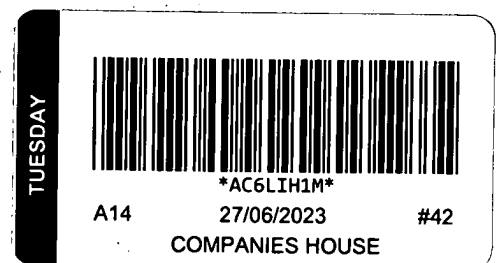


**Company Registered No: 00337004**

**LOMBARD NORTH CENTRAL PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**



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## **OFFICERS AND PROFESSIONAL ADVISERS**

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**DIRECTORS:**

I J Isaac  
J P Thwaite

**COMPANY SECRETARY:**

NatWest Group Secretarial Services Limited

**REGISTERED OFFICE:**

250 Bishopsgate  
London  
EC2M 4AA

**INDEPENDENT AUDITOR:**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

**Registered in England and Wales**

# STRATEGIC REPORT

## ACTIVITIES AND BUSINESS REVIEW

### Activity

The principal activity of Lombard North Central PLC ("the Company") continues to be the provision of credit finance by way of instalment credit, loans and leasing.

The Company is a subsidiary of NatWest Group plc which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of NatWest Group plc review these matters on a group basis. A copy of the NatWest Group plc annual report is available at [www.natwestgroup.com](http://www.natwestgroup.com) and on the Companies House website. A copy can also be requested from Legal, Governance and Regulatory Affairs, NatWest Group, Gogarburn, Edinburgh, PO Box 1000, EH12 1HQ.

"NatWest Group" comprises NatWest Group plc, its subsidiaries and associated undertakings.

### Review of the year

#### Business review

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. Post balance sheet events are described in note 24 to the financial statements.

#### Financial performance

The Company's financial performance is presented on pages 9 to 11.

Turnover increased by £81 million (2021: decreased by £34 million) and operating expenses increased by £19 million (2021: £7 million). After other income of £165 million (2021: £15 million), impairment losses of £36 million (2021: reversals of £86 million) and finance costs of £110 million (2021: £35 million), the profit after tax for the year was £225 million (2021: £193 million), an increase of 17% over 2021.

Dividends totalling £335 million were paid during the year (2021: £155 million).

At the end of the year, the balance sheet showed total assets of £10,236 million (2021: £9,389 million), including income-generating assets comprising finance lease receivables of £4,994 million (2021: £4,610 million) and loans receivables of £4,925 million (2021: £4,396 million) together representing an increase of 10%. Total shareholders' funds were £229 million (2021: £339 million).

#### Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks other than credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the NatWest Group Asset and Liability Management Committee.

The Company is funded by facilities from National Westminster Bank Plc. The majority of these are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise finance lease receivables and loan receivables which would expose it to interest, currency, credit, liquidity and market risk.

The principal risks associated with the Company are as follows:

#### Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed is to interest rate risk.

#### Interest rate risk

Structural interest rate risk arises where assets and liabilities have different repricing maturities.

Finance lease and loan receivables are based on fixed and floating rates. These are funded primarily through balances owed to group undertakings, which are also a mix of fixed and floating rates. The repricing maturity profile of the financial assets of the Company may be different to that of the associated borrowings and hence give potential exposure to interest rate risk.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities and limiting any repricing mismatches.

#### Currency risk

The Company undertakes certain transactions denominated in foreign currencies, hence exchange rate fluctuations arise. The Company's policy is normally to match foreign currency receivables with borrowings in the same currency.

#### Credit risk

Credit risk management seeks to match the risk of credit failure to price of credit on granting a facility whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the group's credit risk management framework provides oversight and challenge of frontline credit risk management activities. Governance activities include:

- Defining credit risk appetite measures for the management of concentration risk and credit policy to establish the key causes of risk in the process of providing credit and the controls that must be in place to mitigate them.
- Approving and monitoring operational limits for business segments and credit limits for customers.
- Oversight of the first line of defence to ensure that credit risk remains within the appetite set by the board and that controls are being operated adequately and effectively.
- Assessing the adequacy of Expected Credit Losses ("ECL") provisions including approving key International Financial Reporting Standard ("IFRS") 9 inputs (such as significant increase in credit risk (SICR) thresholds) and any necessary in-model and post model adjustments through NatWest Group and business unit provisions and model committees.
- Development and approval of credit grading models.

#### Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

The Company manages its liquidity risk by having access to Group funding.

## STRATEGIC REPORT

### Stakeholder engagement and s.172(1) statement

This section of the Strategic report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Company is a wholly owned subsidiary of NatWest Group plc. As such, its operations are aligned to the strategy and purpose of NatWest Group plc and it follows the policies and procedures of NatWest Group plc, as applicable. This is reflected, as appropriate, in the disclosures below.

### Board engagement with stakeholders

NatWest Group recognises the importance of engaging with stakeholders and understanding their views, to help inform strategy and Board discussions and decision-making. For 2022, the key stakeholder groups remained business customers of all sizes, from small family run businesses to large commercial enterprises, a panel of selected asset finance brokers, NatWest employees ("colleagues" being full time, part time, contractors and agency staff employed by NatWest Group) engaged on Company related work, and suppliers who support the Company in the provision of elements of its products and services.

### Our Stakeholders

The Company's key stakeholders and the engagement methods used by directors to understand their views and interests are set out below.

#### Customers

At NatWest Group, we want to know what our customers think about us. It helps us better understand their needs and improve the products and services we offer.

During the year, the Board received regular updates on customer issues through Lombard customer satisfaction surveys, customer feedback and complaint volumes. Further information on customers can be found in the NatWest Group plc 2022 Annual Report and Accounts.

#### Colleagues

We want NatWest Group to be a great place to work. By offering a fulfilling job, a healthy workplace, fair rewards, excellent development and great leadership, we believe together our colleagues can thrive and unlock the full potential of NatWest Group.

Information on how NatWest Group engages with colleagues, including details of the People Pledges, colleague listening strategy, performance and reward, the NatWest Group Academy and diversity, equity and inclusion, can be found in the NatWest Group plc 2022 Annual Report and Accounts.

#### Regulators

NatWest Group operates in a highly regulated market which continues to evolve in scope. As such, we understand the need to have an ongoing, constructive and open dialogue with all relevant regulatory bodies.

Further information on how NatWest Group engages with regulators can be found in the NatWest Group plc 2022 Annual Report and Accounts.

#### Suppliers

As a purpose-led business, we foster strong relationships with all our key stakeholders, including our supply chains.

Further information on suppliers, including NatWest Group's Supplier Charter, can be found in the NatWest Group plc 2022 Annual Report and Accounts.

### Communities and environment

Making a positive contribution to the communities in which we live and work is integral to delivering on our purpose. The Company actively adopts the NatWest Group's purpose of championing potential, helping people, families and businesses to thrive. In particular the Company is supporting customers to take action on the risks and opportunities climate change presents and to transition to a low carbon economy.

Further information on communities and environment can be found in the NatWest Group plc 2022 Annual Report and Accounts, the NatWest Group plc 2022 Climate-related Disclosure Report and the NatWest Group plc ESG Supplement.

Supporting effective Board discussions and decision-making  
NatWest Group's purpose – championing potential, helping people, families and businesses to thrive – continues to influence the Company's Board discussions and decision-making.

Relevant stakeholder interests, including those of colleagues, customers, suppliers and others are considered by the Board during its discussions and when it takes decisions. In making its decisions, the Board also considers the need to maintain a reputation for high standards of business conduct, and the long-term consequences of its decisions. However, Directors are mindful that it is not always possible to achieve an outcome which meets the requirements, needs and/or expectations of all stakeholders who are, or may be impacted.

Principal decisions are those decisions taken by the Board that are material, or of strategic importance to the Company, or are significant to any of the Company's key stakeholders.

Decisions were taken to pay interim dividends to the Company's sole shareholder. These decisions were made after careful consideration of the distributable reserves available to the Company and the effect of the distributions on the Company's long-term success.

Other decisions taken by the Board during the financial year were routine in nature but considered relevant stakeholder interests, as appropriate.

Further details on how NatWest Group plc engages with its stakeholders can be found in the NatWest Group plc 2022 Annual Report and Accounts.

### Going concern

These financial statements are prepared on a going concern basis, see note 1(a) on page 12.

## STRATEGIC REPORT

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### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare a Strategic report, Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that year/period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Strategic report, Directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### DIRECTORS' INDEMNITIES

NatWest Group plc has indemnified the directors under qualifying third-party terms.

### EMPLOYEE POLICIES

Details of the number of employees and related costs can be found in note 5.

Additional information in relation to employees can be found in the Annual Report and Accounts of NatWest Group plc.

Approved by the Board of Directors and signed on its behalf:



Ian Isaac (Jun 22, 2023 12:22 GMT+1)

I J Isaac  
Director

Date: 22 June 2023

## DIRECTORS' REPORT

The Strategic report includes the review of the year, risks, disclosure of information to auditors, directors' indemnities and note of post balance sheet events. Details of the board's engagement with employees, customers, suppliers and others, and how these stakeholders' interests have influenced board decision making are set out on page 3 of the Strategic report which includes a section 172(1) statement.

### DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year, are listed on page 1.

### GOVERNANCE

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 the directors of the Company are required to provide a corporate governance statement in the Directors' Report. The Company has not applied a corporate governance code for the financial year but operates within NatWest Group governance framework, further details of which are provided below. The disclosures below explain the Company's corporate governance arrangements.

#### 1. Purpose and Leadership

NatWest Group's Purpose is established by NatWest Group Board, promoted across NatWest Group plc and cascaded to subsidiaries including the Company. Further information on NatWest Group's Purpose can be found in the 2022 Annual Report and Accounts of NatWest Group plc. Sharing this Purpose has informed the Company's decision-making process where the needs of customers and staff have been carefully considered in setting its strategic direction.

NatWest Group's strategy is set and approved by the NatWest Group Board. The board of directors of the Company (the Board) reviews and sets the strategic direction of the Company within the parameters set by the NatWest Group Board. The Board also oversees the execution of the Company's strategy and holds executive management to account for its delivery. There is regular reporting to the Board on risk culture and compliance which allows the Board to have appropriate oversight of risk matters that are relevant for the Company.

#### 2. Board Composition

The Board has two directors comprising the Chairman and one executive director. The names of the current directors and secretary are shown on page 1. The size of the Board is considered appropriate, taking into account the size and scale of the Company's business.

Both directors receive accurate, timely and clear information on relevant matters and have access to the advice and services of the Company Secretary.

The Board is structured to ensure that the directors provide the Company with the appropriate balance of skills, experience and knowledge. A review of the Board composition was undertaken in advance of the extension of the Senior Managers & Certification Regime (SMCR) to ensure that the directors had appropriate experience, skills and knowledge to undertake their duties.

#### 3. Director Responsibilities

Directors receive guidance on their statutory duties under the Companies Act 2006 and are supported in the discharge of their duties by the Company Secretary. Each director has a role profile which clearly articulates their responsibilities and accountabilities and any additional regulatory responsibilities and accountabilities are set out in their Statement of Responsibilities.

NatWest Group also produces and maintains a document called "Our Governance" which sets out the governance, systems and controls applicable to the NatWest Group. Our Governance is made available to all directors and is reviewed and approved by the NatWest Group Board at least annually.

Directors' conflicts of interest are managed via the Board's conflicts of interest guidance which sets out procedures to ensure that the Board's management of conflicts of interest, and its powers for authorising certain conflicts, are operating effectively. The Board has the power to authorise any actual or potential conflict of interest in accordance with the Companies Act 2006 and the Company's articles of association. The Company maintains a register of directors' interests and appointments and there is discussion of directors' conflicts in Board meetings, as required.

The Board is the main decision-making forum for the Company. The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its shareholder. Its role is to provide leadership of the Company. It does this by reviewing and approving the strategic direction of its business and holding management to account for its execution and delivery whilst protecting growth and, customer experience.

The Board's Terms of Reference include a formal schedule of matters specifically reserved for the Board's decision which are reviewed at least annually.

The Board has a programme of two scheduled meetings every year plus additional meetings as required for transactional matters.

#### 4. Opportunity and Risk

The Company revises its strategic plan annually, drawing on the expertise of its directors and management. In particular planning is focused on customers and ensuring the Company's products and services continue to meet their needs. In addition, the Company takes into account the views of principal stakeholders and aligns to the strategic direction and financial goals of NatWest Group.

The Company undertakes research into customer requirements and existing satisfaction levels and into current and predicted economic trends and developments in the markets for the principal asset classes that it supports.

The directors and senior management of the Company have a good understanding of the external environment, how this is served by the Company's products and services, and the Company's operational capabilities.

Risk appetite, which defines the level and types of risk the Company is willing to accept, is set in line with overall strategy, and for the year ending 31 December 2022 the business risk appetite was aligned with that of NatWest Group's Commercial & Institutional business.

The Board reviews and approves risk appetite for strategic and material risks in accordance with the NatWest Group risk appetite framework. It monitors performance against risk appetite for the Company; and considers any material risks and approves, as appropriate, recommended actions escalated by the business's Risk Forum. This meets monthly to monitor performance against risk appetite and consider any material risks. Any material risks are approved and / or escalated where required to the Board and Commercial & Institutional risk governance forums.

## DIRECTORS' REPORT

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### 4. Opportunity and Risk (continued)

Ownership of risk management is shared across the Company and its subsidiaries. The Company uses the three lines of defence model to define responsibilities and accountabilities, ensuring that risks are properly identified, measured, monitored, controlled and reported. Risk management is integrated into day-to-day business activities and key processes, including strategic planning.

The Company's strategy is informed and shaped by an understanding of the risk landscape including a range of significant risks and uncertainties in the external economic, political and regulatory environments.

The Company also complies with the NatWest Group Policy Framework, the purpose of which is to ensure that NatWest Group establishes and maintains NatWest Group-wide policies that adequately address the material inherent risks it faces in its business activities.

### 5. Stakeholder Relationships and Engagement

The Board recognises the importance of engaging with stakeholders and discussions at Board meetings are focused around the impact that the Company's activities may have on key stakeholder groups.

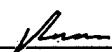
For further details on the Board's engagement with employees, customers, suppliers and others, and how these stakeholders' interests have influenced Board discussions and principal decisions, see page 3 of the Strategic report which includes a section 172(1) statement.

### AUDITOR

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming AGM.

Approved by the Board of Directors and signed on its behalf:

  
I J Isaac (Jun 22, 2023 12:22 GMT+1)

I J Isaac  
Director  
Date: 22 June 2023



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD NORTH CENTRAL PLC

## Opinion

financial statements and ensuring they are appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Options on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit: the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Conclusions relating to going concern

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Basis for opinion

In our opinion, the financial statements: give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lombard North Central PLC ("the company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

- Evaluating the directors' going concern assessment in relation to the nature of the entity and its operations, its financial performance and position;
- Evaluating the reasonableness of factors considered in the directors' going concern assessment, including the consideration of whether the company has sufficient liquidity to meet its obligations as they fall due for twelve months from when the financial statements are authorised for issue. This involved assessing the period covered by the letter of support provided to the company by its parent, National Westminster Bank Plc to ensure it covered 12 months from when the financial statements are authorised for issue;
- Evaluating the ability of National Westminster Bank Plc to honour that letter of support should it be required during the going concern period through obtaining confirmation from the auditors of National Westminster Bank Plc that they were not aware of any going concern issues;
- Performing procedures to identify whether there were any risks, events or other matters that may have an impact on the company's ability to continue as a going concern, including making inquiries of senior management and reading minutes of meetings of the Board and the Risk Forum; and
- Evaluating the adequacy of the directors' disclosure in relation to going concern in the strategic report and notes to the

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD NORTH CENTRAL PLC

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006), the relevant direct and indirect tax compliance regulations in the United Kingdom, the Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006) and the licence conditions and supervisory requirements of the Financial Conduct Authority (FCA). In addition, the Company is required to comply with laws and regulations relating to its operations, including health and safety, employees, anti-bribery and corruption and General Data Protection Regulation ('GDPR').
- We understood how the Company is complying with those frameworks by making enquiries of senior management and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations and to understand how the Company maintains and communicates its policies as well as through the evaluation of corroborating documentation. We also

reviewed correspondence between the Company and regulatory bodies, reviewed minutes of the Board and the Risk Forum, and gained an understanding of the Company's governance framework.

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries of those charged with governance and senior management as to their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, reviewing the complaints logs and inspecting significant correspondence with FCA and the tax authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming topside adjustments to revenue, to be subject to fraud risk. We considered the controls the Company has established to address the risks identified by the directors or that otherwise seek to prevent, deter or detect fraud, including in a remote-working environment, and how management monitors these controls. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures also included testing a sample of manual journals to verify the transactions were appropriate and supported by relevant source documentation. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- The Company is regulated in respect of consumer credit under the supervision of the FCA. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Robin Enstone (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
Date:

22 June 2023

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2022

		2022	2021
	Notes	£m	£m
<b>Income from continuing operations</b>			
Turnover	3	323	242
Operating income	4	13	10
Operating expenses	5	(121)	(102)
Impairment (losses)/ reversal of losses	6	(36)	86
<b>Operating profit</b>		<b>179</b>	<b>236</b>
Finance income	7	17	1
Other income	8	165	15
Finance costs	9	(110)	(35)
<b>Profit before tax</b>		<b>251</b>	<b>217</b>
Tax charge	10	(26)	(24)
<b>Profit and total comprehensive income for the year</b>		<b>225</b>	<b>193</b>

The accompanying notes form an integral part of these financial statements.


## BALANCE SHEET

### as at 31 December 2022

	Notes	2022 £m	2021 £m
<b>Non-current assets</b>			
Investment in group companies	12	239	279
Finance lease receivables	13	2,944	2,638
Loans receivable	14	744	826
Deferred tax asset	10	1	1
		<u>3,928</u>	<u>3,744</u>
<b>Current assets</b>			
Finance lease receivables	13	2,050	1,972
Loans receivable	14	4,181	3,570
Trade and other receivables	15	8	4
Prepayments, accrued income and other assets	16	19	15
Cash at bank		50	84
		<u>6,308</u>	<u>5,645</u>
<b>Total assets</b>		<u>10,236</u>	<u>9,389</u>
<b>Current liabilities</b>			
Amounts due to group companies	17	6,927	5,953
Trade and other payables	18	2	8
Current tax liabilities		2	1
Accruals, deferred income and other liabilities	19	36	9
Provisions for liabilities	20	-	1
		<u>6,967</u>	<u>5,972</u>
<b>Non-current liabilities</b>			
Amounts due to group companies	17	3,040	3,078
<b>Total liabilities</b>		<u>10,007</u>	<u>9,050</u>
<b>Equity</b>			
Share capital	21	1	1
Special reserve		3	3
Retained earnings		225	335
<b>Total equity</b>		<u>229</u>	<u>339</u>
<b>Total liabilities and equity</b>		<u>10,236</u>	<u>9,389</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 June 2023 and signed on its behalf by:

  
I J Isaac (Jun 22, 2023 12:22 GMT+1)

I J Isaac  
Director

## STATEMENT OF CHANGES IN EQUITY

### for the year ended 31 December 2022

	Share capital £m	Special reserve £m	Retained earnings £m	Total £m
<b>At 1 January 2021</b>	1	3	297	301
Profit for the year	-	-	193	193
Dividends paid	-	-	(155)	(155)
<b>At 31 December 2021</b>	1	3	335	339
Profit for the year	-	-	225	225
Dividends paid	-	-	(335)	(335)
<b>At 31 December 2022</b>	1	3	225	229

Total comprehensive income for the year of £225 million (2021: £193 million) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

#### a) Preparation and presentation of financial statements

The directors have prepared the financial statements:

- on a going concern basis after assessing the principal risks and other relevant evidence over the twelve months from the date the financial statements are approved and under FRS 101 *Reduced Disclosure Framework*; and
- on the historical cost basis.

This conclusion is based on the directors' assessment of the Company's financial position, including the existence of the signed parental letter of support provided by the immediate parent company. The directors, in relying on this support, have considered the immediate parent company's ability to provide this support with no issues noted.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006;
- in sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - comparative information in respect of certain assets;
  - cash-flow statement;
  - standards not yet effective;
  - related party transactions;
  - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair Value Measurement".

Where required, equivalent disclosures are given in the group accounts of NatWest Group plc, these accounts are available to the public and can be obtained as set out in note 23.

The changes to IFRS that were effective from 1 January 2022 have had no material effect on the Company's financial statements for the year ended 31 December 2022.

#### b) Consolidated financial statements

The financial statements contain information about Lombard North Central PLC as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as in accordance with IFRS 10 the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, NatWest Group plc, a public company registered in Scotland whose registered address is 36 St Andrew Square, Edinburgh, EH2 2YB.

#### c) Foreign currencies

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in the profit and loss account.

#### d) Revenue recognition

Turnover comprises income from finance lease receivables and loans receivable and arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment.

Fee income in respect of lending arrangements is considered integral to the yield and is included in the effective interest rate on these arrangements. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

Interest income and expense are recognised in the income statement using the effective interest rate method for all financial instruments measured at amortised cost.

Dividend income is recognised when the paying company is obliged to make the payment.

#### e) Taxation

Tax encompassing current tax and deferred tax is recorded in the profit and loss account except when taxable items are recognised in other comprehensive income or equity.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the 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 its carrying amount for tax purposes. 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 not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. 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.

#### f) Investments in group companies

Investments in group subsidiaries are stated at cost less any impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies (continued)

#### g) Leases

##### *As lessor*

Finance lease contracts are those which transfer substantially all the risks and rewards of ownership of an asset to a customer. All other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are measured at the net investment in the lease, comprising the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Turnover includes finance lease income recognised at a constant periodic rate of return before tax on the net investment.

#### h) Provisions

The Company 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 transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

#### i) Financial instruments

All financial instruments are measured at fair value on initial recognition on the balance sheet.

Financial assets are classified into measurement categories either, by business model, by product or by reference to the IFRS default classification.

Classification by business model reflects how the Company manages its financial assets to generate cash flows. A business model assessment determines if cash flows result from holding financial assets to collect the contractual cash flows; from selling those financial assets; or both.

Financial assets that are held to collect the contractual cash flows and comprise solely of payments of principal and interest are measured at amortised cost. Financial assets managed under a business model of both to collect contractual cash flows (comprising solely of payments of principal and interest), and to sell are measured at fair value through other comprehensive income.

Classification by product relies on specific designation criteria which are applicable to certain classes of financial assets or circumstances where accounting mismatches would otherwise arise. The product classifications apply to financial assets that are either designated at fair value through profit or loss, or to equity investments designated as at fair value through other comprehensive income. In all other instances, fair value through profit or loss is the default classification and measurement category for financial assets.

Regular way purchases of financial assets classified as amortised cost, are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date

All liabilities not subsequently measured at fair value are measured at amortised cost.

#### j) Impairment of financial assets: expected credit losses

At each balance sheet date each financial asset or portfolio of loans measured at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is assessed for impairment. Any change in impairment is reported in the profit and loss account. Loss allowances are forward-looking, based on 12-month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

ECL are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. Following a significant increase in credit risk, ECL are adjusted from 12 months to lifetime. This will lead to a higher impairment charge.

On restructuring where a financial asset is not derecognised the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

Where, in the course of the orderly realisation of a loan, it is exchanged for equity shares or property, the exchange is accounted for as the sale of the loan and the acquisition of equity securities or investment property. Where the Company's acquired interest is in equity shares, relevant policies for control, associates and joint ventures apply.

#### k) Derecognition

A financial asset is derecognised (removed from the balance sheet) when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is paid, or is cancelled, or expires.

#### l) Staff costs

Staff costs, such as salaries, paid absences, and other benefits are recognised over the period in which the employees provide the related services to the Company. Employees may receive variable compensation in cash, in deferred cash or debt instruments of NatWest Group or in ordinary shares of NatWest Group plc. NatWest Group operates a number of share-based compensation schemes under which it grants awards of NatWest Group plc shares and share options to its employees. Such awards are subject to vesting conditions. The treatment of share-based compensation is set out in Accounting policies of NatWest Group plc accounts.

The Group provides post-retirement benefits in the form of pensions and healthcare plans to eligible employees.

There is no contractual agreement or policy on the way that the cost of NatWest Group defined benefit pension schemes and healthcare plans are allocated to the Company. It therefore accounts for the charges it incurs as payments to a defined contribution scheme.

Contributions to a defined contribution pension scheme are recognised in the income statement as employee service costs accrue.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the estimates the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

#### Loan impairment provisions

In 2022 the loan impairment provisions have been established in accordance with IFRS 9. Accounting policy 1(j) sets out how the expected loss approach is applied. At 31 December 2022, gross loans and advances to customers totalled £10,006 million (2021: £9,118 million) and customer loan impairment provisions amounted to £87 million (2021: £112 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan is advance. Such evidence includes changes in the credit rating of the borrower, the failure to make payments in accordance with the loan agreement; significant reductions in the value of any security, breach of limits or covenants; and observable data about relevant macroeconomic measures.

#### Investments in group companies

The recoverable amount of an investment in a subsidiary is the higher of its fair value and value in use. Reviews of recoverable amounts have been performed and impairments of £40 million were recognised.

#### Leased assets

Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

### 3. Turnover

	2022 £m	2021 £m
Finance lease income	191	158
Instalment credit income	47	39
Other revenue	85	45
	<u>323</u>	<u>242</u>

### 4. Operating income

	2022 £m	2021 £m
Management fees	12	10
Other	1	-
	<u>13</u>	<u>10</u>

#### Management fees

Management fees relate to the Company's subsidiaries' share of the Company's resources, including the costs of staff. These are re-charged on an annual basis by the Company to its subsidiaries.

### 5. Operating expenses

	2022 £m	2021 £m
Staff costs:		
Wages and salaries	27	27
Social security costs	3	3
Pension costs	4	4
	<u>34</u>	<u>34</u>
Commission payable	2	3
Management fees	71	57
Other charges	14	8
	<u>121</u>	<u>102</u>

#### Pension costs

Many employees of the Company are members of an externally funded, defined benefit pension scheme operated by NatWest Group. Full details of the actuarial report and of the scheme are given in the accounts of NatWest Group plc.

#### Management fees

Management fees include the costs of staff borne by other members of the group, none of which can be apportioned meaningfully in respect of services to the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### 5. Operating expenses (continued)

#### Employee numbers

The average number of persons engaged by the Company during the year, analysed by category, was as follows:

	2022	2021
Sales and marketing	363	381

#### Auditor's remuneration

Fees payable by the Company to auditors for the audit of the Company's annual financial statements, were as follows:

	2022 £	2021 £
Auditor's remuneration – audit services	172,340	157,000

### 6. Impairment (losses)/reversal of losses

	2022 £m	2021 £m
Impairment reversal of losses on customer balances	4	10
Impairment (losses)/reversal of losses on investment in group companies (Note 12)	(40)	76
	(36)	86

### 7. Finance income

	2022 £m	2021 £m
On loans receivable from group companies	17	1

### 8. Other income

	2022 £m	2021 £m
Dividend income from subsidiaries	165	15

### 9. Finance costs

	2022 £m	2021 £m
Interest on loans from group companies	110	35

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Tax

	2022 £m	2021 £m
Current taxation:		
UK corporation tax charge for the year	26	24
Deferred taxation		
Tax charge for the year	26	24

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 19% (2021: 19%) as follows:

	2022 £m	2021 £m
Expected tax charge	47	41
Non-deductible items	10	-
Non-taxable items	(31)	(17)
Actual tax charge for the year	26	24

The UK Corporation Tax rate for the year was 19%. On 24 May 2021 the UK Government substantively enacted an increase in the UK Corporation Tax rate from 19% to 25% with effect from 1 April 2023. Closing deferred tax assets and liabilities have therefore been calculated taking into account this change of rate and the applicable period when the deferred tax assets and liabilities are expected to crystallise.

#### Deferred tax

Net deferred tax asset comprised:

	IFRS 9 transition £m
At 1 January 2021	1
Charge to income statement	-
At 31 December 2021 and 31 December 2022	1

	2022 £m	2021 £m
Deferred tax assets	1	1

The company expects that sufficient taxable profits will be generated within the NatWest Group in future years to recover the recognised deferred tax asset.

### 11. Dividends

	2022 £m	2021 £m
Interim dividends paid	335	155

### 12. Investment in group companies

Investments in group companies are carried at cost less impairment. Movements during the year were as follows:

	2022 £m	2021 £m
At 1 January	279	203
Impairment (losses)/ reversals	(40)	76
	239	279

Cumulative impairments at 31 December 2022 were £362 million (2021: £322 million).

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Investment in group companies (continued)

Subsidiary undertakings of the Company which have an accounting reference date of 31 December unless otherwise indicated, are:

Name of subsidiary	Note	Proportion of ownership interest and voting power held (%)	Country of incorporation	Principal activity
Caledonian Sleepers Rail Leasing Limited (***)	(1)	100	Great Britain	Lease finance
G L Trains Limited (**)	(2)	100	Great Britain	In strike off
Jaguar Cars Finance Limited (***)	(1)	50.1	Great Britain	Non-trading
JCB Finance Ltd.	(6)	75	Great Britain	Lease finance
JCB Finance Pension Ltd.	(4)	50	Northern Ireland	Dormant
Lombard Business Leasing Limited	(1)	100	Great Britain	Lease finance
Lombard Discount Limited	(1)	100	Great Britain	Lease finance
Lombard Finance Limited (**)	(1)	100	Great Britain	Lease finance
Lombard Ireland Group Holdings Unlimited Company (**)	(3)	100	Ireland	In liquidation
Lombard Leasing Contracts Limited (***)	(1)	100	Great Britain	Non-trading
Lombard Lessors Limited (*)	(1)	100	Great Britain	Lease finance
Lombard Maritime Limited (***)	(1)	100	Great Britain	Lease finance
Lombard North Central Leasing Limited (***)	(1)	100	Great Britain	Lease finance
Lombard Property Facilities Limited (*)	(1)	100	Great Britain	Property finance
Lombard & Ulster Limited	(4)	100	Northern Ireland	Non-trading
Lombard Technology Services Limited	(1)	100	Great Britain	Lease finance
NatWest Invoice Finance Limited	(1)	100	Great Britain	Dormant
Royal Bank Leasing Limited (***)	(5)	100	Great Britain	Lease finance
Roy Scot Trust plc	(1)	100	Great Britain	Finance
Voyager Leasing Limited	(1)	100	Great Britain	Dormant

Accounting reference date: (\*) 31 March (\*\*) 30 June (\*\*\*) 30 September

- (1) The registered office is 250 Bishopsgate, London, EC2M 4AA.
- (2) The registered office is 1 Princes Street, London, EC2R 8BP.
- (3) The registered office is Ulster Bank Group Centre, George's Quay, Dublin, Ireland.
- (4) The registered office is 11-16 Donegall Square East, Belfast, BT1 5UB.
- (5) The registered office is RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ.
- (6) The registered office is The Mill, High Street, Rocester, England, ST14 5JW.

Two of the Company's subsidiary undertakings, Dixon Vehicle Sales Limited and Lombard Business Finance Limited were dissolved during the year. These dissolutions resulted in the recognition of a loss of £100. Subsequent to the balance sheet date GL Trains Limited has been dissolved with nil gain/loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Finance lease receivables

	2022 £m	2021 £m
<b>Amounts included in income statement for finance leases</b>		
Finance income on the net investment in leases	191	158
	2022 £m	2021 £m
<b>Amount receivable under finance leases</b>		
Within 1 year	2,259	2,167
1 to 2 years	1,450	1,280
2 to 3 years	880	790
3 to 4 years	460	390
4 to 5 years	193	157
After 5 years	122	143
Lease payments total	5,364	4,927
Unearned income	(302)	(227)
Present value of lease payments	5,062	4,700
Impairments	(68)	(90)
Net investment in finance lease receivable	4,994	4,610
	2022 £'000	2021 £'000
Due within one year	2,050	1,972
Due after more than one year	2,944	2,638
	4,994	4,610

The Company entered into new finance lease agreements totalling £3,253 million (2021: £2,661 million). There were no other significant movements or changes to the carrying value balance other than collection of rentals and movements in impairments.

The average effective interest rate in relation to finance lease agreements approximates 4.66% (2021: 3.31%).

There were no contingent rentals recognised as income in the year (2021: none).

### 14. Loans receivable

	2022 £m	2021 £m
<b>Due within one year</b>		
Net investment in instalment credit	394	203
Amounts owed by group companies	1,441	1,293
Other loans and advances	2,346	2,074
	4,181	3,570
<b>Due after more than one year</b>		
Net investment in instalment credit	744	826
	744	826
	4,925	4,396
Amounts due from group companies		
- Subsidiaries	1,441	1,268
- Other group companies	-	25
	1,441	1,293

### 15. Trade and other receivables

	Due within one year 2022 £m	2021 £m
Trade receivables	4	-
Other receivables	4	4
	8	4

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Prepayments, accrued income and other assets

	2022 £m	2021 £m
Prepayments	10	13
Value added tax recoverable	9	2
	<u>19</u>	<u>15</u>

### 17. Amounts due to group companies

	2022 £m	2021 £m
Overdraft from group banks	50	-
Due to parent	9,877	8,978
Due to subsidiaries	19	53
Due to other group companies	21	-
	<u>9,967</u>	<u>9,031</u>

	2022 £m	2021 £m
Current	6,927	5,953
Non-current		
- between one and two years	2,122	2,117
- between two and five years	603	624
- after five years	315	337
	<u>3,040</u>	<u>3,078</u>
	<u>9,967</u>	<u>9,031</u>

### 18. Trade and other payables

	2022 £m	2021 £m
Trade payables	1	7
Other payables	1	1
	<u>2</u>	<u>8</u>

### 19. Accruals, deferred income and other liabilities

	2022 £m	2021 £m
Accruals	9	7
Deferred income	2	2
Other liabilities	25	-
	<u>36</u>	<u>9</u>

Other liabilities are amounts due in relation to sub-participation arrangements over third party loans receivable. Interest accrues at Bank of England base rate plus 1.5% and repayments are due when third party loan facilities meet pre-determined thresholds of amounts and dates.

Subsequent to the balance sheet date those thresholds were satisfied and other liabilities have been repaid in full.

### 20. Provisions for liabilities

	2022 £m	2021 £m
At 1 January	1	3
Utilised during the year	(1)	(2)
At 31 December	<u>-</u>	<u>1</u>

The above provision balance relates to redundancy costs.

### 21. Share capital

	2022 £m	2021 £m
<b>Allotted, called up and fully paid:</b>		
Equity shares		
4,000,000 ordinary shares of 25p each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry no right to fixed income.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. Commitments and contingent liabilities

At the balance sheet date the Company has commitments to provide financial support to a number of its subsidiaries (see note 12) and other companies in National Westminster Bank Plc. This support enables them to meet their liabilities to third parties as and when they fall due if they were unable to themselves. Such commitments have been made at various times through the year and provide a period of support for 12 months from origination. The Company has continued to make commitments on a similar basis subsequent to the balance sheet date.

Contingent liabilities arise in the normal course of business, associated with ongoing legal, regulatory and tax situations. These situations are monitored by management and where it is possible to quantify reliably, provisions are booked. However, given uncertainties such as establishing detailed fact patterns, legal and regulatory status, in certain cases this is not feasible until further investigation has been conducted.

The Company, together with certain other subsidiaries of NatWest Holdings Limited, is party to a capital support deed (CSD) relevant to NatWest Holdings Limited and its subsidiaries ("NatWest Holdings Group"). Under the terms of the CSD, the Company may be required, if the conditions set forth in the CSD are met, to declare and make a distribution of cash to its members, repurchase or redeem its members' shares for cash, and/or undertake a reduction or other reorganisation of its capital in order to maximise its distributable profits available for undertaking such distribution or repurchase or redemption of shares. The amount of this obligation is limited to the Company's resources that comprise cleared, immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately due and repayable, such repayment being limited to the Company's available resources.

### 23. Related parties

#### UK Government

The UK Government through HM Treasury is the ultimate controlling party of NatWest Group plc. Its shareholding is managed by UK Government Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax and value added tax; national insurance contributions; local authority rates; and regulatory fees and levies; together with normal business transactions undertaken in the normal course of business.

Cash at bank relates to amounts with a group bank and other balances with group companies are shown in notes 14 and 17.

#### Group companies

At 31 December 2022

The Company's immediate parent was:	National Westminster Bank Plc
The smallest consolidated accounts including the Company were prepared by:	
The ultimate parent company was:	
	NatWest Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

### 24. Post balance sheet events

Subsequent to the balance sheet date other liabilities of £25m have been repaid in full following the satisfaction of conditional thresholds (see note 19).