatWest Group broadened the definition to climate and nature risk and updated its internal risk policy to reflect this. NatWest Group (including NWM Group) are in the early stages of embedding nature into its risk management processes.

As climate and nature risk is both a principal risk within NatWest Group's EWRMF, and a crosscutting risk, which impacts other principal risks, NWM Group periodically refreshes its assessment of the impact of climate-related risk factors to other principal risks, where NWM Group's exposure to a principal risk could be taken outside of appetite due to climate-related risk factors. In identifying climate-related risks and opportunities to NWM Group, the period in which each is likely to occur was assessed. Risks and opportunities deemed material to the five-year financial planning cycle were viewed as short-term. Long-term was defined as beyond 15 years, while medium-term was defined as within the next five to 15 years.

The outcome of the latest assessments of the impacts of climate-related risk factors to other principal risks is included in the table that follows. All principal risks in the table were identified as potentially the most impacted by climate risk, over short, medium and long-term horizons, noting these risks could amplify capital and liquidity risks themselves.

Risk type	Risks to NWM Group	Drivers	Identification, assessment and measurement
Credit risk	From the adverse impact on future credit worthiness of customers due to climate change risk factors impacting asset valuation, income and costs, for example, from water stress events. Mitigants include the inclusion of climate considerations in sector strategy within the various portfolios relevant to NWM Group.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis Portfolio level assessments Transaction level assessments
Traded market risk	Risk of losses on trading book positions driven by underlying climate risk factors affecting macro or company specific market prices. Mitigants include stress testing and portfolio reviews.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis
Operational risk	Due to the increased likelihood and potential impact of business disruption arising from new and changing policy standards. Mitigants include resilience and external reporting governance.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Scenario analysis Transaction level assessments
Compliance risk	NatWest Group (including NWM Group) is required to comply with all applicable climate-related legal and regulatory obligations. Mitigants include relevant horizon scanning.	Physical: acute, chronic Transition: government policy and legislation, market, technology, reputation	Transaction level assessments
Conduct risk	Due to poor customer outcomes arising from the impacts of climate change. Mitigants include additional checks on sustainability claims and applying product flaw controls.	Transition: government policy and legislation, market, technology, reputation Liability: greenwashing	Scenario analysis Transaction level assessments
Reputational risk	Arising from NatWest Group's (including NWM Group) actual or perceived contribution to climate change, or from the adequacy of its actions in response. Mitigants include the environmental social, & ethical (ESE) risk framework(2).	Transition: government policy and legislation, market, technology Liability: greenwashing	Portfolio level assessments Transaction level assessments

Key developments in 2025

The effective management of climate and nature risk requires the integration of climate and nature-related risk drivers into strategic planning, transactions and decision-making. The approach has evolved since 2021 alongside NatWest Group's (including NWM Group) ongoing, multi-year progressive pathway to mature climate risk management capabilities. NWM Group's capability to manage climate risks is more mature than its capability to manage nature-related risks.

- NatWest Group (including NWM Group) continued to enhance its in-house climate risk modelling capabilities, supporting the ongoing integration of climate risk within its capital adequacy (ICAAP), impairment (IFRS 9) and risk management processes. Insights from risk processes have been shared with sector and front-line teams to support the financial budget and climate transition plan processes. In particular, internal physical risk modelling capabilities have been developed during 2025 with further enhancements to come in 2026.

- NatWest Group (including NWM Group) continued its roll-out of Climate Decisioning Framework (CDF) tools. These comprise climate risk scorecards and climate transition plan assessment tools. The roll-out continues on a test-and-learn basis and initial use cases were introduced where we identify higher-risk transactions for enhanced oversight or escalated approval processes.

- Building on first-generation testing of the Environmental Decisioning Framework (EDF) in 2024, the 2025 testing scope was extended to include large corporate customers across the EU and UK, supporting further refinement of the framework.

Governance

Risk governance for climate and nature risk is in line with the approach outlined in the Risk management framework section.

- Board responsibilities – The NWM Plc Board oversees climate and nature-related risks within the overall business strategy and risk appetite of NWM Group, ensuring progress on NatWest Group's ambitions and targets regarding climate and nature.

- Risk oversight – The NWM Plc Board Risk Committee oversees the risk profile of NWM Group. The CEO of NWM Plc supports the NatWest Group CEO to identify and manage risks and opportunities from climate change. The NWM Executive Committee and broader governance framework support the assessment and management of climate-related risks and opportunities across NWM Group.

Risk appetite

Risk appetite for climate and nature risk is in line with the approach outlined in the Risk management framework section above.

Work continued in 2025 to mature NWM Group's climate-related risk management capabilities, while building out nature-related awareness. NWM Group has operational limits and a suite of key risk indicators. These measures provide management with information, including balance sheet exposure to heightened climate risk sectors, financed and facilitated emissions.

Identification, assessment and measurement

NatWest Group (including NWM Group) continues to enhance its processes to effectively measure the potential size and scope of climate-related risks, through the three approaches detailed below. The approach to nature-related risks is not as mature as the approach to climate-related risks.

Scenario analysis

NatWest Group (including NWM Group) focused on continuing to develop the capabilities to use scenario analysis to identify the most material climate risks for its customers, seeking to harness insights to inform risk management practices and support decision making.

Scenario analysis allows NatWest Group (including NWM Group) to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present. The purpose of scenario analysis is not to forecast the future but to understand and prepare to manage risks that could arise.

NatWest Group (including NWM Group) recognises a number of potential key use cases for climate scenario analysis, including, but not restricted to, the following:

- Regulatory stress testing requirements.
- Portfolio management.
- Strategic decision-making, capital adequacy and provisioning.

Specific internal-run exercises in 2025 included:

- A credit-risk focused exercise covering both physical and transition risk scenarios for the Commercial & Institutional portfolio.
- A non-financial risk scenario for climate focused on external communications which could omit or contain incorrect information, resulting in an inaccurate representation of NatWest Group (including NWM Group) activities.
- A traded market risk scenario where stress testing applies delayed transition assumptions to shock credit spreads with macroeconomic overlays, impacting the trading book. and monitored on a quarterly basis.
- An environmental water stress scenario to assess credit risk impacts under a severe drought in Western Europe, focusing on water-dependent sectors. The scenario was selected based on materiality and data availability, providing relevant insights to guide future methodology improvements.

Credit and non-financial risk scenario analysis exercises for climate were also run in 2024.

There are various challenges with quantitative climate scenario analysis. These risks and uncertainties, coupled with significantly long timeframes, make the outputs of climate-related risk modelling with respect to the potential use cases identified inherently more uncertain than outputs modelled for traditional financial planning cycles based on historical financial information. Recognising these challenges, qualitative work focused on the cascading and compounding consequences of climate and nature breakdown (for example, lower growth, higher inflation, societal and political uncertainty) continues to be developed and assessed under the emerging threats framework.

Portfolio level assessment

NatWest Group (including NWM Group) uses a number of tools to undertake portfolio level assessments including stress analysis in operational limits in credit risk, stress analysis in market risk and heightened climate-related risk sector assessment in credit risk. The latter refreshed annually seeks to identify sectors that are likely to see increased credit risks for NWM Group because of climate-related factors, over a 10 to 15-year horizon.

Liquidity risk stress testing

Within NWM Group, climate risk is included in liquidity stress testing which assesses potential outflows under a range of extreme but plausible stress scenarios. Climate risk, which falls within the market-wide scenario theme, is captured in the form of major climate-related disruption in the UK and northern Europe. This leads to widespread disruption and a temporary fall in economic output. This is exacerbated by degradation of ecosystems. A higher demand for cash from certain impacted business sectors is experienced due to the uncertainty. Volatility in financial markets impacts sterling, UK bonds and asset prices, while non-UK/European depositors re-evaluate their exposure to the UK/European financial sector. For 2025 reporting, climate is not the most severe scenario within the wider scenario suite used for calculating the stressed outflow coverage ratio disclosed in the 2025 Financial Statements.

Transaction level assessment

Assessments are undertaken to consider any potential greenwashing risk within our marketing and communications.

The NatWest Group Supplier Code of Best Practice encourages NatWest Group (including NWM Group) suppliers to undertake sustainability assessments to evaluate supplier sustainability performance.

NatWest Group (including NWM Group) continues to use its CDF tools to engage with its customers to understand their climate transition journeys and how they are managing the climate-related risk for their business. In 2025, NatWest Group (including NWM Group) continued to roll-out CDF on a test-and-learn basis adding coverage of insurance and other financial institutions customers.

Enhancements were also made to the large corporates assessment to increase the granularity of sector and country-specific questions, for example, questions which assess how much of NatWest Group's (including NWM Group's) customer's business activities are EU taxonomy aligned. This phased test-and-learn approach continues to build internal capability among first and second-line colleagues and foster a culture where climate risk is embedded into the existing credit journey.

Recognising the complexity of the energy transition, NatWest Group (including NWM Group) conducted an energy system review during 2025 to ensure the strategy reflects the interconnected risks and opportunities across the energy value chain as the economy transitions toward net zero. The energy system review considered the systemic nature of the energy transition which anticipates further growth in renewables, the important yet declining role of oil and gas, significant infrastructure investment and demand-side electrification. Reflecting the outcome of the energy system review, NatWest Group (including NWM Group) has established a new E&S Energy Supply Sector Risk Acceptance Criteria.

NatWest Group (including NWM Group) also regularly considers the potential impact of existing and emerging regulatory requirements related to climate change at a NatWest Group and subsidiary level, through external horizon scanning and monitoring of emerging regulatory requirements.

Mitigation

NatWest Group (including NWM Group) manages and mitigates climate-related risk through:

- Top-down portfolio assessments, including incorporating climate factors in the overall sector strategy, updating the environmental, social and ethical risk acceptance criteria in response to potential climate-related risks and applying climate-enhanced transaction acceptance standards.

- Bottom-up customer assessments, including the use of the CDF tools to provide a consistent and structured approach for understanding customer-specific exposure to climate-related risks and identify higher risk transactions for enhanced oversight or escalated approval processes.

Impact of NWM Group business activities on climate change

NWM Group identified emissions resulting from its business activities to include:

- Emissions attributable to the trading book (Scope 3).

- Emissions relating to financing activities – financed[(3)] and facilitated emissions (Scope 3).

- Emissions from NWM Group's own operations, which is reported at the consolidated NatWest Group level (Scope 1,2 and 3)[(3)].

Trading book

Due to the size of the trading book within NWM Group, the associated carbon emissions have the potential to be significant. However, at present, the scale of these emissions is uncertain given that trading book positions typically have shorter holding horizons and are more dynamic than those in the banking book. This continues to be an industry-wide challenge with no agreed approach on quantification of trading book related emissions.

Financing activities

Financed emissions – lending and investments[(3)]

Given the smaller size of the banking book relative to NWM Group's underwriting activities and trading book, financed emissions currently play a limited role within NWM Group.

NatWest Group reports financed emissions at a consolidated group level including NWM Group.

Estimate of facilitated emissions on bond underwriting and syndicated lending

Banks play a key role as facilitators between issuers and investors, and borrowers and lenders, by offering and conducting financial intermediation activities critical to the functioning of capital markets.

Facilitation activities differ from on-balance sheet lending financed emissions in two respects. They are off-balance sheet (representing services rather than financing) and they can take the form of a flow activity (temporary association with transactions) rather than a stock activity (recorded on the balance sheet). NWM Group calculates facilitated emissions based on the annual transaction volume. This reflects the transactional nature of capital markets activities and the period in which banks generate revenue from them.

Facilitated emissions arising from capital markets activity, specifically bond underwriting and syndicated lending, are inherently volatile, being dependent on client mandates and deal flow, which can fluctuate significantly year on year. This limits the comparability of emissions over time and poses challenges for setting consistent, forward-looking targets. While NWM Group acknowledges the importance of these emissions in understanding its climate-related risks and opportunities, NWM Group has not set quantitative targets for this activity. The focus remains on succeeding with customers and supporting the real economy's transition towards net zero through the launch of the climate and transition finance framework(7). Additionally, NWM Group is aiming to improve its data to enable more robust measurement and disclosure of facilitated emissions in line with evolving methodologies and applicable sustainability disclosure standards.

NWM Group followed the PCAF Part B Global Greenhouse Gas Accounting and Reporting Standard for Facilitated Emissions to define an issuer as an organisation that issues debt or equity capital markets instruments(7,10). We also included green bond, green loan syndication(5,7) and the role of co-manager(8) in the estimation of facilitated emissions.

NWM Group absolute estimated customer Scope 1 and Scope 2 facilitated emissions for capital markets activities includes:

- Capital markets bond underwriting activities of £35.96 billion. This constituted 49% of NWM Group's capital markets bond underwriting. Securitisations, Sovereigns, Supranationals and Agencies, are out of scope for PCAF(4).
- Capital markets syndicated lending activities(9,10) of £1.27 billion.

NWM Group absolute Scope 1 and Scope 2 facilitated emissions weighted at 33%, were 0.45 MtCO2e for 2025 (2024: 1.07 MtCO2e(11)).

It is important to note that the absolute amounts presented are estimates and may be subject to change given shifting baselines year-on-year and evolving PCAF guidance(14).

The table below shows NWM Group's estimated facilitated emissions from bond underwriting and syndicated lending activities in 2025 and 2024, as attributed to NWM Group and split between conventional and green issuance or syndicated lending, where applicable(5,7,11,12,15). Estimated facilitated emissions, captured within Financial Institutions, can include emissions associated with underlying company activity.

- For Power utilities, NWM Group attributable bond underwriting and syndicated lending decreased by 13% between 2024 and 2025. Of the estimated facilitated emissions arising from attributable bond underwriting and syndicated lending, 68% was green(5,7).
- Total attributable bond underwriting and syndicated lending for Building materials increased in 2025, constituting 21% of estimated facilitated emissions.
- Estimated facilitated emissions for both Airlines and Aerospace and Chemicals decreased between 2024 and 2025 by 86% and 85% respectively.

- Oil and gas represented 1% of the total NWM Group attributable bond underwriting and syndicated lending and constituted 2% of the facilitated emissions in 2025.

	2025						2024		
	Attributable bond underwriting and syndicated lending		Facilitated emissions from bond underwriting and syndicated lending (33% weighting) MtCO2e				Attributable bond underwriting and syndicated lending (11,12)		
Sector	£m	%	MtCO2e	Sector %of total emissions	Green %of sector emissions	PCAF data quality score	£m	%	Facilitated emissions MtCO2e
Power utilities	3,517	9%	0.19	43%	68%	2.2	4,024	9%	0.58
Building materials	1,069	3%	0.09	21%	0%	3.2	50	0%	—
Airlines and aerospace	957	3%	0.01	2%	4%	3.1	1,253	3%	0.07
Chemicals	154	0%	0.02	4%	0%	3.2	395	1%	0.13
Leisure	832	2%	0.02	4%	0%	2.0	937	2%	0.03
Oil and gas	209	1%	0.01	2%	7%	2.7	712	2%	0.04
Land transport and logistics	702	2%	0.02	4%	6%	2.2	716	2%	0.04
Retail	1,282	3%	0.01	3%	0%	2.7	2,183	5%	0.02
Water and waste	920	2%	0.01	2%	20%	2.5	1,103	2%	0.02
Manufacturing	694	2%	0.00	0%	0%	2.9	1,412	3%	0.02
Financial institutions	19,123	51%	0.02	4%	17%	2.4	24,603	55%	0.01
Automotive	1,029	3%	0.01	2%	0%	2.2	2,541	6%	0.02
Commercial real estate	503	1%	0.00	0%	0%	2.6	763	2%	0.01
Other(13)	6,240	18%	0.04	9%	4%	2.5	4,249	9%	0.08
Total	37,231	100%	0.45	100%	—	2.5	44,941	100%	1.07

NWM Group methodology used for estimation

- NWM Group shows the breakdown of conventional versus green bonds and loans to highlight the expected difference of facilitated emissions associated with the conventional versus green activities but does not distinguish these from conventional transactions or apply lower emissions[5,7].

- For syndicated lending, NWM Group included the roles of active and passive underwriting and active best-efforts. The role of coordination is not in scope by PCAF[9,10].

- In 2025, NWM Group continued to review its methodology for estimating facilitated emissions and updated the scope for syndicated lending to exclude passive best-efforts roles, ensuring only active facilitation is reflected. This change represents scope refinements rather than changes in underlying performance or the source of data[11].

- In line with the PCAF Facilitated Emissions Standard, NWM Group allocated transactions based on actual volume facilitated where available; for remaining positions transaction volume was apportioned equally among bookrunners / arrangers.

- In line with the PCAF published standard, to estimate greenhouse gas emissions, NWM Group sourced customer-level emissions data, where possible. If customer-level data was unavailable, emissions estimates (PCAF 4) or emission sector averages (PCAF 5) were used for emission intensities from 2024 and applied against 2025 volumes[14].

- PCAF recommends that Scope 3 emissions for all sectors are disclosed in climate reporting from the beginning of 2025. NWM Group continues to review Scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.

- PCAF scores are categorised between 1-5. PCAF scores of 1 or 2 are typically considered to have a higher degree of confidence in the estimation of facilitated emissions, as these are directly sourced from reports published by the customer. A PCAF score of 5 is typically considered to have a lower degree of confidence, as these are estimated by the reporting entity. The PCAF data quality score is based on the PCAF approach taken to estimate Scope 1 and Scope 2 emissions within a given sector. Where estimation methodologies differ between Scope 1 and Scope 2, NWM Group use the least favourable of a customers' PCAF scores in the weighted average calculation.

(1) Nature elements apply to EU legal entities subject to ECB prudential regulation, i.e. NWM N.V. Group and will underpin the maturing approach to nature-related risks beyond climate change. NWM Group use the terms ‘nature’ and ‘environment’ interchangeably in recognition of both the NatWest Group climate and nature policy and also European Central Bank (ECB) terminology.

(2) From 1 January 2026, NatWest Group updated the name of the ESE Risk Framework to the Environmental & Social Risk Framework. This change better reflects the framework’s underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements.

(3) NatWest Group reports emissions at a consolidated group level. NWM Group own operations and financed emissions are therefore subsumed into NatWest Group’s estimation of own operational footprint and estimated financed emissions for the consolidated group.

(4) NatWest Group’s own bond issuances are not included within estimates of facilitated emissions.

(5) Green bonds and loans are excluded in PCAF’s facilitated emissions guidance(4). While these instruments are expected to have lower emissions intensity, there is currently no agreed method to quantify their emissions. NWM Group treat Sustainability linked and sustainable bond and loan activities as conventional for the purpose of estimating and reporting on facilitated emissions

(6) The PCAF standard does not currently outline an estimation approach for short-term assets (such as commercial papers), as such these products are currently excluded from the facilitated emissions estimation.

(7) NatWest Group 2024 Climate and sustainable funding and financing inclusion criteria was used to determine the assets, activities and companies eligible for inclusion up to 30 June 2025. From 1 July 2025, the NatWest Group climate and transition finance framework was used. Both frameworks are available at Natwestgroup.com

(8) Co-managers are not captured by the PCAF standard. NWM Group’s inclusion aligns with NatWest Group’s climate and sustainable funding and financing inclusion criteria(7), and climate and transition finance framework(7), as well as the PCAF Standard’s guidance relating to greenhouse gas (GHG) accounting and its recommendations to adopt a ‘follow the money’ approach.

(9) A syndicated loan transaction is defined as a loan made available by two or more providers under a common loan agreement and ranking credit is assigned upon signature of the loan documentation. Where a financial institution provides an underwriting facility that puts the institution’s capital at risk, this should be treated separately from the role they provide in arranging and facilitating an issuance.

(10) The syndicated loan market is a private market with no requirement for banks to report collectively into third-party league tables. NWM Group identified relevant loan markets volumes based upon an internal scope and methodology with an aim to align to guidance from PCAF issued in December 2024. The numbers reported are therefore presented on a best endeavours basis and are subject to change as guidance develops.

(11) The 2024 facilitated emissions comparatives have been updated from 1.28 $MtCO_2e$ to 1.07 $MtCO_2e$, and attributable bond underwriting and syndicated lending from £94,367m to £89,400m, as a result of updating the scope for syndicated lending to exclude best-efforts passive roles.

(12) In 2025, we identified an overstatement in the 2024 bond underwriting co-manager volumes. Accordingly, the 2024 comparative has been restated to aid comparability where considered material, reducing the volume noted above in footnote 10 from £89,400 million to £44,940 million.

(13) Other consists of Technology, Media & Telecommunications of £3,855 million and emissions of 0.02 MtCO2e (2024 £1,982 million and 0.01 MtCO2e respectively) and Business & Professional Services of £856 million and emissions of 0.01 MtCO2e (2024 £1,072 million and 0.07 MtCo2e respectively).

(14) NWM Group aims to estimate facilitated emissions using the latest data available, recognising there may be a lag between the availability of emissions data and the date of record for reporting. As a consequence of this lag, more recent changes in a counterparty’s activities may not be reflected in the estimate of facilitated emissions. NWM Group continues to refine its estimates as NWM Group enhances its understanding, calculation methodologies and data. Also, methodologies to calculate emissions for certain sectors are still under development. Based on these limitations, NWM Group expects its estimates to change as NWM Group improves the granularity and coverage of customer climate data and develop methodologies further.

(15) The table should be read in conjunction with the NWM Group Climate and sustainability risk factors included above, please see “*Risk Factors–Climate and sustainability-related risks*”.

Pension risk

Definition

Pension risk is the inability to meet contractual obligations and other liabilities to the established employee or related company pension scheme.

Sources of risk

NWM Group has exposure to pension risk through its defined benefit schemes worldwide. The two largest NWM Group schemes are the AA and the NatWest Markets sections of The NatWest Group Pension Fund. Refer to Note 5 to the 2025 Financial Statements for further details on NWM Group's pension obligations, including sensitivities to the main risk factors.

Pension scheme liabilities vary with changes in long-term interest rates and inflation as well as with pensionable salaries, the longevity of scheme members and legislation.

The Trustee of NWM Group's largest schemes holds buy-in policies with a third-party insurer. Under the buy-in insurance contracts, the insurers make payments to the scheme to cover pension benefits due to members. As a result, the schemes are protected against all material demographic and market risks.

These risks have been replaced with the risk that the insurer defaults on payments due to the scheme. Uninsured pension scheme assets continue to vary with changes in market risk drivers such as interest rates, inflation expectations and credit spreads.

NWM Group is therefore still exposed to the risk that the schemes' assets, together with future returns and additional future contributions, are estimated to be insufficient to meet liabilities as they fall due. In such circumstances, NWM Group could be obliged (or might choose) to make additional contributions to the schemes or be required to hold additional capital to mitigate this risk.

Governance

Risk governance for pension risk is in line with the approach outlined in the Risk management framework section.

The NWM Pension Committee, chaired by the Chief Financial Officer, reviews and monitors risk management, asset and liability strategy and financing issues on behalf of NWM Group. As part of its remit, the Committee:

- Considers the financial strategy, risk management and policy implications of NWM Group pension schemes.
- Reviews and recommends NWM Group pension risk appetite to the NWM Group Executive Risk Committee and the NWM Group Board Risk Committee.
- Reviews the pension impact on the capital plan for NWM Group and escalates any concerns to the NWM Group Assets & Liabilities Committee.

Risk appetite

Risk appetite for pension risk is in line with the approach outlined in the Risk management framework section.

NWM Group maintains an independent view of the risk inherent in its pension funds. NWM Group has a pension risk appetite statement that is reviewed and approved at least annually by the Board on the Board Risk Committee's recommendation to ensure it remains appropriate and aligned to strategy.

Policies and standards are in place to provide formal controls for pension risk reporting, modelling, governance and stress testing. A pension risk policy, which sits within the enterprise-wide risk management framework, is also in place and is subject to associated framework controls.

Measurement and monitoring

Pension risk is monitored by the NWM Group Executive Risk Committee and the NWM Group Board Risk Committee by way of the monthly risk management report. Relevant pension risk matters are escalated to the Board as applicable.

Stress tests are carried out each year on NWM Group's material defined benefit pension schemes. These tests are also used to satisfy the requests of regulatory bodies such as the Bank of England.

The stress testing framework includes pension risk capital calculations for the purposes of the Internal Capital Adequacy Assessment Process as well as additional stress tests for a number of internal management purposes. The results of the stress tests and their consequential impact on NWM Group's balance sheet, income statement and capital position are incorporated into NWM Group's and overall NatWest Group stress test results.

Mitigation

As a result of the buy-in transaction for NWM Group's largest schemes, the schemes are now protected against all material demographic and market risks.

If, in an extreme scenario, the insurer was unable to make payments due to the scheme under the buy-in insurance contract, NWM Group would continue to be responsible for financially supporting the scheme to meet pension benefits. However, significant mitigants are in place against this risk, including the insurance regulatory regime and residual surplus assets retained within the scheme. The financial strength of the third-party insurer is also monitored on a periodic basis by the Trustee and NatWest Group.

The potential impact of climate change is one of the factors considered in managing the assets of the pension schemes. The NatWest Group Pension Fund Trustee monitors the risk to its investments from changes in the global economy and invests, where return justifies the risk, in sectors that reduce the world's reliance on fossil fuels, or that may otherwise promote environmental benefits. The Trustee also expects third party insurers to have appropriate policies to address climate risk and to report on climate exposure attributable to the AA section.

Further details regarding the NatWest Group Pension Fund Trustee's approach to managing climate change risk can be found in its Responsible Ownership Policy, its net zero commitment and its climate disclosures produced on an annual basis, as required by The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

Operational risk

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.

Sources of risk

Operational risk may arise from a failure to manage operations, systems, processes, transactions, and assets appropriately. This includes human error, an inability to deliver change adequately or on time, the non-availability of technology services, or the loss of customer data. It also includes systems failure, theft of NWM Group property, information loss, the impact of natural or man-made disasters and the threat of cyberattacks.

Operational risk can also arise from a failure to account for changes in law or regulations or to take appropriate measures to protect assets.

Key developments in 2025

- The enhanced risk and control self-assessment approach (RCSA) was refined further with a focus on material operational risks and controls across the key end-to-end processes.

- The use of automated data-led insights was embedded to oversee the operational risk profile and manage it within appetite.

- Improvements to technology end-of-life risk management were implemented to mitigate associated technology and cyber risks.

- AI tools have been introduced to support the articulation and adequacy of controls including generative AI chat bots to support the embedding of frameworks and to help with horizon scanning.

- Compliance with UK and EU operational resilience regulatory requirements was achieved and maintained along with material compliance with the EU Digital Operational Resilience Act.

- NWM Group continued to embed and evolve the assessment of its operational resilience with increasingly severe, complex, and prolonged scenario tests for cyber, third-party, and significant IT failure risks.

- Threat horizon scanning and vulnerability management processes were enhanced to support risk identification, scenario testing and the prioritisation of risk mitigation activities.

Governance

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

The Operating Committee discusses operational risk matters relating to the control environment, NWM Group's implementation of the EWRMF, risk identification and oversight of return-to-appetite plans. Significant issues are escalated to the Board Risk Committee.

Risk appetite

Risk appetite for operational risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for operational risk are in line with the approach outlined in the Risk management framework section. NWM Group has additional levels of monitoring over and above the risk management framework requirements via dedicated fora for the discussion of material risks as well as governance and controls committees established for each principal business function for the escalation and discussion of material concerns.

Mitigation

Mitigation for operational risk is in line with the approach outlined in the Risk management framework section. Operational risks are mitigated by applying preventative and detective controls which are assessed on adequacy and effectiveness through the RCSA process on a regular basis to determine risk exposure. Mitigation is prioritised using a risk-based approach considering risk appetite.

Operational resilience and cybersecurity

NWM Group maintains a robust approach to operational resilience through comprehensive, NatWest Group-wide processes. These include regular scenario tests that simulate increasingly severe and sophisticated disruption events. In 2025, as part of NatWest Group's operational resilience strategy, severe but plausible disruption scenario tests were undertaken and encompassed cyber threats, third-party risks, and significant IT failures confirming the preparedness and effectiveness of NatWest Group's operational resilience strategies, and plans including third party arrangements in the event of severe but plausible disruptions.

This rigorous approach was underpinned with the enhancement., ongoing monitoring and transparent reporting of risk indicators and performance metrics for Important Business Services.

In Q1 2025, the NatWest Group operational resilience annual self-assessment confirmed its approach to enhancing and strengthening operational resilience met the UK and EU regulatory requirements for operational resilience, within defined timeframes.

By meeting the 2025 compliance deadlines for these critical regulatory frameworks, NatWest Group demonstrated the strength and reliability of its systems and controls. This enables effective risk management, minimises potential disruptions, and safeguards both customers and the wider financial system. These efforts reinforce NatWest Group's commitment to building trust and stability within financial services.

NWM Group recognises and continues to prioritise operational resilience as an outcome and benefit of the effective management of a range of interconnected operational risks, ensuring NWM Group continues to meet regulatory expectations for its operational resilience with continued involvement in a number of industry-wide operational resilience forums.

This engagement provides a valuable cross-sector perspective on the evolving operational resilience landscape and supports NWM Group's ability to adapt to ongoing innovation and change, both internally and across the financial services sector.

NWM Group operates layered security controls and its architecture is designed to provide inherent protection against threats. This approach avoids reliance on any one type or method of security control. Minimum security control requirements are set out in key risk policies, standards, processes and procedures.

Throughout 2025, NatWest Group continued to monitor and manage the threat landscape focusing on:

- Initial access brokers (cyber criminals who specialise in breaching organisations then selling the access to other threat actors), ransomware gangs and, in light of ongoing geopolitical tensions, nation states.

- Innovations in technology, assessing the inherent risk and developing appropriate responses to manage any associated risks. Artificial Intelligence, Quantum Computing and Cloud Adoption have been areas of focus in 2025.

As cyberattacks evolve, NatWest Group continues to invest in additional capability designed to defend against emerging risks.

Event and loss data management

The operational risk event and loss data management process ensures NWM Group captures and records operational risk events with financial and non-financial impacts that meet defined criteria. Loss data is used for internal, regulatory and industry reporting and is included in capital modelling when calculating economic capital for operational risk. The most serious events are escalated in a simple, standardised process to all senior management, by way of an early event escalation process. NWM Group has not experienced a material cybersecurity breach or associated material loss in the last three years.

All financial impacts and recoveries associated with an operational risk event are reported against the date they were recorded in NatWest Group's financial accounts. A single event can result in multiple losses (or recoveries) that may take time to crystallise. Losses and recoveries with a financial accounting date in 2025 may relate to events that occurred, or were identified in, prior years. NatWest Group purchases insurance, against specific losses, including cyberattacks, and to comply with statutory or contractual requirements.

Compliance and conduct risk

Definition

Compliance risk is the risk that NWM Group fails to observe the letter and spirit of all relevant laws, codes, rules, regulations and standards of good market practice.

Conduct risk is the risk of inappropriate behaviour towards customers, or in the markets in which NWM Group operates, which leads to poor or inappropriate customer outcomes, and/or undermines market integrity.

The consequences of failing to meet compliance and/or conduct responsibilities can be significant and could result, for example, in legal action, regulatory enforcement, material financial loss and/or reputational damage.

Sources of risk

Compliance and conduct risk exist across all stages of NWM Group's relationships with its customers and arise from a variety of activities including product design, marketing and sales, complaint handling, staff training, and handling of confidential inside information.

As set out in "*Description of NWM Group–Litigation and Regulatory Matters*", members of NWM Group are party to legal proceedings and are subject to investigation and other regulatory action in the UK, the US and other jurisdictions.

Key developments in 2025

- As part of the Non-Financial Risk Enhancement Programme, NatWest Group reviewed its compliance and conduct framework against the Operational Riskdata eXchange Association (ORX) regulatory compliance and conduct risk taxonomy. ORX is the largest operational risk management association in the financial services sector and this industry-standard taxonomy informed proposals for the annual risk directory refresh, including new level 2 risks and a consolidation of conduct and regulatory compliance risks into a single 'compliance and conduct level 1 risk' from 2026. These changes will enhance risk coverage, strengthen integration with the EWRMF, and align more closely with industry practice.

- NWM Group are also evaluating alternative rules mapping approaches, including a regulatory traceability model supported by an integrated AI-enabled platform. This will simplify governance, reduce complexity, and improve consistency, while ensuring NatWest Group's framework remains resilient and future-ready.

- On 4 September 2025, the U.S. Court of Appeal approved an amendment of the plea agreement and formally terminated the Monitorship (extended oversight) of NatWest Markets Plc (NWM). This is a result of the notable progress made in strengthening NWM's compliance programme, improvements in internal controls and remediation, and the status of the implementation of the Monitor's recommendations. NWM's obligations under the plea agreement and probation have been extended until December 2026. Going forward, NWM will report progress on the compliance programme to the US Department of Justice directly.

- The FCA's March review of the treatment of vulnerable customers recognised progress but highlighted areas for improvement. NWM Group remains committed to delivering fair outcomes and maintaining regulatory compliance.

- The PRA and FCA are consulting across the financial services industry on the Senior Managers and Certification Regime that could reduce the number of roles within scope by up to 40%, with His Majesty's Treasury (HMT) supporting swift implementation.

- HMT has launched a consultation to review the Financial Ombudsman Service's (FOS) remit and modernise the framework. The FCA and FOS have published next steps, signalling coordinated reform of consumer compensation mechanisms.

Governance

NWM Group defines appropriate standards of compliance and conduct and ensures adherence to those standards through its risk management framework.

To support ongoing oversight of the management of the compliance and conduct risk profile, there are a number of committees in place across both the first and second line of defence. Relevant compliance and conduct matters are escalated through the NWM Group Executive Risk Committee and Board Risk Committee.

Risk appetite

Risk appetite for compliance and conduct risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for compliance and conduct risk are in line with the approach outlined in the Risk management framework section.

Mitigation

Mitigation for compliance and conduct risk is in line with the approach outlined in the Risk management framework section.

Activity to mitigate the most material compliance and conduct risk is carried out across NWM Group with specific areas of focus in the customer-facing businesses and legal entities. Examples of mitigation include consideration of customer needs in business and product planning, targeted training, conflicts of interest management, market conduct surveillance, complaints management, mapping of priority regulatory requirements and independent monitoring activity. Internal policies help support a strong customer and market conduct focus across NWM Group.

Financial crime risk

Definition

Financial crime risk is the risk that NWM Group's products, services, employees and/or third parties are intentionally or unintentionally used to facilitate financial crime in the form of money laundering, terrorist financing, bribery and corruption, sanctions and tax evasion, as well as external or internal fraud.

Sources of risk

Financial crime risk may be present if NWM Group's customers, employees or third parties undertake or facilitate financial crime, or if NWM Group's products or services are used intentionally or unintentionally to facilitate such crime. Financial crime risk is an inherent risk across all lines of business.

Key developments in 2025

- Significant investment continued to be made to support the delivery of the multi-year transformation plan across financial crime risk management.
- Enhancements were made to technology, data quality and data analytics to improve the effectiveness of systems used to monitor customers and transactions and this work will continue into 2026.
- In January, the FCA published the "Assessing and reducing the risk of Money Laundering Through the Markets" report. The NWM Group's first line of defence conducted a gap analysis of the report's key findings against the existing controls in NWM Group and concluded that there were no material gaps other than those known about and documented as part of Risk Issues. The analysis was oversighted by the NWM Group second line of defence.
- The Economic Crime & Corporate Transparency Act (2023) became effective from 1 September 2025 – Section 199 introduced the offence of failure to prevent fraud and requires the implementation of reasonable measures to prevent fraud by staff or other associated persons. NWM Group conducted a risk assessment against this requirement as part of a NatWest Group-wide review – no material controls were identified as being missing.
- During 2025, a self-identified data issue impacting the transaction monitoring control continued to be assessed through four workstreams. That work continues to be conducted and will continue into 2026. Regulatory authorities, including the FCA, have been advised of the issue and receive regular update reports.
- There was active participation in public/private partnerships including the Joint Money Laundering Intelligence Taskforce and Data Fusion. Following the success of the pilot, Data Fusion has become a permanent operational capability, able to deliver benefits across the public-private economic crime system.

This includes the implementation of a permanent public-private Joint Analytical Team, housed within the National Crime Agency.

Governance

Risk governance for financial crime risk is in line with the approach outlined in the Risk management framework section.

The Financial Crime Risk Committee, which is chaired by the Head of Financial Crime/SMF17, is NWM Group's second line of defence financial crime risk oversight forum. The committee reviews and monitors key financial crime risks providing guidance, challenge, recommendations and decisions on issues affecting NWM Group globally. Where appropriate, the committee escalates material financial crime risks and issues across NWM Group to the NWM Executive Risk Committee and NWM Group Board Risk Committee. The committee is an escalation point for the Financial Crime Oversight Committee, which is first line owned and the principal financial crime committee in NWM Group.

Risk appetite

Risk appetite for financial crime risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Measurement and monitoring for financial crime risk are in line with the approach outlined in the Risk management framework section.

Financial crime risks are identified and reported through continuous risk management and regular reporting to NWM Group's senior risk committees and both the NatWest Group and NWM Group Boards. Quantitative and qualitative data is reviewed and assessed to measure whether financial crime risk is within appetite.

Mitigation

Mitigation for financial crime risk is in line with the approach outlined in the Risk management framework section.

Through the financial crime framework, relevant policies, systems, processes and controls are used to mitigate and manage financial crime risk. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions and behaviours that may require further investigation or other actions. Centralised expertise within NatWest Group is available to detect and disrupt threats to NWM Group and its customers.

Intelligence is shared with law enforcement, regulators and government bodies to strengthen national and international defences against those who would misuse the financial system for criminal motives.

Model risk

Definition

Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial, accounting, mathematical or data science theories, techniques and assumptions to process input data into estimates.

Sources of risk

NWM Group uses a variety of models in the course of its business activities. Examples include the use of model outputs to support measuring and assessing risk exposures (including credit and market risk), valuation of positions, calculating regulatory capital and liquidity requirements and automation of operational processes. The models used for stress-testing purposes also play a key role in ensuring NWM Group holds sufficient capital, even in stressed market scenarios.

Model applications may give rise to different risks depending on the business segment in which they are used. Model risk is therefore assessed separately for each business segment in addition to the overall assessment made for NWM Group.

Key developments in 2025

- Continued with a programme of work to implement model risk management (MRM) framework changes that were introduced in 2024 in response to PRA's Supervisory Statement 1/23 across the model landscape.
- Introduced further updates to the MRM framework to address feedback received from the PRA following their industry-wide thematic review of MRM and further improve model risk management practices.
- Deterministic quantitative methods, which are complex and material calculators that although not technically models still present similar risks, were brought in scope of the MRM framework.
- Enhanced the framework for the independent validation of models.
- Delivered model inventory design changes to support implementation of MRM framework enhancements, including a focus on recording of model use, which has enabled better oversight and risk management of models.
- Continued focus on improving the completeness and accuracy of model risk data contained within the inventory through enhanced oversight metrics and targeted remediation work.

Governance

Risk governance for model risk is in line with the approach outlined in the Risk management framework section. A governance framework is in place to ensure policies and processes relating to models are appropriate and effective. Two roles are key to this – model risk owners and model validation leads. Model risk owners are responsible for model approval and ongoing performance monitoring. Model validation leads, in the second line of defence, are responsible for oversight, including ensuring that models are independently validated prior to use and on an ongoing basis aligned to the model's tier.

The NWM Group model management committee is used to govern key model risk management matters and escalate to senior management where required.

Risk appetite

Risk appetite for model risk is in line with the approach outlined in the Risk management framework section.

Measurement and monitoring

Model risk is measured and managed through continuous assessment and regular reporting to NatWest Group's senior risk committees and at Board level.

Policies, toolkits and model standards related to the development, validation, approval, implementation, use and ongoing monitoring of models are in place to ensure adequate control across the lifecycle of an individual model.

All models developed for use are assigned a model tier, based on the model's materiality and complexity. Risk-based model tiering is used to prioritise risk management activities throughout the model lifecycle, and to identify and classify those models which pose the highest risk to NWM Group's business activities, safety and/or soundness.

Validation of material models is conducted by an independent risk function comprising of skilled, well-informed subject matter experts. This is completed for new models or material amendments to existing models and as part of an ongoing periodic programme to assess model performance. The frequency of periodic revalidation is aligned to the tier of the model.

The independent validation focuses on a variety of model features, including model inputs, model processing, model outputs, the implementation of the model and the quality of the ongoing performance monitoring.

Independent validation also focuses on the quality and accuracy of the development documentation and the model's compliance with regulation.

The model materiality combined with the validation rating provides the basis for model risk appetite measures and enables model risk to be robustly monitored and managed across NWM Group.

Ongoing performance monitoring is conducted by model owners and overseen by the model validators to ensure parameter estimates and model constructs remain fit for purpose, model assumptions remain valid and that models are being used consistently with their intended purpose. This allows timely action to be taken to remediate poor model performance and/or any control gaps or weaknesses.

Mitigation

By their nature – as approximations of reality – model risk is inherent in the use of models. It is managed by refining or redeveloping models where appropriate – due to changes in market conditions, business assumptions or processes – and by applying adjustments to model outputs (either quantitative or based on expert opinion). Enhancements may also be made to the process within which the model output is used in order to further limit risk levels.

Reputational risk

Definition

Reputational risk is the risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events.

Sources of risk

The three primary drivers of reputational risk are: failure in internal risk management systems, processes or culture; NWM Group's actions materially conflicting with stakeholder expectations; and contagion (when NWM Group's reputation is damaged by failures in key sectors including NWM Group's supply chain or other partnerships).

Key developments in 2025

- Enhancements were made to expand the requirements of the reputational risk policy to suppliers and third parties.

- The environmental, social and ethical (ESE) animal welfare, mining and metals and forestry, fisheries and agribusiness risk acceptance criteria were reviewed and updated in line with strategic objectives. From 1 January 2026, the name of the ESE Risk Framework was updated to the Environmental & Social Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to organisational risk appetite, rather than values-based judgements

Governance

Risk governance for reputational risk is in line with the approach outlined in the Risk management framework section.

A reputational risk policy supports reputational risk management across NWM Group. Reputational risk registers are used to manage reputational risks identified within relevant business areas. These are reported to the relevant NWM Group business risk committee.

Material reputational risks to NWM Group are escalated via the NWG Group reputational risk register, which is reported at every meeting of the Group Reputational Risk Committee. The Group Reputational Risk Committee also opines on matters that represent material reputational risks. The Executive and Board Risk Committees oversee the identification and reporting of reputational risk.

Risk appetite

Risk appetite for reputational risk is in line with the approach outlined in the Risk management framework section.

Reputational risk appetite is approved by the Board. NWM Group manages and articulates its appetite for reputational risk through a qualitative reputational risk appetite statement and associated quantitative measures.

The risk appetite statements and associated measures for reputational risk are reviewed at least annually by the Board on the Board Risk Committee's recommendation to ensure they remain appropriate and aligned to strategy.

NWM Group seeks to identify, measure and manage risk aligned to stakeholder trust. However, reputational risk is inherent in NWM Group's operating environment and public trust is a specific factor in setting reputational risk appetite.

Measurement and monitoring

Relevant internal and external factors are monitored through regular reporting via reputational risk registers at NWM Group business level. They are escalated, where appropriate, to the relevant NWM Group executive committee and where material, to the NatWest Group Reputational Risk Committee.

Additional principal risk indicators for material risks being monitored are also reported to the Group Reputational Risk Committee and to the Executive and Board Risk Committees.

Mitigation

Standards of conduct are in place across NWM Group requiring strict adherence to policies, procedures and ways of working to ensure business is transacted in a way that meets – or exceeds – stakeholder expectations.

External events that could cause reputational damage are identified and mitigated through NWM Group's top and emerging risks process (where sufficiently material) as well as through the NatWest Group and business-level reputational risk registers.

REGULATION AND SUPERVISION

NWM Plc and the wider NatWest Group are subject to extensive financial services laws, regulations, administrative actions and policies in the UK and each location in which NWM Plc and NatWest Group operate. The following is a summary of the principal applicable legal regimes (and does not purport to be exhaustive).

The UK Financial Services Regulatory System

The UK financial services regulatory system is comprised of three main regulatory bodies: the FPC, which is a committee of the BoE; the PRA, a subsidiary of the BoE; and the FCA. Separately, the BoE has responsibility for the regulation of certain financial market infrastructures such as central securities depositaries and central counterparties, as well as for taking action to manage the failure of financial institutions as the UK resolution authority.

FPC

The FPC was established in 2013 as part of an overhaul of the UK regulatory system to improve financial stability following the financial crisis. The FPC is responsible for macro-prudential regulation, meaning that it monitors the stability and resilience of the UK financial system as a whole, identifying and taking action where necessary in order to reduce systemic risk. The FPC can direct the PRA and FCA to take certain actions to reduce systemic risk but it does not have direct regulatory responsibility for UK authorised firms.

PRA

The PRA has responsibility for the authorisation, prudential regulation and supervision of firms such as banks, building societies, insurers and systemically important investment firms. Firms that are subject to regulation by the PRA are referred to as PRA-authorised firms, or dual-regulated firms, as the FCA has responsibility for regulating the conduct of such firms. The PRA's general objective is to promote the safety and soundness of PRA-authorised firms.

FCA

The FCA is responsible for the authorisation, prudential regulation and supervision of all other authorised firms in the UK and it is the conduct regulator of firms authorised by the PRA. In discharging its responsibilities, the FCA must have regard to its strategic objective and its operational objectives. The FCA's strategic objective is to ensure that financial markets in the UK function well. Its strategic objectives include the protection of consumers, protecting and enhancing the integrity of the UK financial system, promoting effective competition in the interests of consumers, and facilitating the international competitiveness of the UK economy and its growth in the medium and long term. The FCA also oversees the Payment Systems Regulator, which is an operationally independent subsidiary of the FCA that regulates payment systems in the UK. The Payment Systems Regulator will soon be abolished and its functions will be transferred to the FCA.

UK regulatory legislation

UK banking and financial services firms were previously subject to both domestic and EU-derived regulation. Following the UK's withdrawal from the EU, UK banking and financial services firms are subject to domestic regulation, although much of the EU-derived regulation that applied previously has been incorporated into UK domestic law through the European Union (Withdrawal) Act 2018, as amended. EU-derived legislation which now forms part of UK domestic law was initially referred to as retained EU law and is now called "assimilated law". Over time, EU-derived rules and regulations relating to financial services will be repealed and, in most cases, replaced by rules developed by the UK's financial services regulators within a legislative framework established by Parliament and the government. The primary UK financial services statute is the Financial Services and Markets Act 2000 (as amended, "FSMA"), and its subordinate legislation. The FSMA provides that no person can perform a regulated activity without being authorised or exempt. A regulated activity is a specific activity that relates to a specified type of investment. The FSMA (Regulated Activities) Order 2001, as amended, which is a statutory instrument made under the FSMA, specifies the types of activities that, when performed in relation to specified products or investments, are regulated activities in the UK. These activities include: dealing in investments as agent and as principal, deposit taking, issuing electronic money, insurance related activities, advising on investments and managing investments.

The PRA and FCA rules establish criteria for the authorisation of banks and other financial services firms that carry out regulated activities in the UK. Any person holding or proposing to hold 10 per cent or more of the shares or voting power of a bank or other financial services firm, or of its parent undertaking, are subject to prior approval by the PRA or FCA. The threshold is 20 per cent in respect of certain types of financial services firms. The PRA or FCA may object on the basis of reputation or prudential considerations. The PRA is the competent authority of NWM Plc and of NatWest Group plc, and receives information on the capital adequacy of NatWest Group as a whole.

Prudential Regulation

Banks in the UK are subject to prudential framework as set out in the PRA Rulebook, UK primary legislation such as Part 9D of the FSMA, onshored Capital Requirements Regulation ('**CRR**'), as updated and amended as well as onshored Regulatory and Implementing Technical Standards and PRA supervisory statements and other guidance material. Generally, the Capital Requirements Directive ('**CRD**') has been incorporated into the PRA Rulebook. The framework covers a wide range of prudential requirements for UK banks, including capital requirements, leverage ratio requirements, the large exposures framework and liquidity and funding requirements.

The Financial Services Act 2021, as amended ('**FS Act**'), makes extensive reforms to the UK financial services regulatory framework, including to the prudential regime applicable to UK banks. The FS Act also provides a mechanism for HM Treasury and the PRA to implement into UK law provisions that give effect to certain Basel standards as well as the final Basel 3.1 standards.

The FS Act amended the FSMA by inserting a new Part 9D, noted above, on the prudential regulation of credit institutions. The provision of Part 9D FSMA apply to the making of prudential rules, that is, the rules that apply to banks and certain firms in their groups that relate to the implementation of the Basel standards. HM Treasury and the PRA have implemented the Basel standards through a combination of secondary legislation (Capital Requirements Regulation (Amendment) Regulations 2021 (SI 2021/1078) and the Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (SI 2021/1376)), updates to the PRA Rulebook and through PRA and FPC supervisory materials. The PRA published Policy Statement 1/26 in January 2026, which laid out the PRA's final rules concerning the implementation of Basel 3.1 in the PRA Rulebook.

These regulations issued pursuant thereto set up safeguards to protect depositors by establishing total capital ratios that require banks to have sufficient own funds such as common equity or subordinated debt in relation to assets. In addition, liquidity rules require banks to maintain sufficient liquid assets to meet depositor claims on demand or otherwise.

Under the CRR, banks must calculate and hold capital against credit risk, including counterparty credit risk ('**CCR**'), market risk, credit valuation adjustment ('**CVA**') and operational risk.

The standard method for credit risk assessment is based on the defined credit risks of various groups of assets, taking into consideration the nature of the counterparty and the counterparty's obligation. The CRR allows a bank to apply a standardised method or a modelled internal ratings based method to calculate credit risks. NWM plc has model permission from the PRA to calculate credit risk RWAs using the internal ratings based approach on a range of exposure classes; the standardised approach is used where no model permission is in place for specific exposures.

Market risk is the risk arising from changes in fair value on positions, assets, liabilities or commitments as a result of fluctuations in market prices. It is calculated on both on- and off-balance sheet positions and arises from customer transactions and managing the bank's own balance sheet and operations. Market risks include the risk of loss due to changes in interest rates, foreign exchange rates, commodities, traded credit spreads and equity prices.

CVA risk arises from potential losses generated by the fair-value accounting adjustment to the price of derivative transactions due to the deterioration in the creditworthiness of the counterparty to those transactions.

Banks must also maintain capital with respect to operational risk, which is the risk of losses resulting from internal process or systems failures as well as from external events.

The total capital requirement applicable to a bank is established by measuring all exposures weighted according to credit, market, and operational risk against the capital of the relevant bank. Accordingly, the capital of a bank must amount to a certain minimum percentage (as described below) of the risk-weighted exposure amount (which includes the calculated items associated with market risk) of such bank.

For purposes of complying with the capital requirements of the CRR, the capital base is divided into three main categories: CET1 capital, AT1 capital and tier 2 capital. CET1 capital consists of equity capital adjusted for statutory deductions whereas the tier 1 capital consists of CET1 capital plus additional tier 1 capital adjusted for statutory deductions. CET1 capital primarily includes paid-up share capital and reserves (excluding revaluation reserves), and is reduced by, among other items, losses (if any) incurred during the current financial year and the Issuer's holdings of its own shares. Certain capital interests in other financial institutions in excess of certain limited amounts have to be deducted from the total amount of CET1 capital, additional tier 1 capital and tier 2 capital.

AT1 is another form of capital instruments, which may be included in tier 1 capital to meet the solvency/TCR, subject to certain conditions and limitations. The limitations and conditions are that AT1 capital must be converted during emergency situations and may be converted at the initiative of the PRA or if a certain contractual capital trigger is reached. Additionally, AT1 capital instruments may not contain any incentive for the credit institution to redeem and must be perpetual.

Tier 2 capital for banks consists of subordinated debt instruments issued by a bank. Subordinated debt instruments are debt obligations, which, in case of a bankruptcy or liquidation, are subordinated to ordinary claims on the issuing bank (which in turn are at least equal to the claims of depositors). Subordinated debt instruments must include interest deferral and principal reduction features, and can, therefore, be applied towards covering losses of the issuing bank even if that bank is allowed to carry on its business. However, the subordinated debt instruments may not contain any incentive to redeem or repurchase before five years after the date of issuance. In addition, the instrument must be amortised beginning on the first day of the final five-year period of the contractual maturity.

Under the CRR, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent of risk-weighted assets. In addition to these so-called minimum own funds Pillar I requirements, the PRA requires additional Pillar II capital to be maintained by institutions relating to elements of risks which are not fully captured by the minimum own funds Pillar I requirements or to address macro-prudential requirements.

The board of directors and management of a bank must ensure that the Issuer has adequate base capital and has internal procedures for risk measurement and risk management for regular assessments and maintenance of a base capital of a size, type and distribution adequate to cover the risks of the institution.

The board of directors and management of a bank must, on the basis of the above-mentioned assessment, calculate the individual solvency need of the Issuer (ICAAP procedure). The solvency need shall be expressed as the adequate base capital as a percentage of the risk-weighted assets. The solvency need may not be less than the solvency requirement and the minimum capital requirement.

A further combined buffer applies in addition to the Pillar I and Pillar II capital requirements. The combined buffer consists of a countercyclical buffer and a capital conservation buffer.

The capital conservation buffer and the countercyclical capital buffer are designed to ensure that credit institutions accumulate a sufficient capital base during periods of economic growth to absorb losses during periods of stress. The capital conservation buffer is set at 2.5 percent. The countercyclical buffer requirement is calculated as a weighted average of the national buffers in effect in the jurisdictions in which a bank has credit exposures.

Failure to meet the combined buffer requirement results in restrictions on institutions' ability to make '**discretionary payments**' (which are distributions in connection with CET1 capital, payments on additional tier 1 instruments and payments of variable remuneration). The restrictions are scaled according to the extent of the breach of the combined buffer requirement.

The combined buffer requirement is stacked on top of the Pillar II capital requirements. If the combined buffer requirement is breached, the institution must submit a capital conservation plan for approval by the PRA. However, for the purpose of determining automatic restrictions on discretionary payments (i.e. the maximum distributable amount or MDA), Pillar II capital requirements should not be taken into account. Nonetheless, the PRA may choose to impose restrictions on discretionary payments on the basis of the submitted capital conservation plan. There can be no assurance as to the relationship between any of the aforementioned or future incremental own funds requirements, any combined buffer requirement and the associated restrictions on discretionary payments. The

Pillar II capital requirements should be taken into account when the combined buffer requirement is breached and the MDA is determined. Furthermore, the combined buffer is also stacked on top of the MREL requirement. Consequently, MREL also needs to be taken into account in the calculation of the MDA, subject to a six-month grace period in case of inability to issue eligible debt, during which restrictions relating to MDA would not be triggered, but authorities would be able to take other appropriate measures.

In 2021, the PRA introduced a Leverage Instrument requiring credit institutions that exceed a certain deposit or foreign asset threshold to calculate, report, monitor and publish their leverage ratios, defined as a percentage of their tier 1 capital over their total exposure measure. A minimum leverage ratio of 3.25% became binding from 1st January 2023, with an additional amount for the countercyclical buffer. In the UK, the risk of excessive leverage is addressed as part of the Pillar II capital requirements. The LCR and NSFR are two key liquidity standards in the PRA Rulebook, which aim to promote the stability and resilience of the banking sector. Firms are required to maintain a LCR and NSFR of at least 100%. The LCR ensures that firms have an adequate stock of unencumbered liquid assets that consists of cash, or assets that can be converted into cash at little or no loss of value to meet liquidity needs for a 30 calendar day liquidity stress scenario. The NSFR requires firms to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. It seeks to limit overreliance on short-term wholesale funding, encourage better assessment of funding risk across all on- and off-balance sheet items, and to promote funding stability.

The PRA also governs the Large Exposure framework in the UK, which is designed to limit the risk of excessive concentration to a single counterparty or group of connected counterparties.

The PRA is currently in the process of implementing the Basel 3.1 changes. These mainly impact capital requirements for standardised and internal ratings based Credit Risk, Market Risk, CVA, CCR and Operational Risk. An aggregate “output floor” is also being introduced to ensure that total RWAs for firms using advanced or internally modelled methods and subject to the floor cannot fall below 72.5% of RWAs under the standardised approach. The implementation date is 1 January 2027. The PRA has delayed the introduction of additional Pillar III capital requirements under Basel 3.1 until that date, with full implementation of Basel 3.1 standards intended to take place by 1 January 2030.

Other jurisdictions are also in the process of implementing their own version of the Basel 3.1 rules which will affect NWM entities operating in those jurisdictions. In the EU, CRR3, which implements Basel 3.1, became effective on 1 January 2025, except for the new Market Risk rules which have been delayed until 1 January 2027.

Resolution powers

Under the Banking Act 2009, as amended (the "Banking Act"), substantial powers are granted to the BoE (or, in certain circumstances, HM Treasury), in consultation with the Prudential Regulation Authority, the Financial Conduct Authority and HM Treasury as appropriate, as part of a special resolution regime (the "SRR").

Under the SRR, the BoE is granted substantial powers to resolve and stabilise UK-incorporated financial institutions that are failing or likely to fail. Specifically, there are five options available to regulatory authorities under the current SRR to stabilise a failing financial institution: (i) transfer all or part of the business of the failing institution or the shares of the failing institution to a private sector purchaser; (ii) transfer all or part of the business of the failing institution to a bridge bank that is wholly-owned by the BoE; (iii) transfer part of the assets, rights or liabilities of the failing institution to one or more asset management vehicles; (iv) write-down, conversion, transfer, modification, or suspension of the failing institution’s equity, capital instruments and liabilities; and (v) temporary public ownership of the failing institution.

These tools may be applied to NatWest Group plc as the parent company or to NWM Group, as an affiliate, where certain conditions are met (such as, whether the firm is failing or likely to fail, or whether it is reasonably likely that action will be taken (outside of resolution) that will result in the firm no longer failing or being likely to fail). Moreover, the SRR provides for modified insolvency and administration procedures for relevant entities, and confers ancillary powers on UK regulatory authorities, including the power to modify or override certain contractual arrangements in certain circumstances. Regulatory authorities are also empowered to amend the law for the purpose of enabling the powers under the SRR to be used effectively. Such orders may apply retrospectively.

UK regulatory authorities are generally required to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the UK. Moreover, the 'no creditor worse off' safeguard contained in the Banking Act, under which creditors should not incur losses greater that they would have incurred had the failing institution been wound-up under normal insolvency proceedings, may not apply to the application of the separate write-down and conversion power relating to capital instruments under the Banking Act, in circumstances where a stabilisation power is not also used. However, holders of debt instruments which are subject to the power may have ordinary shares transferred to or issued to them by way of compensation.

Conduct Regulation

The FCA's Annual Work Programme for 2025/2026 sets out 4 strategic priorities, noting an emphasis on:

- Operating as a 'smarter' regulator, with a greater focus on efficiency and effectiveness: where the FCA plans to streamline its data collection initiatives to reduce the burden on regulated firms and simplify firms' engagement with the FCA through revamped digital processes. The FCA also plans to prioritise a smaller number of regulatory issues by focussing its engagement on areas where harm is greatest. Additionally, the FCA is seeking to develop a more flexible model of oversight, with less intensive supervision for firms which are demonstrably seeking to adhere to the FCA's principles and regulations.

- Supporting growth: the FCA will prioritise working with firms to increase the competitiveness of the UK financial services industry, seeking to increase productivity and innovation within the sector.

- Helping consumers navigate their financial lives: the FCA has noted that many UK consumers face financial difficulties and would struggle to deal with the impacts of a financial shock. The FCA wants to see firms offering more products to help people improve their financial lives, including, among other things, the introduction of services providing targeted support to individuals who do not currently access financial advice.

- Fighting financial crime: the FCA has highlighted its higher rate of successful enforcement actions in relation to financial crime in recent years, and emphasised its efforts to improve its technology and provide consumers with tools to better protect themselves.

Consumer Duty

The FCA has implemented rules relating to how regulated firms are to interact with and provide services to retail customers, including a new Principle, which requires firms to act to deliver good outcomes for retail customers (the "**Consumer Duty**"). The Consumer Duty regime also sets "cross-cutting rules", which explain how firms should act to deliver good outcomes and apply to all areas of firm conduct as well as the "four outcomes", which set more detailed expectations for firm conduct in relation to: (i) the governance of products and services; (ii) price and value; (iii) consumer understanding; and (iv) consumer support. The Consumer Duty rules came into force from 31 July 2023 for new and existing products or services and have applied to closed products and services (products that are no longer marketed or distributed to retail customers, nor open to renewal) from 31 July 2024. The FCA has emphasised in Annual Work Programme for 2025/2026 that it will prioritise making the Consumer Duty a central part of regulated firms' interactions with their customers.

Anti-Money Laundering ("AML") initiatives, financial crime prevention initiatives and Countries Subject to Sanctions

In recent years, combating money laundering and terrorist financing has been a major focus of governmental policy towards financial institutions. Applicable bank regulatory authorities are imposing, and industry groups and participants are adopting, heightened standards, and law enforcement authorities have been taking a more active role in prosecuting potential violations. If a financial institution were to fail to comply with relevant regulations or to maintain and implement adequate and appropriate programmes to that end, this could have serious legal and reputational consequences for that institution.

Significant changes were made to the UK's AML and counter-terrorist financing ("CTF") regime in the year ended 31 December 2017. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 replaced the Money Laundering Regulations 2007 and the Transfer of Funds (Information on the Payer) Regulations 2007 with provisions that implemented the EU Fourth Anti-Money Laundering Directive and the EU Funds Transfer Regulation.

In the EU, the EU Fifth Anti-Money Laundering Directive ("**MLD5**") entered into force in July 2018, with a requirement for Member States, including the UK, to transpose it by 10 January 2020. A key change in MLD5 is a requirement on entities to take steps to mitigate the risks arising from their business relationships with persons in certain designated "high risk" jurisdictions, including by undertaking prescribed enhanced due diligence measures and by limiting business relationships and transactions with such persons. This may impact the amount of business that the NWM Plc can conduct in these jurisdictions. MLD5 has been implemented in the UK by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 which amend the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The EU Sixth Anti-Money Laundering Directive ("MLD6") came into effect on 3 December 2020, with EU member states required to implement the new measures by 3 June 2021. It expands the scope of existing EU anti-money laundering legislation and toughens criminal sanctions across the EU. The UK did not incorporate MLD6 into law as the implementation period was after the end of the post-Brexit transition period agreed between the UK and EU.

NWM Plc's AML policy directly reflects relevant national and international laws, regulations and industry standards. All client engagements, products and services are in scope of this policy.

The requirements in NWM Plc's AML policy cover minimum standards and controls related to: money laundering, terrorist financing, export trade controls, proliferation financing, sanctions (economic, financial and trade) and countries designated by NWM Plc as ultra-high risk. The effectiveness of those controls is reviewed periodically.

NWM Plc complies with sanctions laws and regulations of the UK, EU, United Nations and US, as well as other applicable sanctions laws and regulations in the jurisdictions in which NWM Plc operates.

NWM Plc continues to improve its sanctions compliance controls to respond to risks of new or expanding sanctions regimes.

The Bribery Act 2010 contains offences relating to bribing another person, being bribed and bribing foreign public officials. It also contains an offence for commercial organisations for failing to prevent bribery. The Ministry of Justice has published guidance about procedures which commercial organisations can put into place to help prevent against persons associated with them engaging in such activity.

With effect from 30 September 2017, the Criminal Finances Act 2017 introduced a new criminal offence for businesses that fail to take adequate steps to prevent their associates (employees, agents or other persons who perform services for or on behalf of the business concerned) from facilitating tax evasion. Only where the business has put in place reasonable prevention procedures to prevent facilitation of tax evasion by their associates will it have a defence. HMRC has published guidance on the types of processes and procedures that may be put in place by businesses to limit the risk of representatives criminally facilitating tax evasion.

The Modern Slavery Act 2015 requires companies supplying goods or services with a total global annual turnover of thirty-six million pounds sterling (£36 million) or more that are carrying out a business, or part of a business, in the UK to publish a slavery and human trafficking statement each financial year. The total turnover is calculated taking into account the turnover of any subsidiary undertakings.

The Economic Crime and Corporate Transparency Act 2023 (the "**ECCTA**") introduces a number of key changes in relation to financial crime prevention. Among other things, the ECCTA creates a strict criminal liability for larger firms (like those in the NWM) that do not have reasonable procedures to prevent a fraud committed by an associated person (including employees and outsourced providers).

In October 2025, following a consultation process, the UK Government decided to launch an initiative to reform the UK's AML and CTF regimes. Among other things, the UK Government is seeking to consolidate responsibility for AML and CTF oversight for all professional services firms within one public regulator. The UK Government plans to provide the FCA with new supervisory functions and additional funding as part of this effort.

Sustainability Disclosure Requirements and Anti-Greenwashing Regulation

NWM Plc and its subsidiaries are increasingly becoming subject to more extensive, and sophisticated sustainability-related laws and regulations in the UK, EU and the US, including in relation to mandatory climate and other sustainability reporting and due diligence, climate transition plan and product labelling.

In 2024, the FCA introduced its anti-greenwashing rule and guidance which apply to all FCA-authorised firms who make claims about the sustainability characteristics of their products and services. In this context "sustainability characteristics" encompasses only "environmental and/or social characteristics", (with the FCA viewing governance "to be an enabler of environmental or social outcomes, rather than an end in itself").

Forthcoming Regulatory Changes and Relevant Regulatory Initiatives

Wholesale markets reform and the future regulatory framework

In March 2022, HM Treasury set out the direction of travel for UK wholesale markets regulation when it published feedback on the UK Wholesale Markets Review. The FSMA 2023 contains the framework for this process of wholesale markets reforms. The reforms, which are gradually being put in place, are being made through amendments to legislation (such as the EU Regulation on Markets in Financial Instruments ("**MiFIR**"), as incorporated into UK law) and through giving powers to the FCA to take parts of the UK's MiFID II framework into the FCA Handbook, with a view to leading the reforms in some key areas, including (among others):

- the UK equity and non-equity transparency requirements;
- the introduction of a framework for UK consolidated tape providers; and
- changes to the unbundling requirements applicable to investment research.

The FCA has either consulted on or introduced reforms in these areas over the course of 2024. Similar changes are being made at European Union level, with changes to MiFID II and MiFIR being introduced in 2024.

The government's plans for the future regulatory framework – now rebranded a Smarter Regulatory Framework (the "**SRF**") – are underpinned by the FSMA 2023. Under the FSMA 2023, HM Treasury and the PRA and the FCA are empowered to shape how regulation is maintained and made, including in relation to how assimilated law is removed from the statute books. The government has identified 43 files of retained EU law which need to be dealt with under its Smarter Regulatory Framework programme. Some of this law will be repealed without replacement. Additionally changes planned as part of the SRF include:

- revoking and replacing the EU Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIPs) (as it forms part of UK domestic law) with a new disclosure regime for Consumer Composite Investments that is tailored to the UK;
- a new "Designated Activities Regime" to allow certain financial activities to be regulated without requiring the persons providing them to seek authorisation; and
- expansion of the regulatory perimeter – for example, under the FSMA 2023, the PRA and the FCA have been granted the power to regulate access to cash, critical third parties and cryptoassets.

Changes to the EU Regulation on OTC derivatives, central counterparties and trade repositories ("**EMIR**") (as incorporated into UK law, "**UK EMIR**") reporting requirements have been made in 2024. UK EMIR will eventually be revoked under the FSMA 2023 and replaced by new rules in the regulators' rulebooks. The timing for completing this process is unclear; however, new technical standards on the reporting requirements and procedures for data quality under UK EMIR applied from 30 September 2024. The UK Government also published two draft statutory instruments in 2025, which will introduce reforms to the regulations governing UK EMIR 'central counterparties' once implemented.

The new reporting rules extend the level of detail to be reported, require reconciliation by trade repositories of the reports made by each counterparty, and provide for enhanced responsibilities for notifying regulators of errors and omissions. Additionally, during 2023, regulators moved to extend several temporary exemptions under UK EMIR. These include temporary exemptions from clearing for pension schemes; clearing and margining for intragroup transactions with counterparties in non-equivalent jurisdictions; and margin requirements for certain equity and index options.

The FSMA 2023 introduced the concept of digital settlement assets ("**DSAs**") and gives HM Treasury powers to bring DSAs under financial regulation as needed. This aims to future-proof the UK regulatory regime for innovations in the digital asset space, potentially laying the groundwork for stricter future regulation of crypto assets and stable coins.

Changes to individual accountability and the Senior Managers and Certification Regime ("**SMCR**") are expected in 2026. Following an initial call for evidence which garnered views on the effectiveness, scope and proportionality of the SMCR, and sought views on potential improvements and reforms, the Chancellor announced in her 2024 Mansion House speech that HMT, the FCA and the PRA intend to publish a follow-up consultation. In July 2025, the PRA and the FCA published consultation papers on the SMCR in parallel, proposing certain alterations to the regime. The full extent of the potential changes is unclear at this stage, although indications provided by the PRA and the FCA at this stage are that their modifications to the SMCR will not engender a radical shift in approach.

The FCA has introduced restrictions in relation to financial promotions of higher risk investments and cryptoassets. Additional restrictions on approving financial promotions came into force on 7 February 2024. From this date, authorised persons, such as banks, wishing to approve financial promotions must seek permission from the FCA to do so, unless an exemption is available. The FCA has published its Crypto Roadmap, setting out key dates for the development of a comprehensive regulatory framework for crypto in the UK. The Roadmap forecasts the publication of all Policy Statements to be completed by 2026, with the regime taking effect shortly thereafter.

The banking industry is increasingly using AI to achieve the speed, agility, and flexibility to help it compete effectively. Banks must balance this objective with continuing to manage the scale, security standards, and regulatory requirements of a traditional financial-services enterprise. In its 2024 AI Update, the FCA confirmed it plans to pursue a technology-agnostic approach to the use of AI in financial services. The FCA has maintained that its approach is outcomes-based and that its focus is on ensuring that firms utilise AI in a manner that is consistent with the broader principles of UK financial services regulations, albeit its 2026 Mills Review is seeking views on the future impact of AI on retail banking and what that might mean or regulation.

MANAGEMENT AND SHAREHOLDINGS

Board of Directors

The Board is the main decision-making body for the Issuer. It has overall responsibility for the management of the business and affairs of the Issuer and supervises the Executive Management, whereas the Executive Management is in charge of the day-to-day management observing the guidelines issued by the Board of Directors. Please refer to '*Management and Shareholdings—Executive Management*.' Under the current governance structure, the Board of Directors sets the strategic targets of the Issuer and its subsidiaries, ensures that the necessary resources are in place for the Issuer to meet its obligations, is responsible for approving the capital and funding plans and reviews the operational and financial performance of the Issuer. The Board of Directors monitors and maintains the consistency of the Issuer's activities within the strategic direction of NatWest Group, and ensures the Issuer manages risk effectively through approving and monitoring the Issuer's risk appetite, considering Group stress scenarios and agreed mitigants and identifying longer-term strategic threats to the Issuer's business operations. The Board of Directors' Terms of Reference includes key aspects of the Issuer's affairs reserved for the Board of Directors' decision and are reviewed at least annually. The Board of Directors is collectively responsible for the long-term success of NWM Plc and the delivery of sustainable value to its shareholders.

Other than the matters reserved specifically for the Board, the Board has delegated responsibility to the Chief Executive Officer. This includes responsibility for the operational management of the Issuer's businesses, as well as reviewing high-level strategic issues and considering risk appetite, risk policies and risk management strategies in advance of these being considered by the Board of Directors and/or its Committees. Specific delegated authorities are also in place in relation to business commitments across NWM Group. The Board of Directors appoints and dismisses the Chief Executive Officer.

The members of the Board of Directors as at the date of this Registration Document are as follows:

	First elected to the Board of Directors
Non-Executive Directors	
Tamsin Rowe, *Interim Chair (1)*	2019
Anne Simpson	2020
Sabrina Wilson	2023
Rupert Hume-Kendall	2025
Thierry Roland	2025
Executive Directors	
Jonathan Peberdy, *Chief Executive Officer*	2024
Simon Lowe, *Chief Financial Officer*	2022

(1) The external search for a permanent NWM Group Chair is at an advanced stage. Further details regarding the proposed appointment will be provided in due course.

The business address for the current members of the Board of Directors is NWM Plc, 250 Bishopsgate, London EC2M 4AA, United Kingdom.

Ms. Tamsin Rowe

Ms. Rowe joined the NWM Plc Board following her retirement in 2019 from Morgan Stanley, where she spent 31 years and was most recently Head of International HR. Ms. Rowe took on the responsibilities of Interim Chair of the Board, in addition to her role as Chair of the Performance and Remuneration Committee in March 2025.

During her time at Morgan Stanley, Ms. Rowe was a sounding board and counsellor for the international business and led the HR department to support the business to deliver a range of projects including driving excellence in talent management; conduct and culture; assessing and supporting acquisitions, integrations and divestitures; and remuneration.

Ms. Rowe began her career in HR with Thomson Travel, prior to joining Morgan Stanley. She is a graduate of the University of Kent and London School of Economics and is a member of the Guild of Human Resources Professionals and the Institute of Personnel and Development.

Ms. Rowe serves as a member of the following principal Committees of the Issuer:

- Board Risk Committee
- Performance & Remuneration Committee (Chair)
- Nominations Committee

Ms. Anne Simpson

Ms. Simpson joined the NWM Plc Board in September 2020. Ms. Simpson is a Chartered Accountant and spent her career with PwC working across audit, accounting consultancy, regulatory and governance roles advising major international banks. She also led a number of high-profile reviews on behalf of the UK regulators covering a wide range of topics including IT, governance and regulatory reporting. Most recently, she was Senior Partner in the firm's Banking & Capital Markets Regulatory team and Chair of the firm's UK Supervisory Board. She was a member of the ICAEW Risk and Regulatory Committee from 2009-2017.

Ms. Simpson serves as a member of the following principal Committees of the Issuer:

- Board Risk Committee
- Audit Committee (Chair)
- Performance & Remuneration Committee
- Nominations Committee

Ms. Sabrina Wilson

Ms. Wilson joined the NWM Plc Board in September 2023. Ms. Wilson has more than 25 years' experience in financial services and global markets, having held a variety of senior roles in New York and London for Citigroup, JP Morgan, Goldman Sachs and Deutsche Bank. In July 2025, Ms. Wilson joined GFO-x (Global Futures and Options Ltd), which specialises in Digital Asset Derivatives Trading, Clearing and Market Infrastructure solutions, as Group Chief Operating Officer.

Prior to joining the NWM Plc Board, Ms. Wilson was Chief Operating Officer of Copper Technologies (UK) Limited, a digital custodian, prime and infrastructure solutions provider. She was Global Co-Head of Citigroup's Futures, OTC Clearing and FX Prime Brokerage business and oversaw a period of development of the bank's global execution and algorithmic platforms in listed products. Ms. Wilson has deep experience in eTrading, clearing, prime brokerage and digital assets. As well as holding executive appointments at a senior level, Ms. Wilson has served as a non-executive director of TS Imagine since December 2021 and was a member of the European Advisory Board of the Futures Industry Association from 2017 to 2021.

Ms. Wilson serves as a member of the following principal Committees of the Issuer:

- Board Risk Committee (Chair)
- Audit Committee
- Performance & Remuneration Committee
- Nominations Committee

Mr. Rupert Hume-Kendall

Mr. Hume-Kendall joined the NWM Plc Board in April 2025. Mr. Hume-Kendall is an experienced financier and former capital markets and investment banker. He spent his executive career at UBS and BofA Merrill Lynch. His last role was Chair of Bank of America Merrill Lynch International Limited sitting also on the EMEA and GCM EXCOs.

Mr. Hume-Kendall runs Blue Port Group which owns a Commercial Real Estate company, and separately an LSE registered Investment Fund. He is Chair of the city owned Truro Regeneration Company CIC which develops real estate. He is on the Advisory Council of Tate St Ives. He is an Advisory Board member of STJ Advisors. He is also Vice Chair at Finteum, an innovative intraday liquidity solutions platform.

Mr. Hume-Kendall serves as a member of the following principal committees of the Issuer:

- Board Risk Committee
- Performance & Remuneration Committee
- Nominations Committee

Mr. Thierry Roland

Mr. Roland joined the NWM Plc Board in April 2025. Mr. Roland is a seasoned global banking executive with a 35-year career at HSBC across Europe, the US and Asia. He has deep expertise in global financial markets and regulatory engagement, with extensive experience managing complex balance sheets, leading global teams and driving significant organisational transformations.

During his executive career, Mr. Roland held a number of roles including Group Treasurer, CEO of Global Banking & Markets in both Europe and the Americas and CEO of HSBC Securities Inc, the US broker dealer. Mr. Roland also gained extensive experience interacting with subsidiary boards during his time at HSBC.

Mr. Roland serves as a member of the following principal committees of the Issuer:

- Board Risk Committee
- Audit Committee
- Nominations Committee

Mr. Jonathan Peberdy

In July 2024, Mr. Peberdy was appointed CEO of NatWest Markets having formerly held the position of interim Deputy CEO of NatWest Markets since August 2023.

Mr. Peberdy joined NatWest as a graduate and spent the first part of his career on the Bond Syndicate and EMTN desks. He moved to UK Flow Credit Sales in 2009 and, in October 2013, was appointed Head of Credit & Asset Backed Sales for EMEA, responsible for distributing all credit and asset backed products in the region.

Mr. Peberdy became Global Head of Syndicate in 2015, responsible for all syndicate activities from commercial paper to bonds and loans and across the entire credit spectrum.

Mr. Peberdy has a Bachelor's degree in Industrial Economics from Nottingham University.

Mr. Simon Lowe

Mr. Lowe joined NatWest in 2005 and has undertaken a number of previous roles: Head of Finance for Credit Markets, Head of Markets Decision Support, Financial Controller, NWM Plc and, most recently, Director of Finance, NWM Plc. In his current role as Chief Financial Officer he advocates purposeful behavior, looking at all areas of inclusion, wellbeing, recognition and connectivity.

Between 1992 and 2005 he held a variety of senior finance positions at J.P. Morgan, UBS and Lehman Brothers, where he held the role of Head of Fixed Income Product Control, Europe.

He graduated with a BSc from the University of Bradford and is qualified as a Chartered Accountant.

Executive Management

The Executive Directors of NWM Plc act as the Executive Management and have responsibility for the day-to-day management of the Issuer.

The members of the Executive Management as at the date of this Registration Document are as follows:

	Position	**Year of birth**	**Appointed on the Executive Management**
Jonathan Peberdy	Chief Executive Officer	1978	2024

Simon Lowe	Chief Financial Officer	1966	2022

Conflict of Interest

The Issuer has procedures in place to ensure that the Board's management of conflicts of interest and its powers for authorising certain conflicts are operating effectively. On appointment, each director is provided with the Issuer's guidelines for referring conflicts of interest to the Board. Each director is required to notify the Board of any actual or potential situational or transactional conflicts of interest and to update the Board with any changes to the facts and circumstances surrounding such conflicts.

Situational conflicts can be authorised by the Board in accordance with the Companies Act 2006 and the Issuer's articles of association. The Board considers each request for authorisation on a case-by-case basis and has the power to impose conditions or limitations on any authorisation granted as part of the process.

Except as set out in the biographies listed in this disclosure, no potential conflicts of interest exist between any duties to the Issuer of the directors listed above and their private interests and/or other duties.

Remuneration and Benefits

Remuneration of the Board of Directors

	2025	2024
	£'000	
Directors' remuneration		
Non-Executive Directors emoluments	367	391
Chair and executive directors – emoluments	2,669	2,774
	3,036	3,165
Amounts receivable under LTIPs, share option and other plans	922	792
Total	3,958	3,957

The total emoluments and amounts receivable under long-term incentive plans and share option plans of the highest paid director were £2,567,000 (2024 - £2,247,000).

Non-executive directors receive a basic fixed fee for service on the Board. They are not eligible to participate in the Issuer's incentive programs and do not receive performance-based remuneration. The fixed fee is determined in accordance with market standard and reflects the qualifications and competencies required in view of the Issuer's size and complexity, the responsibilities and the time non-executive directors are expected to allocate to discharge their obligations as Board members. The Chair of the Board receives an annual fixed fee.

In addition to the base fixed fee, non-executive directors receive additional compensation if they also serve as members of one or more of the Board Committees. The Chair of a Board Committee also receives an additional fee.

For information on the remuneration for Executive directors, as well as for other members of the Board of Directors, see Note 29 ('*Directors' and key management remuneration*') to the 2025 Financial Statements incorporated by reference into this Registration Document.

Remuneration of the Executive Management

The compensation of the key management is outlined in the table below.

	2025	2024
	£'000	
Short term benefits	12,599	14,496
Post-employment benefits	486	554
Share based payments	5,615	4,943
	18,700	19,993

Short term benefits include benefits expected to be settled wholly within twelve months of balance sheet date. Post-employment benefits include defined benefit contributions for active members and pension funding to support contributions to the defined contribution schemes. Share-based payments include awards vesting under rewards schemes.

For additional information regarding remuneration of the members of the Executive Management, see Note 29 (‘*Directors' and key management remuneration’*) to the 2025 Financial Statements incorporated by reference into this Registration Document.

Severance Terms for the Executive Management

Mr. Peberdy and Mr. Lowe may terminate their service contracts by giving 6 months’ notice. The Issuer may terminate the service contract of Mr. Peberdy and Mr. Lowe with 6 months’ notice. Members of the Executive Management are not entitled to any severance pay other than salary while under notice.

Performance-based Share Remuneration Program

The executive directors may participate in NatWest Group’s long-term incentive plans, executive share option and share save schemes. Where directors of NWM Group are also directors of NatWest Group, details of the interests in NatWest Group plc’s shares arising from their participation are provided in the Directors’ remuneration report in the Annual Report and Accounts of NatWest Group plc for the year ended 31 December 2025.

Board Practices

An Annual General Board Meeting shall be held once every year, at such time (subject to statutes) and place as may be determined by the Board. The directors may whenever they think fit, and shall on requisition in accordance with the statutes, proceed to convene a General Board Meeting.

The quorum necessary to proceed with a General Board Meeting may be fixed by the Board and unless so fixed at any other number shall be three. A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board. The external auditors and the Chief Internal Auditor are invited to participate in meetings of the Board where matters relevant to the auditing or the financial reporting of the Issuer are considered.

The Board may delegate any of its powers, authorities or discretions (including, for the avoidance of doubt, any powers, authorities or discretions relating to the remuneration of directors, the varying of directors’ terms and conditions of employment or the conferring of any benefit on directors) to committees consisting of such directors, or any other person, as the directors think fit.

Committees

General

The Board has established four committees: the Risk Committee, the Audit Committee, the Performance & Remuneration Committee, and the Nominations Committee. The tasks of the committees are laid out in the Terms of Reference for each committee, which are reviewed at least once a year.

The Audit Committee comprises at least two independent non-executive directors and assists the Board in discharging its responsibilities for the disclosure of the financial affairs of the Issuer. It reviews the accounting policies, financial reporting and regulatory compliance practices of the Issuer, the Issuer’s system and standards of internal controls, and monitors the Issuer’s processes for internal audit and external audit and reviews the practices of the segmental Risk and Audit Committees.

The Board Risk Committee comprises at least two independent non-executive directors. It provides oversight and advice to the Board on current and potential future risk exposures of the Issuer and risk strategy. It reviews the Issuer’s performance on risk appetite and oversees the operation of the Issuer’s Policy Framework.

The Performance & Remuneration Committee comprises at least four independent non-executive directors and oversees the implementation of NatWest Group’s policy on remuneration. It also considers and makes recommendations on remuneration arrangements for senior executives of the Issuer.

The Nominations Committee comprises five non-executive directors, and is chaired by the Chair of the Issuer. It is responsible for assisting the Board in the formal selection and appointment of directors. It reviews the structure, size and composition of the Board, and membership and chairing of Board committees.

Declaration on Corporate Governance

By adhering to sound principles of corporate governance, the Issuer wishes to maintain the confidence of investors, achieve its financial objectives and act with integrity towards all its stakeholders. The Issuer aims to create transparency for shareholders and other stakeholders by describing aspects of its organisation and processes through its annual report and accounts approved by the Board.

Shareholdings

NatWest Group plc owns 100 per cent of the shares in the Issuer and therefore controls the entity, including the election of members of the Board.

RELATED PARTY TRANSACTIONS

Pursuant to IFRS, a related party to NWM Group is either a party over which NWM Group has control or significant influence or a party that has control or significant influence over NWM Group. All entities over which NWM Group has control are consolidated and are therefore not considered a related party in relation to NWM Group.

NWM Group has a number of transactions and other commercial activities with NatWest Group entities. Certain significant contractual and other relationships with NatWest Group entities are described, amongst others, in '*Operating and Financial Review – Primary Factors Affecting NWM Group's Results of Operations – Relationship with NatWest Group*' and *'Operating and Financial Review—Primary Factors Affecting NWM Group's Results of Operations—Recent Changes to NWM Group's Scope of Activities Relating to the UK's Exit From The EU.'*

UK government

In May 2025, the UK Government through HM Treasury sold its remaining shareholding in NatWest Group plc. Under UK listing rules the UK Government and UK Government-controlled bodies ceased to be related parties on 12 July 2025, 12 months after the UK Government shareholding in NatWest Group plc fell below 20%.

NWM Group enters into transactions with many of these bodies on an arm's-length basis. Transactions include the payment of: taxes principally UK corporation tax and VAT; national insurance contributions; local authority rates; and regulatory fees and levies (including the bank levy and FSCS levies).

BoE Facilities

NWM Group may participate in a number of schemes operated by the BoE in the normal course of business.

In March 2024 Bank of England Levy replaced the Cash Ratio Deposit scheme. Members of NatWest Group that are UK authorised institutions having eligible liabilities greater than £600 million are required to pay the levy. They also have access to BoE reserve accounts: sterling current accounts that earn interest at the BoE Base Rate.

Other Related Parties

(a) In their roles as providers of finance, NWM Group companies provide development and other types of capital support to businesses.

(b) To further strategic partnerships, NWM Group may seek to invest in third parties or allow third parties to hold a minority interest in a subsidiary of NWM Group. Related parties where stakes of 10 per cent or more are held are disclosed. Ongoing business transactions with these entities are on normal commercial terms. At 31 December 2025 NWM Group held investment in associates and joint ventures amounting to £3 million (2024 - £3 million).

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

(d) NWM Group is recharged from other NatWest Group entities, mainly NWB Plc which provides the majority of shared services (including technology) and operational processes.

(e) The primary financial statements include transactions and balances with subsidiaries which have been further disclosed in the relevant parent company notes.

THE ISSUER

Registered Office

NatWest Markets Plc
36 St Andrew Square
Edinburgh EH2 2YB
United Kingdom
Tel: +44 (0)131 556 8555

Principal Office

NatWest Markets Plc
250 Bishopsgate
London, EC2M 4AA
United Kingdom
Tel: +44 (0)207 085 5000

INDEPENDENT AUDITORS

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY