



Royal Bank of Scotland Group H1 2019 Pillar 3 Supplement

H1 2019 Pillar 3 Supplement

Contents and Forward-looking statements	Page
Forward-looking statements	2
Presentation of information	2
Capital, liquidity and funding	
CAP 1: CAP and LR: Capital and leverage ratios - RBS and significant subsidiaries	3
KM1: BCBS 2 & EBA IFRS 9-FL: Key metrics - RBS	4
EBA IFRS 9-FL: EBA Key metrics - significant subsidiaries	6
CAP 2: Capital resources (CRR own funds template) – RBS and significant subsidiaries	9
CC2: Reconciliation of regulatory capital to balance sheet	15
EU OV1: CAP: RWAs and MCR summary - RBS and significant subsidiaries	16
OV1 a: RWA bridge between EU OV1 and credit risk RWAs	18
OV1 b: RWA bridge between EU OV1 and counterparty credit risk	18
EU CR8: IRB and STD: Credit risk RWAs and MCR flow statement	19
EU CCR7: CCR: IMM and Non-IMM: Counterparty credit risk RWAs and MCR flow statement	19
EU MR2 B: MR IMA and STD: Market risk RWAs and MCR flow statement	20
CAP 3: LR: Leverage exposures (CRR Delegated Act Template) - RBS and significant subsidiaries	21
CAP 4: CAP: Capital instruments - RBS and significant subsidiaries	23
EU LIQ1: Liquidity coverage ratio	24
TLAC 1: TLAC compositions for G-SIBs	25
TLAC 2: Material subgroup entity – creditor ranking at legal entity level	26
TLAC 3: Resolution entity – creditor ranking at legal entity level	27
KM2: Key metrics – TLAC requirements	27
Credit risk	
CR1: IRB and STD: RWA density by RBS sector cluster	28
CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: - RBS and significant subsidiaries	30
EU CR1 A: IRB & STD: Credit risk exposures by exposure class - Defaulted and non-defaulted split	34
EU CR1 B: IRB & STD: Credit risk exposures by industry sector - Defaulted and non-defaulted split	36
EU CR1 C: IRB & STD: Credit risk exposures by geographic region - Defaulted and non-defaulted split	37
EU CR1 D: Ageing of past-due exposure	38
EU CR1 E: Non-performing and forborne exposures	38
EU CR2 A: Changes in the stock of general and specific credit risk adjustments	39
EU CR2 B: Changes in the stock of defaulted and impaired loans and debt securities	39
EU CR3: IRB: Credit risk mitigation techniques by exposure class	40
EU CR7: IRB: Effect on the RWAs of credit derivatives used as CRM techniques	42
EU CR6 a: IRB: Exposures by exposure class and PD range - Retail	43
EU CR6 b: IRB: Exposures by exposure class and PD range - Wholesale	47
EU CR6 c: IRB: Geographical split of PD and LGD	51
EU CR10: IRB: Specialised lending and equities	52
EU CR4: STD: Exposures and CRM effects	53
EU CR5: STD: Credit risk exposure class and risk-weights	54
Counterparty credit risk	
EU CCR1: CCR: Analysis of exposure by EAD calculation approach	55
EU CCR4: CCR IRB: Exposures by portfolio and PD scale	56
EU CCR3: CCR STD: Exposures by regulatory portfolio and risk-weight	60
EU CCR2: CCR: Credit valuation adjustment capital charge	60
EU CCR5 A: Impact of netting and collateral held on exposure values	61
EU CCR6: CCR: Credit derivatives	61
EU CCR8: CCR: Exposures (EAD post CRM) to central counterparties	62
Market risk	
EU MR1: MR IMA and STD: RWAs and MCR - RBS and significant subsidiaries	63
EU MR2 A: MR IMA: RWAs and MCR	64
EU MR3: MR IMA: IMA values for trading portfolios - RBS and significant subsidiaries	64
EU MR4: 1-day 99% regulatory VaR vs. Actual and Hypo P&L	65
MR4 A: Regulatory VaR model back-testing exceptions	65

H1 2019 Pillar 3 Supplement

Forward looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as The Royal Bank of Scotland Group (RBSG's or RBSG plc) future economic results, business plans and current strategies. In particular, this document may include forward-looking statements relating to RBSG in respect of, but not limited to: its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital and operational targets), its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, LIBOR, EURIBOR and other benchmark reform and RBSG's exposure to economic and political risks (including with respect to Brexit and climate change), operational risk, conduct risk, cyber and IT risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations and general economic conditions. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBSG's actual results are discussed in RBSG's UK 2018 Annual Report and Accounts (ARA), RBSG's Interim Results for H1 2019 (contained herein) and materials filed with, or furnished to, the US Securities and Exchange Commission, including, but not limited to, RBSG's most recent Annual Report on Form 20-F and Reports on Form 6-K. The forward-looking statements contained in this document speak only as of the date of this document and RBSG does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

Presentation of information

- The main risks of The Royal Bank of Scotland Group plc and its subsidiaries (RBS) are described in the Capital and risk management and the Risk Factors sections of the 2018 Annual Report and Accounts (ARA) and in the 2018 Pillar 3 Report. The glossary on RBS.com and in the 2018 Pillar 3 Report explains terms used.
- The disclosures in this document complement those in RBS's H1 2019 Interim Results: Capital and Risk Appendix.
- For the basis of preparation and disclosure framework, refer to RBS's 2018 Pillar 3 Report.
- The UK ring-fencing legislation required the separation of essential banking services from investment banking services from 1 January 2019. RBS has placed the majority of the banking business in ring-fenced entities under an intermediate holding company, NatWest Holdings Limited (NWH). Therefore, in this report, consolidated disclosures for NWH and its subsidiaries (together NWHG) are presented from 31 March 2019 onwards.
- The Pillar 3 disclosures made by RBS are designed to comply with the Capital Requirements Regulation (CRR). RBS's significant subsidiaries at 30 June 2019, based on 5% of consolidated risk weighted assets (RWAs), are:
 - NatWest Holdings Group (NWHG)
 - National Westminster Bank Plc (NWB Plc)
 - Royal Bank of Scotland plc (RBS plc)
 - Ulster Bank Ireland Designated Activity Company (UBI DAC)
 - NatWest Markets Plc (NWM Plc)
- Within this document, significant subsidiary disclosures are presented for NWHG and NWM Plc. Refer to the NWHG H1 2019 Pillar 3 supplement for significant subsidiary disclosures for NWB Plc, RBS plc and UBI DAC.
- Throughout this document the row and column references are based on those prescribed in the EBA templates. Any rows or columns which are not applicable or do not have a value have not been shown. Any differences between totals and sums of components within tables in this report are due to rounding.

Capital, liquidity and funding

CAP 1: CAP and LR: Capital and leverage ratios - RBS and significant subsidiaries

Capital, RWAs and leverage on a PRA transitional basis for RBS and its significant subsidiaries are set out below. The capital and RWA measures are on an end-point basis for the significant investment in financial institutions capital deduction at 30 June 2019 compared with 90% capital deduction and 10% RWAs at 31 December 2018. There continues to be CRR transition applied to grandfathered capital instruments.

	30 June 2019			31 December 2018	
	RBS %	NWHG %	NWM Plc %	RBS %	NWM Plc %
Capital adequacy ratios - transitional (1)					
CET1	16.0	15.2	15.2	16.2	15.6
Tier 1	19.0	17.9	17.7	19.2	18.0
Total	22.5	20.9	22.3	23.4	21.5
Capital adequacy ratios - end point					
CET1	16.0			16.2	
Tier 1	18.2			18.4	
Total	20.9			21.8	
Capital - transitional					
	£m	£m	£m	£m	£m
CET1	30,191	21,390	5,870	30,639	6,369
Tier 1	35,780	25,154	6,848	36,223	7,352
Total	42,332	29,381	8,655	44,174	8,757
Capital - end point					
CET1	30,191			30,639	
Tier 1	34,242			34,690	
Total	39,361			41,173	
RWAs					
Credit risk	137,057	119,589	10,074	137,824	9,234
Counterparty credit risk	14,157	1,174	13,229	13,639	13,285
Market risk	14,650	218	12,386	14,837	14,106
Operational risk	22,599	19,590	3,039	22,391	4,152
	188,463	140,571	38,728	188,691	40,777
CRR leverage - transitional					
Tier 1 capital	35,780	25,154	6,848	36,223	7,352
Exposure	659,105	448,004	156,996	644,498	148,502
Leverage ratio (%)	5.4	5.6	4.4	5.6	5.0
CRR leverage - end point					
Tier 1 capital	34,242			34,690	
Exposure	659,105			644,498	
Leverage ratio (%)	5.2			5.4	
UK leverage - end point					
Tier 1 capital	34,242			34,690	
Exposure	576,636			559,514	
Leverage ratio (%)	5.9			6.2	
Average Tier 1 capital	34,790			35,701	
Average exposure (2)	613,372			573,825	
Average leverage ratio (%)	5.7			6.2	
UK GSIB leverage (3)					
CET1 buffer	2,018			1,469	

Notes:

(1) The RBS Total Capital Requirement (TCR) as set by the PRA is 11.6%. The TCR is the sum of Pillar 1 and Pillar 2A and does not include any capital buffers.

(2) Based on the daily average of on-balance sheet items and three month-end average of off-balance sheet items.

(3) The PRA minimum leverage ratio requirement is supplemented with a G-SII additional leverage ratio buffer rate, currently 0.35% (2018 – 0.2625%).

Capital, liquidity and funding

KM1: BCBS 2 & EBA IFRS 9-FL: Key metrics – RBS

The table below reflects the key metrics template in the BCBS consolidated Pillar 3 framework and the EBA's IFRS 9 template. RBS has elected to take advantage of the transitional capital rules in respect of expected credit losses. This has a negligible effect on CET1 and would mitigate the impact on capital in adverse conditions. The transitional rules reduce the full CET1 effect by 95%, 85%, 70%, 50% and 25% in each of the first five years of IFRS 9 adoption. Capital and leverage ratios presented are based on end point CRR rules.

BCBS2 KM1	EBA IFRS 9-FL		30 June 2019 £m	31 March 2019 £m	31 December 2018 £m	30 September 2018 £m	30 June 2018 £m
Capital							
1	1	Common equity tier 1 (CET1)	30,191	30,889	30,639	32,455	31,950
	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	30,191	30,889	30,639	32,455	31,950
2	3	Tier 1 capital	34,242	34,940	34,690	36,506	36,001
	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	34,242	34,940	34,690	36,506	36,001
3	5	Total capital	39,361	40,182	41,173	42,961	42,660
	6	Total capital as if IFRS 9 transitional arrangements had not been applied	39,361	40,182	41,173	42,961	42,660
Risk-weighted assets (amounts)							
4	7	Total risk-weighted assets (RWAs)	188,463	190,846	188,691	194,467	198,780
	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	188,463	190,846	188,691	194,467	198,780
Risk-based capital ratios as a percentage of RWAs			%	%	%	%	%
5	9	Common equity tier 1 ratio	16.0	16.2	16.2	16.7	16.1
	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.0	16.2	16.2	16.7	16.1
6	11	Tier 1 ratio	18.2	18.3	18.4	18.8	18.1
	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.2	18.3	18.4	18.8	18.1
7	13	Total capital ratio	20.9	21.1	21.8	22.1	21.5
	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	20.9	21.1	21.8	22.1	21.5
Additional CET1 buffer requirements as a percentage of RWAs							
8		Capital conservation buffer requirement (2.5% from 2019)	2.5	2.5	2.5	2.5	2.5
9		Countercyclical capital buffer requirement (1)	0.7	0.7	0.7	0.4	0.4
10		Bank GSIB and/or DSIB additional requirements (2)	1.0	1.0	1.0	1.0	1.0
11		Total of CET1 specific buffer requirements (8+9+10)	4.2	4.2	4.2	3.9	3.9
12		CET1 available after meeting the bank's minimum capital requirements (3)	11.5	11.7	11.7	12.2	11.6
Leverage ratio			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	659,105	666,800	644,498	676,198	693,344
		UK leverage ratio exposure measure	576,636	586,660	559,514	580,266	597,694
			%	%	%	%	%
14	16	CRR leverage ratio	5.2	5.2	5.4	5.4	5.2
	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.2	5.2	5.4	5.4	5.2
		UK leverage ratio	5.9	6.0	6.2	6.3	6.0
Liquidity coverage ratio			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	138,355	138,672	137,905	135,653	131,131
16		Total net cash outflows	88,473	87,787	87,530	87,595	87,427
17		LCR ratio % (4)	156	158	158	155	150
Net stable funding ratio (NSFR)							
18		Total available stable funding	379,763	373,989	375,909	374,358	374,710
19		Total required stable funding	271,920	273,470	266,087	268,932	267,107
20		NSFR % (5)	140	137	141	139	140

Notes:

- (1) The institution specific countercyclical capital buffer requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. The Financial Policy Committee (FPC) sets the UK countercyclical capital buffer, which is currently 1.0% (effective November 2018). The rate was previously 0.5% effective from June 2018. The Republic of Ireland countercyclical capital buffer is currently 0.0%, the CBI have announced an increase to 1.0% effective July 2019.
- (2) Globally systemically important banks (G-SIBs), as designated by the Financial Stability Board (FSB), are subject to an additional capital buffer of between 1.0% and 3.5%. In November 2018 the FSB announced that RBS is no longer a GSIB. From 1 January 2020, RBS will be released from this global buffer requirement.
- (3) This represents the CET1 ratio less the CRR minimum of 4.5%.
- (4) The Liquidity coverage ratio (LCR) uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table. The LCR reported here differs from the period end LCR used for internal monitoring and therefore disclosed in RBS's Interim Results 2019.
- (5) NSFR reported in line with CRR2 regulations finalised in June 2019.

Capital, liquidity and funding

Key points

Capital and leverage

- The CET1 ratio decreased to 16.0% reflecting a decrease in CET1, primarily due to attributable profit £2 billion offset by a foreseeable 5p ordinary dividend accrual of £0.6 billion, 12p special dividend £1.4 billion and the impact of IFRS16 for Leases.
- RBS redeemed €1billion Subordinated Tier 2 Notes in March 2019.
- RWAs decreased by £0.2 billion. Credit risk decreased by £0.8 billion driven by the completion of the merger of Alawwal bank and Saudi British Bank (SABB) reducing credit risk by £4.6 billion offset by increases in credit risk driven by the £1.3 billion uplift due to adoption of the IFRS 16 Leases accounting standard from 1 January 2019, an increase due to PD calibrations affecting asset quality and growth in asset size. Counterparty credit risk increased primarily due to increased exposures.
- Both the CRR end-point and UK leverage ratios reduced to 5.2% and 5.9% respectively driven by the reduction in capital and increased exposures through trading and other financial assets.
- The average UK leverage ratio decreased to 5.7% driven by increased trading assets.

NWHG

- In the quarter to H1 2019, the CET1 ratio decreased from 15.9% to 15.2% primarily due to a decrease in CET1 capital, reflecting the attributable profit of £0.4 billion offset by a £1.5 billion dividend paid to parent.
- In the quarter to H1 2019, RWAs increased by £0.5 billion primarily driven by NWB Plc where credit risk increased due to PD calibrations affecting asset quality and increased asset size due to lending growth. These increases were offset by reduced asset size due to repayments in RBS plc and a decrease in UBIDAC due to asset quality improvements.
- The leverage ratio decreased to 5.6% driven by the decrease in capital.

NWM Plc

- The CET1 ratio decreased from 15.6% to 15.2% reflecting £500 million dividend paid to parent offset by the decrease in RWAs.
- NWM Plc issued €950 million and redeemed €1 billion internal Tier 2 Notes in March 2019 and US\$ 250 million internal Tier 2 Notes in June 2019.
- RWAs decreased due to reductions in market risk of £1.7 billion and operational risk of £1.1 billion following the annual recalculation. The decrease in market risk was primarily due to a reduction in the capital multiplier. These reductions were partially offset by an increase in credit risk due to the transfer of the SABB shareholding from NWM NV.
- The leverage ratio decreased to 4.4% driven by a reduction in capital and increased derivatives.

Capital, liquidity and funding

EBA IFRS 9-FL: EBA Key metrics - significant subsidiaries

The table below shows key metrics as required by the EBA relating to IFRS 9 for RBS and its significant subsidiaries. RBS has elected to take advantage of the transitional capital rules in respect of expected credit losses. This has a negligible effect on CET1 in 2018, and would mitigate the impact on capital in adverse conditions. The transitional rules reduce the full CET1 effect by 95%, 85%, 70%, 50% and 25% in each of the first five years of IFRS 9 adoption. Capital measures are on a CRR transitional basis.

30 June 2019			
	RBS £m	NWHG £m	NWM Plc £m
Available capital (amounts) - transitional			
1 Common equity tier 1	30,191	21,390	5,870
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,191	21,390	5,870
3 Tier 1 capital	35,780	25,154	6,848
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,780	25,154	6,848
5 Total capital	42,332	29,381	8,655
6 Total capital as if IFRS 9 transitional arrangements had not been applied	42,332	29,381	8,655
Risk-weighted assets (amounts)			
7 Total risk-weighted assets	188,463	140,571	38,728
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	188,463	140,571	38,728
Risk-based capital ratios as a percentage of RWAs			
	%	%	%
9 Common equity tier 1 ratio	16.0	15.2	15.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.0	15.2	15.2
11 Tier 1 ratio	19.0	17.9	17.7
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.0	17.9	17.7
13 Total capital ratio	22.5	20.9	22.3
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.5	20.9	22.3
Leverage ratio			
15 CRR leverage ratio exposure measure (£m)	659,105	448,004	156,996
16 CRR leverage ratio (%)	5.4	5.6	4.4
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.4	5.6	4.4

31 March 2019			
	RBS £m	NWHG £m	NWM Plc £m
Available capital (amounts) - transitional			
1 Common equity tier 1	30,889	22,269	6,477
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,889	22,269	6,477
3 Tier 1 capital	36,456	26,033	7,456
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,456	26,033	7,456
5 Total capital	43,120	30,167	8,785
6 Total capital as if IFRS 9 transitional arrangements had not been applied	43,120	30,167	8,785
Risk-weighted assets (amounts)			
7 Total risk-weighted assets	190,846	140,029	38,010
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	190,846	140,029	38,010
Risk-based capital ratios as a percentage of RWAs			
	%	%	%
9 Common equity tier 1 ratio	16.2	15.9	17.0
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.2	15.9	17.0
11 Tier 1 ratio	19.1	18.6	19.6
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.1	18.6	19.6
13 Total capital ratio	22.6	21.5	23.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.6	21.5	23.1
Leverage ratio			
15 CRR leverage ratio exposure measure (£m)	666,800	445,810	162,217
16 CRR leverage ratio (%)	5.5	5.8	4.6
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.5	5.8	4.6

Capital, liquidity and funding

EBA IFRS 9-FL: EBA Key metrics - significant subsidiaries continued

31 December 2018		
	RBS	NWM Plc
	£m	£m
Available capital (amounts) - transitional		
1 Common equity tier 1	30,639	6,369
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,639	6,369
3 Tier 1 capital	36,223	7,352
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,223	7,352
5 Total capital	44,174	8,757
6 Total capital as if IFRS 9 transitional arrangements had not been applied	44,174	8,757
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	188,691	40,777
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	188,691	40,777
Risk-based capital ratios as a percentage of RWAs		
	%	%
9 Common equity tier 1 ratio	16.2	15.6
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.2	15.6
11 Tier 1 ratio	19.2	18.0
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.2	18.0
13 Total capital ratio	23.4	21.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.4	21.5
Leverage ratio		
15 CRR leverage ratio exposure measure (£m)	644,498	148,502
16 CRR leverage ratio (%)	5.6	5.0
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.6	5.0

30 September 2018		
	RBS	NWM Plc
	£m	£m
Available capital (amounts) - transitional		
1 Common equity tier 1	32,455	9,277
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	32,455	9,277
3 Tier 1 capital	40,092	11,231
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	40,092	11,231
5 Total capital	48,015	14,923
6 Total capital as if IFRS 9 transitional arrangements had not been applied	48,015	14,923
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	194,467	40,839
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	194,467	40,839
Risk-based capital ratios as a percentage of RWAs		
	%	%
9 Common equity tier 1 ratio	16.7	22.7
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.7	22.7
11 Tier 1 ratio	20.6	27.5
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.6	27.5
13 Total capital ratio	24.7	36.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.7	36.5
Leverage ratio		
15 CRR leverage ratio exposure measure (£m)	676,198	176,370
16 CRR leverage ratio (%)	5.9	6.4
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.9	6.4

Capital, liquidity and funding

EBA IFRS 9-FL: EBA Key metrics - significant subsidiaries continued

30 June 2018		
	RBS	NWM Plc
	£m	£m
Available capital (amounts) - transitional		
1 Common equity tier 1	31,950	9,359
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	31,950	9,359
3 Tier 1 capital	39,577	11,292
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	39,577	11,292
5 Total capital	47,681	14,844
6 Total capital as if IFRS 9 transitional arrangements had not been applied	47,681	14,844
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	198,780	45,195
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	198,780	45,195
Risk-based capital ratios as a percentage of RWAs		
	%	%
9 Common equity tier 1 ratio	16.1	20.7
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.1	20.7
11 Tier 1 ratio	19.9	25.0
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.9	25.0
13 Total capital ratio	24.0	32.8
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.0	32.8
Leverage ratio		
15 CRR leverage ratio exposure measure (£m)	693,344	176,155
16 CRR leverage ratio (%)	5.7	6.4
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.7	6.4

Capital, liquidity and funding

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries

The table below sets out the capital resources in the prescribed template on a CRR transitional basis as relevant for the jurisdiction. The adjustments to end-point CRR are presented for RBS only.

		30 June 2019					
		RBS		CRR end-point £m	Source based on reference number/ letters of the balance sheet under its regulatory scope of consolidation	NWHG £m	NWM Plc £m
		PRA transitional £m	CRR prescribed residual amounts £m				
CET1 capital: instruments and reserves							
1	Capital instruments and the related share premium accounts	13,180	—	13,180		3,263	2,158
	<i>Of which: ordinary shares</i>	12,091	—	12,091	(c)	3,263	400
2	Retained earnings	10,200	—	10,200		36,951	5,798
3	Accumulated other comprehensive income (and other reserves)	14,199	—	14,199	(e)	(10,462)	44
4	Public sector capital injections grandfathered until 1 January 2018	—	—	—		—	—
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	2,036	—	2,036		—	—
6	CET1 capital before regulatory adjustments	39,615	—	39,615		29,752	8,000
7	Additional value adjustments	(419)	—	(419)		(25)	(363)
8	(-) Intangible assets (net of related tax liability)	(6,631)	—	(6,631)	(a) minus (b)	(6,322)	—
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(869)	—	(869)	(f) minus (g)	(869)	—
11	Fair value reserves related to gains or losses on cash flow hedges	(117)	—	(117)	(d)	(206)	(156)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	(726)	—	(726)		(395)	(312)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(262)	—	(262)		(1)	(133)
15	(-) Defined-benefit pension fund assets	(400)	—	(400)	(h) minus (i)	(136)	(197)
18	(-) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (above the 10% threshold and net of eligible short positions)	—	—	—		—	(148)
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—	(444)
22	(-) Amount exceeding the 17.65% threshold	—	—	—		—	—
23	(-) <i>Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	—	—	—		—	—
25	(-) <i>Of which: deferred tax assets arising from temporary differences</i>	—	—	—		—	—
25a	(-) Losses for the current financial period	—	—	—		(408)	(377)
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	—	—	—		—	—
26a	<i>Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468</i>	—	—	—		—	—
26b	<i>Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR</i>	—	—	—		—	—
27	(-) Qualifying Additional Tier 1 (AT1) deductions that exceed the AT1 capital of the institution	—	—	—		—	—
28	Total regulatory adjustments to CET1	(9,424)	—	(9,424)		(8,362)	(2,130)
29	CET1 capital	30,191	—	30,191		21,390	5,870

Capital, liquidity and funding

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries continued

30 June 2019						
	RBS		CRR end point	Source based on reference numbers/ letters of the balance sheet under its regulatory scope of consolidation	NWHG	NWM Plc
	PRA transitional	CRR prescribed residual amounts				
	£m	£m	£m		£m	£m
AT1 capital: instruments						
30 Capital instruments and the related share premium accounts	4,051	—	4,051		3,676	749
31 Of which: classified as equity under applicable accounting standards	4,051	—	4,051		749	749
32 Of which: classified as debt under applicable accounting standards	—	—	—		—	—
33 Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	1,398	(1,398)	—		—	236
34 Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	140	(140)	—		88	—
35 <i>Of which: instruments issued by subsidiaries subject to phase out</i>	140	(140)	—		88	—
36 AT1 capital before regulatory adjustments	5,589	(1,538)	4,051		3,764	985
AT1 capital: regulatory adjustments						
39 Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution does NOT have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	—	—	—		—	(7)
40 (-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—	—
41 (-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—
41b Residual amounts deducted from AT1 capital with regard to deduction from Tier 2 (T2) capital during the transitional period <i>of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities</i>	—	—	—		—	—
43 Total regulatory adjustments to AT1 capital	—	—	—		—	(7)
44 AT1 capital	5,589	(1,538)	4,051		3,764	978
45 Tier 1 capital (T1 = CET1 + AT1)	35,780	(1,538)	34,242		25,154	6,848
T2 capital: instruments and provisions						
46 Capital instruments and the related share premium accounts	4,969	—	4,969		3,826	2,044
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	85	(85)	—		—	125
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests phase out from T2 and AT1 instruments not included in CET1 or AT1) issued by subsidiaries	1,498	(1,348)	150		401	—
49 <i>Of which: instruments issued by subsidiaries subject to phase out</i>	1,348	(1,348)	—		401	—
50 Credit risk adjustments	—	—	—		—	—
51 T2 capital before regulatory adjustments	6,552	(1,433)	5,119		4,227	2,169
T2 capital: regulatory adjustments						
54 (-)Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	—	—	—		—	(7)
55 (-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	—	—	—		—	(355)
56a (-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—
56b (-) Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period	—	—	—		—	—
56c (-) Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR	—	—	—		—	—
T2 capital: before regulatory adjustments						
57 Total regulatory adjustments to T2 capital	—	—	—		—	(362)

Capital, liquidity and funding

CAP 2: CAP: Capital resources (CRR own funds template) - RBS and significant subsidiaries continued

		30 June 2019					
		RBS			Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation	NWHG £m	NWM Plc £m
		PRA transitional £m	CRR prescribed residual amounts £m	Final CRD IV £m			
T2 capital before regulatory adjustments							
58	T2 capital	6,552	(1,433)	5,119		4,227	1,807
59	Total capital (TC= T1 + T2)	42,332	(2,971)	39,361		29,381	8,655
60	Total risk-weighted assets	188,463	—	188,463		140,571	38,728
Capital ratios and buffers							
61	CET1 (as a percentage of risk exposure amount)	16.0%	—	16.0%		15.2%	15.2%
62	T1 (as a percentage of risk exposure amount)	19.0%	—	18.2%		17.9%	17.7%
63	Total capital (as a percentage of risk exposure amount)	22.5%	—	20.9%		20.9%	22.3%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	8.7%	—	8.7%		7.8%	7.5%
65	Of which: capital conservation buffer requirement	2.5%	—	2.5%		2.5%	2.5%
66	Of which: counter cyclical buffer requirement	0.7%	—	0.7%		0.8%	0.5%
67	Of which: systemic risk buffer requirement	—	—	—		—	—
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.0%	—	1.0%		—	—
68	CET1 available to meet buffers (1)	11.5%	—	11.5%		10.7%	10.7%
Amounts below the threshold deduction							
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,118	—	1,118		6	646
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	547	—	547		2	631
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	289	—	289		655	—
Available caps on the inclusion of provisions in T2							
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	—	—		—	—
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	220	—	220		190	35
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	—	—	—		—	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	717	—	717		626	44
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)							
82	Current cap on AT1 instruments subject to phase out arrangements	2,880	(2,880)	—		88	1,501
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	—		52	—
84	Current cap on T2 instruments subject to phase out arrangements	2,018	(2,018)	—		401	835
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—	—		672	—

Note:

(1) This represents the CET1 ratio less the CRR minimum of 4.5%.

Capital, liquidity and funding

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries continued

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries continued		31 December 2018				
		RBS			Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	NWM Plc £m
		PRA transitional £m	CRR prescribed residual amounts £m	Final CRD IV £m		
CET1 capital: instruments and reserves						
1	Capital instruments and the related share premium accounts	13,076	—	13,076		2,159
	Of which: ordinary shares	12,049	—	12,049	(c)	400
2	Retained earnings	12,330	—	12,330		6,280
3	Accumulated other comprehensive income (and other reserves)	14,290	—	14,290	(e)	15
4	Public sector capital injections grandfathered until 1 January 2018	—	—	—		—
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	55	—	55		—
6	CET1 capital before regulatory adjustments	39,751	—	39,751		8,454
7	Additional value adjustments	(494)	—	(494)		(450)
8	Intangible assets (net of related tax liability)	(6,616)	—	(6,616)	(a) minus (b)	—
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(740)	—	(740)	(f) minus (g)	—
11	Fair value reserves related to gains or losses on cash flow hedges	191	—	191	(d)	(114)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	(654)	—	(654)		(351)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(405)	—	(405)		(223)
15	(-) Defined-benefit pension fund assets	(394)	—	(394)	(h) minus (i)	(197)
18	(-) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	—	—	—		(65)
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector where the institution has a significant investment in those entities	—	—	—		(380)
22	(-) Amount exceeding the 17.65% threshold	—	—	—		—
23	(-) Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	—	—	—		—
25	(-) Of which: deferred tax assets arising from temporary differences	—	—	—		—
25a	(-) Losses for the current financial period	—	—	—		(305)
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	—	—	—		—
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	—	—	—		—
26b	Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR	—	—	—		—
27	(-) Qualifying AT1 deductions that exceed the AT1 capital of the institution	—	—	—		—
28	Total regulatory adjustments to CET1	(9,112)	—	(9,112)		(2,085)
29	CET1 capital	30,639	—	30,639		6,369

Capital, liquidity and funding

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries continued

		31 December 2018			Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	NWM Plc £m
		PRA transitional £m	RBS CRR prescribed residual amounts £m	Final CRD IV £m		
AT1 capital: instruments						
30	Capital instruments and the related share premium accounts	4,051	—	4,051		749
31	<i>Of which: classified as equity under applicable accounting standards</i>	4,051	—	4,051		749
32	<i>Of which: classified as debt under applicable accounting standards</i>	—	—	—		—
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	1,393	(1,393)	—		234
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	140	(140)	—		—
35	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	140	(140)	—		—
36	AT1 capital before regulatory adjustments	5,584	(1,533)	4,051		983
AT1 capital: regulatory adjustments						
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—
41	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—
41b	Residual amounts deducted from AT1 capital with regard to deduction from T2 capital during the transitional period <i>Of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities</i>	—	—	—		—
43	Total regulatory adjustments to AT1 capital	—	—	—		—
44	AT1 capital	5,584	(1,533)	4,051		983
45	Tier 1 capital (T1 = CET1 + AT1)	36,223	(1,533)	34,690		7,352
T2 capital: instruments and provisions						
46	Capital instruments and the related share premium accounts	6,301	—	6,301		1,973
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	85	(85)	—		125
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	1,565	(1,383)	182		—
49	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	1,383	(1,383)	—		—
50	Credit risk adjustments	—	—	—		—
51	T2 capital before regulatory adjustments	7,951	(1,468)	6,483		2,098
T2 capital: regulatory adjustments						
54	(-) Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	—	—	—		(211)
55	(-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	—	—	—		(482)
56a	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—
56b	(-) Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period	—	—	—		—
56c	(-) Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required	—	—	—		—
57	Total regulatory adjustments to T2 capital	—	—	—		(693)
58	T2 capital	7,951	(1,468)	6,483		1,405
59	Total capital (TC = T1 + T2)	44,174	(3,001)	41,173		8,757

Capital, liquidity and funding

CAP 2: Capital resources (CRR own funds template) - RBS and significant subsidiaries *continued*

		31 December 2018			
		PRA transitional £m	RBS CRR prescribed residual amounts £m	Final CRD IV £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation NWM Plc £m
T2 capital: regulatory adjustments					
60	Total risk-weighted assets	188,691	—	188,691	40,777
Capital ratios and buffers					
61	CET1 (as a percentage of risk exposure amount)	16.2%	—	16.2%	15.6%
62	T1 (as a percentage of risk exposure amount)	19.2%	—	18.4%	18.0%
63	Total capital (as a percentage of risk exposure amount)	23.4%	—	21.8%	21.5%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	7.8%	—	8.7%	6.9%
65	Of which: capital conservation buffer requirement	1.9%	—	2.5%	1.9%
66	Of which: counter cyclical buffer requirement	0.7%	—	0.7%	0.5%
67	Of which: systemic risk buffer requirement	—	—	—	—
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.8%	—	1.0%	—
68	CET1 available to meet buffers	11.7%	—	11.7%	11.1%
Amounts below the threshold deduction					
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,127	—	1,127	681
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	548	—	548	675
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	344	—	344	—
Available caps on the inclusion of provisions in T2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	—	—	—
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	290	—	290	45
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	—	—	—	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	688	—	688	34
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)					
82	Current cap on AT1 instruments subject to phase out arrangements	3,840	(3,840)	—	2,002
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	—	—
84	Current cap on T2 instruments subject to phase out arrangements	2,690	(2,690)	—	1,113
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—	—	—

Capital, liquidity and funding

CC2: Reconciliation of regulatory capital to balance sheet

The table below sets out the reconciliation between the accounting and regulatory consolidation with references showing the linkage between this table and CAP 2.

	a Balance sheet as in published financial statements as at period end £m	b Under regulatory scope of consolidation as at period end £m	References
Assets			
Cash and balances at central banks	85,380	85,380	
Trading assets	85,364	85,364	
Derivative financial instruments	145,594	145,594	
Settlement balances	8,438	8,438	
Loans and advances to banks - amortised cost	12,935	12,935	
Loans and advances to customers - amortised cost	310,631	310,585	
Other financial assets	65,634	65,329	
Intangible assets	6,631	6,631	(a)
Property, plant and equipment	5,172	5,172	
Current and deferred tax assets	1,549	1,549	
<i>of which: rely on future profitability</i>	869	869	(f)
Prepayments, accrued income and other assets	2,287	2,428	
<i>of which: pension scheme in net surplus</i>	523	523	(h)
Assets of disposal groups	254	254	
Total assets	729,869	729,659	
Liabilities			
Bank deposits	23,093	23,093	
Customer deposits	361,626	361,649	
Settlement balances	7,619	7,619	
Trading liabilities	84,135	84,135	
Derivatives	141,697	141,697	
Other financial liabilities	46,485	46,485	
Provisions, deferred income and other liabilities	8,378	8,159	
Retirement benefit liabilities	105	105	
Current and deferred tax liabilities	686	672	
<i>of which: intangible assets</i>	—	—	(b)
<i>of which: rely on future profitability</i>	—	—	(g)
<i>of which: defined benefit pension scheme assets</i>	123	123	(i)
Subordinated liabilities	9,808	9,808	
Total liabilities	683,632	683,422	
Shareholder's Equity			
Non-controlling interests	16	16	
Owners' equity			
Called up share capital	12,091	12,091	
<i>of which: amount eligible for CET1</i>	12,091	12,091	(c)
Reserves	34,130	34,130	
<i>of which: amount eligible for retained earnings</i>	12,152	12,152	
<i>of which: amount eligible for cash flow hedging reserve</i>	117	117	
<i>of which: amount eligible for accumulated OCI and other reserves</i>	14,075	14,075	(d) and (e)
Total shareholders' equity	46,237	46,237	

Capital, liquidity and funding

EU OV1: CAP: RWAs and MCR summary - RBS and significant subsidiaries

The table below summarises RWAs and minimum capital requirements (MCR) by risk type for RBS and its significant subsidiaries. MCR is calculated as 8% of RWAs.

	30 June 2019	RBS		NWHG		NWM Plc	
		RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
1	Credit risk (excluding counterparty credit risk)	132,497	10,600	116,559	9,326	7,727	618
2	Standardised (STD) approach	15,544	1,244	13,595	1,088	1,523	122
4	Advanced IRB approach (1)	115,948	9,276	102,964	8,238	6,189	495
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	1,005	80	—	—	15	1
6	Counterparty credit risk (CCR)	13,666	1,093	1,174	94	12,911	1,033
6a	of which: securities financing transactions	1,485	119	122	10	1,101	88
7	of which: marked-to-market	2,097	168	257	21	1,921	154
10	of which: internal model method (IMM)	7,832	626	—	—	7,942	635
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	152	12	114	9	32	3
12	of which: credit valuation adjustment (CVA)	2,100	168	681	54	1,915	153
13	Settlement risk	16	1	—	—	16	1
14	Securitisation exposures in banking book (2)	2,945	236	1,388	111	1,385	111
15	IRB approach	2,624	210	1,388	111	1,064	85
17	Internal assessment approach	13	1	—	—	13	1
18	Standardised approach (SA)	308	25	—	—	308	25
19	Market risk	14,650	1,172	218	17	12,386	991
20	STD approach	2,648	212	218	17	1,263	101
21	IMA	12,002	960	—	—	11,123	890
23	Operational risk - STD approach	22,599	1,808	19,590	1,567	3,039	243
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,090	167	1,642	131	1,264	101
29	Total	188,463	15,077	140,571	11,246	38,728	3,098

For the notes to this table refer to the following page.

Capital, liquidity and funding

EU OV1: CAP: RWA and MCR summary - RBS and significant subsidiaries continued

		RBS		NWM Plc	
31 December 2018		RWAs £m	MCR £m	RWAs £m	MCR £m
1	Credit risk (excluding counterparty credit risk)	133,052	10,644	6,744	539
2	Standardised (STD) approach	20,974	1,678	2,064	165
4	Advanced IRB approach ⁽¹⁾	111,057	8,884	4,665	373
5	Equity IRB under the simple risk-weight or the IMA	1,021	82	15	1
6	Counterparty credit risk (CCR)	13,211	1,057	12,998	1,040
6a	of which: securities financing transactions	1,260	101	975	78
7	of which: marked-to-market	2,247	180	1,988	159
10	of which: IMM	7,192	575	7,576	606
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	56	5	45	4
12	of which: CVA	2,456	196	2,414	193
13	Settlement risk	1	—	1	—
14	Securitisation exposures in banking book	2,970	238	1,249	100
15	IRB approach	2,956	237	1,235	99
17	Internal assessment approach	14	1	14	1
19	Market risk	14,837	1,187	14,106	1,129
20	STD approach	1,848	148	1,211	97
21	IMA	12,989	1,039	12,895	1,032
23	Operational risk - STD approach	22,391	1,791	4,152	332
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,229	178	1,527	122
29	Total	188,691	15,095	40,777	3,262

Notes:

(1) Of which £1,747 million RWAs (31 December 2018 - £569 million) relate to equity IRB under the PD/LGD approach.

(2) Securitisation positions which fall under the new securitisation framework have been recorded under IRB RBA for positions which are capitalised under the new SEC-ERBA approach and SA for positions capitalised under the new SEC-SA approach.

Capital, liquidity and funding

OV1_a: RWA bridge between EU OV1 and credit risk RWAs

The table below provides a bridge between the EU OV1 RWA summary, the RWA categorisation used by RBS for capital management, and the detailed tables in this report. The principal reasons for the presentational differences relate to securitisations, thresholds and CVA.

	RWAs	
	30 June 2019 £m	31 December 2018 £m
Credit risk excluding counterparty credit risk (EU OV1 row 1)	132,497	133,052
Securitisations (banking book only)	2,470	2,543
Threshold (EU OV1 row 27)	2,090	2,229
Credit risk including securitisations (EU CR8 row 9)	137,057	137,824
Counterparty risk total (EU OV1 row 6)	13,666	13,211
Less: CVA capital charge (EU OV1 row 12)	(2,100)	(2,456)
Settlement risk (EU OV1 row 13)	16	1
Securitisations (trading book)	475	427
Counterparty risk (EU CCR7 row 9)	12,057	11,183
Total STD (EU OV1 row 2)	15,544	20,974
Threshold (EU OV1 row 27)	2,090	2,229
Total STD credit risk (EU CR8 row 9)	17,634	23,203
Total AIRB credit risk (EU OV1 row 4)	115,948	111,057
Equity (EU OV1 row 5)	1,005	1,021
Securitisations in credit risk (banking book)	2,470	2,543
Total AIRB credit risk (EU CR8 row 9)	119,423	114,621

Refer to the key points following KM1 for commentary relating to RWA movements for RBS and its significant subsidiaries. The commentary is based on credit and counterparty credit risk as managed internally within RBS whereby securitisations, thresholds and CVA are included within credit and counterparty credit risk as relevant. EU OV1_a provides a bridge between the two RWA approaches. Refer also to the key points following EU CR8, EU CCR7 and EU MR 1 and EU MR 2_B for individual components in OV1_a.

OV1_b: RWA bridge between EU OV1 and counterparty credit risk

The table below provides a bridge between the overall RWA summary disclosure in EU OV1 and the detailed tables in the counterparty credit risk section presented in line with the EBA Pillar 3 guidelines. The principal differences relate to CVA and central counterparties (CCPs).

	RWAs				Total CCR £m
	EU OV1_a £m	CCR1 £m	CCR2 £m	CCR8 £m	
30 June 2019	13,666	11,173	2,100	393	13,666
31 December 2018	13,211	10,370	2,456	385	13,211

Capital, liquidity and funding

EU CR8: IRB and STD: Credit risk RWAs and MCR flow statement

The table below presents the drivers of movements in credit risk RWAs and MCR. RWAs include securitisations, deferred tax assets and significant investments to align with the capital management approaches of RBS and its segments. There were no methodology or policy changes during the period.

		a			b
		RWAs			MCR
		IRB £m	STD £m	Total RWAs £m	£m
1	At 1 January 2019	114,621	23,203	137,824	11,026
2	Asset size (1)	2,597	(1,013)	1,584	126
3	Asset quality (2)	686	58	744	60
4	Model updates (3)	185	—	185	15
6	Acquisitions and disposals (4)	—	(4,618)	(4,618)	(369)
7	Foreign exchange movements (5)	42	4	46	4
8	Other (6)	1,292	—	1,292	103
9	At 30 June 2019	119,423	17,634	137,057	10,965

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new businesses and maturing loans) but excluding changes in book size due to acquisitions and disposal of entities.
- (2) Changes in the assessed quality of assets due to changes in borrower risk, such as rating grade migration or similar effects.
- (3) Changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses.
- (4) Reflects the completion of the merger of Alawwal bank and SABB.
- (5) Changes arising from foreign currency translation movements.
- (6) Reflects the effect of adopting IFRS 16.

Key points

- The movement in acquisitions and disposals reflected the completion of the Alawwal bank and SABB merger and resulted in a reduction in RWAs of £4.6 billion.
- The increase in asset size was driven by lending growth in NatWest Markets alongside increased nostro and money market positions.
- The movement in the other category reflected the adoption of IFRS 16, which created a right-of-use asset of £1.3 billion in January 2019.
- The RWA uplift attributable to asset quality was driven by the movement of PD and LGD metrics during the period including PD calibration across key Personal portfolios.

EU CCR7: CCR: IMM and Non-IMM: Counterparty credit risk RWAs and MCR flow statement

The table below presents the drivers of movements in counterparty credit risk RWAs and MCR (excluding CVA and exposures cleared through a central counterparty). There were no IMM methodology or policy changes during the period.

		a			b		
		RWAs			MCR		
		IMM £m	Non-IMM £m	Total £m	IMM £m	Non-IMM £m	Total £m
1	At 1 January 2019	7,292	3,891	11,183	584	311	895
2	Asset size (1)	599	140	739	48	11	59
3	Credit quality of counterparties (2)	34	—	34	3	—	3
6	Acquisitions and disposals (3)	—	(40)	(40)	—	(3)	(3)
7	Foreign exchange movements (4)	20	4	24	1	—	1
8	Other	—	117	117	—	9	9
9	At 30 June 2019	7,945	4,112	12,057	636	328	964

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new businesses).
- (2) Changes in the assessed quality of counterparties as measured under RBS's credit risk framework, including changes due to IRB models. Impacts due to IMM model changes are not included here.
- (3) Reflects the completion of the merger of Alawwal bank and SABB.
- (4) Changes arising from foreign currency retranslation movements.

Key points

- The RWA increase related to the IMM was mainly the result of an increase in exposure to large sovereign and corporate counterparties during the first six months of the year.
- The increase related to non-IMM exposures mainly reflected an increase in securities financing transaction activity. It also partly reflected a refinement to the RWA calculation in relation to the default fund contribution to central counterparty exposure.

Capital, liquidity and funding

EU MR2_B: MR IMA and STD: Market risk RWAs and MCR flow statement

The table below presents the drivers of movements in market risk RWAs and MCR. There were no methodology or regulatory policy changes during the period. Changes in market risk arising from foreign currency retranslation are included within movement in risk levels as they are managed together with portfolio changes.

		IMA						STD		Total	
		RWAs (1)						RWAs £m	MCR £m	RWAs £m	MCR £m
		a VaR £m	b SVaR £m	c IRC £m	e Other (RNIV) £m	f Total £m	g MCR £m				
1	At 1 January 2019	2,028	5,272	2,732	2,957	12,989	1,039	1,848	148	14,837	1,187
2	Movement in risk levels (2)	1	(397)	(500)	(257)	(1,153)	(92)	836	67	(317)	(25)
3	Model updates/changes (3)	18	(31)	69	110	166	13	—	—	166	13
5	Acquisitions and disposals (4)	—	—	—	—	—	—	(36)	(3)	(36)	(3)
8	At 30 June 2019	2,047	4,844	2,301	2,810	12,002	960	2,648	212	14,650	1,172

Notes:

- (1) RBS does not use the comprehensive risk measure to calculate market risk RWAs.
- (2) Movement in risk levels represents movements due to position changes.
- (3) Due to updates to the model to reflect recent experience or changes to model scope.
- (4) Reflects the completion of the merger of Alawwal bank and SABB.

Key points

- The comments below relate to NatWest Markets Plc, NWM N.V. and NWM SI, which accounted for the majority of the exposure. Refer to table EU MR1 for comments relating to other significant subsidiaries.
- The decrease in SVaR-based RWAs primarily related to a change in the capital multiplier due to a reduction in the rolling number of VaR model back-testing exceptions in NatWest Markets Plc.
- VaR-based RWAs remained broadly unchanged due to an increase in sterling interest rate risk, offset by the reduction in the capital multiplier.
- The lower incremental risk charge reflected a reduction in sovereign bond positions.
- The RNIV RWA decrease was due to reduced risk contribution from exposures which are proxied, compared to December 2018.
- The increase under the standardised approach was due to an increase in interest rate risk and a higher banking book foreign exchange charge. This was partly offset by a decrease in trading book securitisations.

Capital, liquidity and funding

CAP 3: LR: Leverage exposures (CRR Delegated Act Template) - RBS and significant subsidiaries

The tables below set out the leverage exposures in the prescribed template on a CRR transitional basis as relevant for the jurisdiction.

LRSum: Summary reconciliation of accounting assets and leverage ratio exposure

		30 June 2019			31 December 2018	
		RBS £m	NWHG £m	NWM Plc £m	RBS £m	NWM Plc £m
1	Total assets as per published financial statements	729,869	421,748	267,378	694,235	242,041
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(210)	—	—	5,762	—
4	Adjustment for derivative financial instruments	(112,520)	(600)	(114,880)	(99,216)	(99,133)
5	Adjustments for securities financing transactions (SFTs)	1,870	58	1,200	2,083	1,800
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	49,259	34,751	6,757	50,341	7,306
EU-6a	Adjustment for Intra-Group exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	—	(1)	(1,833)	—	(1,955)
7	Other adjustments	(9,163)	(7,952)	(1,626)	(8,707)	(1,557)
8	Total leverage ratio exposure	659,105	448,004	156,996	644,498	148,502

LRCOM: Leverage ratio common disclosure

On-balance sheet exposures (excluding derivatives and SFTs)

1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	553,044	419,340	100,577	538,889	90,203
2	Asset amounts deducted in determining Tier 1 capital	(9,163)	(7,952)	(1,626)	(8,707)	(1,557)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	543,881	411,388	98,951	530,182	88,646

Derivative exposures

4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9,750	270	9,224	9,706	9,738
5	Add-on amounts for PFE associated with all derivatives transactions (mtm method)	44,342	760	43,692	42,306	41,909
7	Deductions of receivable assets for cash variation margin provided in derivatives transactions	(21,440)	(921)	(20,582)	(18,349)	(16,959)
8	Exempted CCP leg of client-cleared trade exposures	(244)	—	(40)	(249)	(249)
9	Adjusted effective notional amount of written credit derivatives	5,615	—	5,615	6,171	6,171
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(4,949)	—	(4,949)	(5,452)	(5,452)
11	Total derivative exposures	33,074	109	32,960	34,133	35,158

Capital, liquidity and funding

CAP 3: LR: Leverage exposures (CRR Delegated Act Template) - RBS and significant subsidiaries continued

		30 June 2019			31 December 2018	
		RBS £m	NWHG £m	NWM Plc £m	RBS £m	NWM Plc £m
Securities financing transaction exposures						
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	80,146	8,820	39,348	67,496	35,514
13	Netted amounts of cash payables and cash receivable of gross SFT assets	(49,125)	(7,121)	(20,387)	(39,737)	(17,967)
14	Counterparty credit risk exposures for SFT assets	1,870	58	1,200	2,083	1,800
16	Total securities financing transaction exposures	32,891	1,757	20,161	29,842	19,347
Other off-balance sheet exposures						
17	Off-balance sheet exposures at gross notional amount	181,385	138,146	17,992	174,740	19,138
18	Adjustments for conversion to credit equivalent amounts	(132,126)	(103,395)	(11,235)	(124,399)	(11,832)
19	Other off-balance sheet exposures	49,259	34,751	6,757	50,341	7,306
EU-19a	Exemption of Intra-Group exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off-balance sheet)	—	(1)	(1,833)	—	(1,955)
Capital and total exposures						
20	Tier 1 capital	35,780	25,154	6,848	36,223	7,352
21	Total leverage ratio exposure	659,105	448,004	156,996	644,498	148,502
Leverage ratio		5.4%	5.6%	4.4%	5.6%	5.0%
		30 June 2019			31 December 2018	
		RBS £m	NWHG £m	NWM Plc £m	RBS £m	NWM Plc £m
LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)						
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	543,881	411,387	100,675	530,182	86,737
EU-2	Trading book exposures	65,187	—	55,134	53,292	47,580
EU-3	Banking book exposures, of which:	478,694	411,387	45,541	476,890	39,157
EU-4	Covered bonds	1,301	1,180	—	926	—
EU-5	Exposures treated as sovereigns	141,995	105,993	19,466	140,875	18,104
EU-6	Exposures to regional governments, multilateral development bank, international organisations and public sector entities not treated as sovereigns	5,146	4,729	267	4,872	250
EU-7	Institutions	6,020	4,522	5,345	6,631	7,100
EU-8	Secured by mortgages of immovable properties	201,963	197,257	67	185,031	35
EU-9	Retail exposures	21,836	21,740	—	35,536	—
EU-10	Corporate	73,651	56,962	8,174	76,993	7,824
EU-11	Exposures in default	4,886	4,100	625	5,397	648
EU-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	21,896	14,904	11,597	20,629	5,196

Capital, liquidity and funding

CAP 4: CAP: Capital instruments - RBS and significant subsidiaries

The following table sets out the main terms and conditions of RBS's Tier 1 and Tier 2 capital instruments that will be treated as non-end point CRR compliant, for instance because they are legacy Tier 1 instruments or because they are Tier 2 instruments that include an incentive for the issuer to redeem. The balances are the IFRS balance sheet carrying amounts, which may differ from the amount which the instrument contributes to regulatory capital. Regulatory balances exclude, for example, issuance costs and fair value movements, while dated capital is required to be amortised on a straight-line basis over the final five years of maturity. For accounting purposes the capital instruments in the following table are included within equity or subordinated liabilities, details of which are included in Note 19 Subordinated Liabilities of the RBSG 2018 ARA. Refer to RBS.com for more details on these and other instruments issued to third parties on an instrument-by-instrument basis.

		30 June 2019 £m	31 December 2018 £m
Pillar 1 treatment - Additional Tier 1			
	Step-up coupon		
RBS - undated loan capital			
US780097AH44 US\$1,200 million 7.648% perpetual regulatory (callable quarterly from September 2031)	3 month US\$ LIBOR plus 2.5%	607	603
NWB Plc - debt preference shares			
GB0006227051 Series A £140 million 9% (not callable)		145	145
RBS US Capital Trusts - debt trust preferred securities			
US74927PAA75 US\$650 million 6.425% 2043 (callable quarterly from January 2034)	3 month US\$ LIBOR plus 1.9425%	443	409
RBS - equity preference shares			
US780097AU54 Series U US\$1,500 million 7.64% (callable every ten years from September 2017)	3 month US\$ LIBOR plus 2.32%	494	494
Tier 2 capital securities which contain an incentive for the issuer to redeem			
Pillar 1 treatment Tier 2			
NWM Plc - undated loan capital			
XS0206633082 £600 million 5.5% undated subordinated notes (callable every five years from December 2019)	Aggregate of 1.84% and the 5 year UK Gilts yield	36	36
XSS0144810529 £500 million 6.2% undated subordinated notes (callable every five years from March 2022)	Aggregate of 2.05% and the 5 year UK Gilts yield	24	25
XS0154144132 £900 million 5.625% undated subordinated notes (callable every five years from September 2026)	Aggregate of 2.10% and the 5 year UK Gilts yield	23	23
XS0138939854 £500 million 5.625% undated subordinated notes (callable every five years from June 2032)	Aggregate of 2.41% and the 5 year UK Gilts yield	21	21
NWB Plc - undated loan capital			
XS0102480786 €100 million floating rate undated step-up notes (callable quarterly)	3 month EURIBOR plus 2.15%	9	9
XS0102480869 €400 million floating rate undated subordinated notes (callable quarterly)	3 month EURIBOR plus 2.15%	160	160
XS0102493680 £200 million 7.125% undated subordinated step-up notes (callable every five years from October 2022)	5 year UK Gilts yield plus 3.08%	57	55

Capital, liquidity and funding

EU LIQ1: Liquidity coverage ratio

The table below shows the breakdown of high quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The weightings applied reflect the stress factors applicable under the EBA LCR rules. The values presented below are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table.

LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). RBS assesses these risks as part of its Individual Liquidity Adequacy Assessment Process (ILAAP) and maintains appropriate levels of liquidity.

	Total unweighted value (average)				Total weighted value (average)			
	30 June 2019	31 March 2019	31 December 2018	30 September 2018	30 June 2019	31 March 2019	31 December 2018	30 September 2018
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	£m	£m	£m	£m	£m	£m	£m	£m
High quality liquid assets								
1 Total high-quality liquid assets (HQLA)					138,355	138,672	137,905	135,653
Cash outflows								
2 Retail deposits and deposits from small business customers	205,527	204,396	203,315	202,132	16,425	16,326	16,229	15,797
3 of which: stable deposits	128,465	127,710	127,164	127,851	6,423	6,386	6,358	6,393
4 of which: less stable deposits	76,737	76,377	75,850	73,997	9,677	9,632	9,569	9,121
5 Unsecured wholesale funding	134,830	135,028	135,548	137,041	60,920	59,585	58,411	57,812
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	59,254	64,045	69,042	74,790	14,501	15,698	16,947	18,379
7 Non-operational deposits (all counterparties)	74,999	70,346	65,720	61,180	45,842	43,250	40,678	38,361
8 Unsecured debt	577	637	787	1,071	577	637	787	1,071
9 Secured wholesale funding					3,776	3,798	3,851	3,534
10 Additional requirements	76,598	77,367	78,602	80,128	19,057	19,818	20,918	22,068
11 Outflows related to derivative exposures and other collateral requirements	6,809	7,327	8,125	8,946	5,813	6,377	7,256	8,135
12 Outflows related to loss of funding on debt products	—	—	—	74	—	—	—	74
13 Credit and liquidity facilities	69,789	70,040	70,476	71,108	13,245	13,441	13,662	13,859
14 Other contractual funding obligations	21,592	21,561	22,689	23,053	2,077	1,814	1,666	1,352
15 Other contingent funding obligations	47,191	48,063	48,768	50,194	3,724	3,831	3,747	3,716
16 Total cash outflows					105,979	105,173	104,822	104,279
17 Secured lending (e.g. reverse repos)	69,324	72,695	78,078	82,463	2,975	3,357	3,257	2,919
18 Inflows from fully performing exposures	12,628	12,600	12,601	12,843	9,235	9,099	8,975	8,927
19 Other cash inflows	13,974	13,415	13,399	13,119	5,297	4,931	5,060	4,838
EU-19a Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
EU-19b Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20 Total cash inflows	95,926	98,710	104,078	108,425	17,506	17,386	17,292	16,684
EU-20a Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c Inflows subject to 75% cap	85,919	87,067	90,638	93,139	17,506	17,386	17,292	16,684
21 Liquidity buffer					138,355	138,672	137,905	135,653
22 Total net cash outflows					88,473	87,787	87,530	87,595
23 Liquidity coverage ratio (%)					156	158	158	155

Capital, liquidity and funding

TLAC 1: TLAC compositions for G-SIBs

The table below provides a detailed summary for RBS of the composition of total loss-absorbing capacity (TLAC), reflecting RBS's current interpretation of the CRR2 minimum requirement of eligible liabilities (MREL) rules relevant for G-SII's which entered into force on 27 June 2019.

	30 June 2019
	£m
Regulatory capital elements of TLAC and adjustments	
1 Common Equity Tier 1 capital (CET1)	30,191
2 Additional Tier 1 capital (AT1) before TLAC adjustments	5,589
3 AT1 ineligible as TLAC as issued out of subsidiaries to third parties	—
4 Other adjustments	—
5 AT1 instruments eligible under the TLAC framework	5,589
6 Tier 2 capital (T2) before TLAC adjustments	6,552
7 Amortised portion of T2 instruments where remaining maturity > 1 year	906
8 T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	202
9 Other adjustments to TLAC	2,127
10 T2 instruments eligible under the TLAC framework	5,129
11 TLAC arising from regulatory capital	40,909
Non-regulatory capital elements of TLAC	
12 External TLAC requirements issues directly by the bank and subordinated to exclude liabilities	19,237
13 External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	—
14 Of which: amount eligible as TLAC after application of the caps	—
15 External TLAC instruments issued by funding vehicles prior to 1 January 2022	—
16 Eligible ex ante commitments to recapitalise a G-SIB in resolution	—
17 TLAC arising from non-regulatory capital instruments before adjustments	19,237
Non-regulatory capital elements of TLAC: adjustments	
18 TLAC before deductions	60,146
19 Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	—
20 Deduction of investments in own other TLAC liabilities	—
21 Other adjustments to TLAC (2)	—
22 TLAC after deductions	60,146
Risk-weighted assets and leverage exposure measure for TLAC purposes	
23 Total risk-weighted assets adjusted as permitted under the TLAC regime	188,463
24 Leverage exposure measure	659,105
TLAC ratios and buffers	
25 TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime) (%)	31.9
26 TLAC (as a percentage of leverage exposure) (%)	9.1
27 CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements (%) (3)	5.3
28 Institution - specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	4.2
29 Of which: capital conservation buffer requirement	2.5
30 Of which: bank specific countercyclical buffer requirement	0.7
31 Of which: higher loss absorbency requirement	1.0

Notes:

- (1) RBS will continue to be recognised as a G-SII until 1 January 2020.
- (2) In the absence of an industry standard register of MREL instruments, RBS is not aware of any known holdings of other G-SII's MREL instruments. RBS continues to be engaged in industry developments.
- (3) CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements is calculated after meeting the minimum capital requirements, demonstrated in Appendix 1 of the RBS H1 2019 Interim Results. Minimum capital requirements include Pillar 1, CCB, CCuB, G-SIB and Pillar 2A buffers.

Capital, liquidity and funding

TLAC 2 : Material subgroup entity - creditor ranking at legal entity level

The table below shows the creditor ranking at legal entity level for the material sub-group entities included within the RBS resolution group, reflecting RBS's current interpretation of the CRR2 MREL rules relevant for G-SII's which entered into force on 27 June 2019.

		NWM Plc										
		Creditor ranking										
30 June 2019		Shareholders Equity		Preference Shares & Contingent Capital Notes		Subordinated Debt		Senior Non-Preferred Debt		Other Senior Debt Issuances		
		Due to RBSG plc	Others	Due to RBSG plc	Others	Due to RBSG plc	Others	Due to RBSG plc	Others	Due to RBSG plc	Others	Total
2	Description of creditor ranking											
3	Total capital and liabilities net of credit risk mitigation	7,624	—	749	—	2,094	626	5,333	—	—	19,458	35,884
4	Subset of row 3 that are excluded liabilities	—	—	—	—	—	—	—	—	—	—	—
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	7,624	—	749	—	2,094	626	5,333	—	—	19,458	35,884
6	Subset of row 5 that are eligible as TLAC	7,624	—	749	—	1,386	626	5,333	—	—	—	15,718
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—	99	3,134	—	—	—	3,233
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	319	391	2,199	—	—	—	2,909
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	871	—	—	—	—	—	871
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities	—	—	—	—	197	—	—	—	—	—	197
11	Subset of row 6 that is perpetual securities	7,624	—	749	—	—	136	—	—	—	—	8,509

Notes:

(1) RBS will continue to be recognised as a G-SII until 1 January 2020.

Capital, liquidity and funding

TLAC 3: Resolution entity – creditor ranking at legal entity level

The table below shows the creditor ranking at the resolution entity level for RBSG plc, reflecting RBS's current interpretation of the CRR2 MREL rules relevant for G-SII's which entered into force on 27 June 2019.

30 June 2019	RBSG plc				
	Creditor ranking				Total
Description of creditor ranking	Shareholders Equity	Preference Shares & Contingent Capital Notes	Subordinated Debt	Other Senior Debt Issuances	
2 Total capital and liabilities	51,384	4,047	7,457	20,016	82,904
3 Subset of row 3 that are excluded liabilities	—	—	2,936	790	3,726
5 Total capital and liabilities less excluded liabilities (row 3 minus row 4)	51,384	4,047	4,521	19,226	79,178
6 Subset of row 5 that are eligible as TLAC	51,384	4,047	4,521	19,226	79,178
7 Subset of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	—
8 Subset of row 6 with 2 years ≤ residual maturity < 5 years	—	—	4,436	8,777	13,213
9 Subset of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	7,788	7,788
10 Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities	—	—	—	2,661	2,661
11 Subset of row 6 that is perpetual securities	51,384	4,047	85	—	55,516

Note:

(1) RBS will continue to be recognised as a G-SII until 1 January 2020.

KM2: Key metrics – TLAC requirements

The table below provides a summary for RBS of the total loss-absorbing capacity (TLAC) available, reflecting RBS's current interpretation of the CRR2 MREL rules relevant for G-SII's which entered into force on 27 June 2019.

	30 June 2019
	£m
1 TLAC available	60,146
2 Total RWA at the level of the resolution group	188,463
3 TLAC as a percentage of RWA (%)	31.9
4 Leverage ratio exposure measure at the level of the resolution group	659,105
5 TLAC as a percentage of leverage exposure measure (%)	9.1
6a Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC term sheet apply	No
6b Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC term sheet apply	No

Note:

(1) RBS will continue to be recognised as a G-SII until 1 January 2020.

Credit risk

CR1: IRB and STD: RWA density by RBS sector cluster

The table below summarises RBS's total credit risk profile (incorporating counterparty credit risk and securitisations) by customer type. This reflects the basis on which customers are managed internally. Wholesale customers are managed on an individual basis and grouped by sector. Personal customers are managed on a portfolio basis and grouped into portfolios of similar risk. The table presents EAD post CRM, RWAs and RWA density, each split by regulatory approach i.e. internal ratings based (IRB) and standardised (STD).

	EAD post CRM			RWAs			RWA density		
	IRB £m	STD £m	Total £m	IRB £m	STD £m	Total £m	IRB %	STD %	Total %
30 June 2019									
Sector cluster									
Sovereign									
Central banks	32,418	63,878	96,296	1,067	723	1,790	3	1	2
Central governments	23,354	27,647	51,001	2,568	—	2,568	11	—	5
Other sovereign	2,313	520	2,833	573	13	586	25	2	21
Total sovereign	58,085	92,045	150,130	4,208	736	4,944	7	1	3
Financial institutions (FIs)									
Banks	23,021	342	23,363	9,572	111	9,683	42	33	41
Non-bank FIs (1)	34,642	7,452	42,094	13,532	2,652	16,184	39	36	38
SSPEs (2)	9,898	317	10,215	1,859	314	2,173	19	99	21
Total FIs	67,561	8,111	75,672	24,963	3,077	28,040	37	38	37
Corporates									
Property									
- UK	38,317	2,920	41,237	18,577	2,582	21,159	48	88	51
- RoI	1,329	156	1,485	868	153	1,021	65	99	69
- Western Europe	2,420	121	2,541	993	135	1,128	41	111	44
- US	195	1	196	90	1	91	46	100	47
- RoW	413	171	584	257	121	378	62	71	65
Total property	42,674	3,369	46,043	20,785	2,992	23,777	49	89	52
Natural resources	13,976	197	14,173	5,914	182	6,096	42	92	43
Transport	17,163	660	17,823	7,668	619	8,287	45	94	46
Manufacturing	15,446	851	16,297	7,389	722	8,111	48	85	50
Retail and leisure	17,358	1,246	18,604	9,672	1,202	10,874	56	97	58
Services	19,073	1,318	20,391	10,629	1,095	11,724	56	83	57
TMT (3)	7,171	328	7,499	4,476	312	4,788	62	95	64
Total corporates	132,861	7,969	140,830	66,533	7,124	73,657	50	89	52
Personal									
Mortgages									
- UK	152,448	10,516	162,964	12,185	3,826	16,011	8	36	10
- RoI	14,878	30	14,908	6,922	14	6,936	47	45	47
- Western Europe	—	241	241	—	91	91	—	38	38
- US	—	238	238	—	88	88	—	37	37
- RoW	—	1,324	1,324	—	484	484	—	37	37
Total mortgages	167,326	12,349	179,675	19,107	4,503	23,610	11	36	13
Other personal	29,630	2,996	32,626	13,661	2,039	15,700	46	68	48
Total personal	196,956	15,345	212,301	32,768	6,542	39,310	17	43	19
Other items	5,189	1,624	6,813	4,443	820	5,263	86	50	77
Total	460,652	125,094	585,746	132,915	18,299	151,214	29	15	26

For the notes to this table refer to the following page.

Credit risk

CR1: IRB and STD: RWA density by RBS sector cluster *continued*

31 December 2018	EAD post CRM			RWAs			RWA density		
	IRB £m	STD £m	Total £m	IRB £m	STD £m	Total £m	IRB %	STD %	Total %
Sector cluster									
Sovereign									
Central banks	28,222	71,431	99,653	865	860	1,725	3	1	2
Central governments	22,937	24,698	47,635	1,971	—	1,971	9	—	4
Other sovereign	2,594	655	3,249	606	148	754	23	23	23
Total sovereign	53,753	96,784	150,537	3,442	1,008	4,450	6	1	3
Financial institutions (FIs)									
Banks	21,075	563	21,638	9,425	274	9,699	45	49	45
Non-bank FIs (1)	32,224	7,303	39,527	12,176	2,870	15,046	38	39	38
SSPEs (2)	9,710	328	10,038	1,847	330	2,177	19	101	22
Total FIs	63,009	8,194	71,203	23,448	3,474	26,922	37	42	38
Corporates									
Property									
- UK	38,061	2,784	40,845	17,603	2,452	20,055	46	88	49
- RoI	1,230	145	1,375	836	143	979	68	99	71
- Western Europe	2,570	157	2,727	1,088	166	1,254	42	105	46
- US	202	1	203	82	1	83	41	100	41
- RoW	365	1,919	2,284	189	1,651	1,840	52	86	81
Total property	42,428	5,006	47,434	19,798	4,413	24,211	47	88	51
Natural resources	13,804	516	14,320	5,920	485	6,405	43	94	45
Transport	15,899	925	16,824	7,158	866	8,024	45	94	48
Manufacturing	15,193	2,105	17,298	7,153	1,895	9,048	47	90	52
Retail and leisure	17,972	2,676	20,648	10,199	2,458	12,657	57	92	61
Services	19,970	1,624	21,594	11,084	1,449	12,533	56	89	58
TMT (3)	6,291	262	6,553	3,820	249	4,069	61	95	62
Total corporates	131,557	13,114	144,671	65,132	11,815	76,947	50	90	53
Personal									
Mortgages									
- UK	150,348	10,365	160,713	11,291	3,791	15,082	8	37	9
- RoI	15,033	54	15,087	7,608	23	7,631	51	42	51
- Western Europe	—	257	257	—	98	98	—	38	38
- US	—	211	211	—	79	79	—	37	37
- RoW	—	1,051	1,051	—	378	378	—	36	36
Total mortgages	165,381	11,938	177,319	18,899	4,369	23,268	11	37	13
Other personal	29,359	3,670	33,029	12,867	2,604	15,471	44	71	47
Total personal	194,740	15,608	210,348	31,766	6,973	38,739	16	45	18
Other items	4,867	1,704	6,571	3,807	598	4,405	78	35	67
Total	447,926	135,404	583,330	127,595	23,868	151,463	28	18	26

Notes:

- (1) Non-bank financial institutions, such as US agencies, insurance companies, pension funds, hedge and leverage funds, broker-dealers and non-bank subsidiaries of banks.
- (2) Securitisation special purpose entities (SSPEs) primarily relate to securitisation-related vehicles.
- (3) Telecommunications, media and technology.

Key points

- EAD post CRM** – Total credit risk exposure increased during H1 2019 driven by increased non-bank FI exposure, growth in the UK mortgage portfolio and increased counterparty credit risk exposure. The increase was partially offset by the Alawwal bank and SABB merger.
- RWAs** – The decrease in total RWAs was primarily due to the Alawwal bank and SABB merger. This reduction was largely offset by adoption of IFRS 16, increased limits mainly on non-bank FI and PD recalibrations across retail products.
- Financial institutions** – The EAD and RWA increase in non-bank FI was driven by new facilities and increased limits.
- Corporates** – The EAD and RWA reductions for Retail and Leisure, Property and Manufacturing were driven by the Alawwal and SABB merger. The increase in EAD and RWAs for Transport was mainly due to increased lending and a reclassification of existing exposure from Services.
- Mortgages** – The EAD increase was driven by the UK mortgage portfolio, partially offset by a reduction in the Ulster Bank mortgage portfolio. The increase in RWAs was a result of increased exposure and PD recalibrations.

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: RBS and significant subsidiaries

The table below shows credit risk (including securitisations) and counterparty credit risk separately for RBS and significant subsidiaries (including intra-Group exposures). It presents EAD pre and post CRM, RWAs and minimum capital requirements (MCR), split by regulatory approach and exposure class. In 2018, movements in exposures and RWAs in significant subsidiaries were significantly affected by transfers as part of RBS's ring-fencing implementation.

	RBS				NWHG				NWM Plc			
	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m
Credit risk												
30 June 2019												
IRB												
Central governments and central banks	60,354	60,216	3,805	304	38,138	38,063	2,825	225	13,899	13,899	775	62
Institutions	12,972	10,946	3,440	275	8,598	6,573	2,095	168	1,489	1,489	630	50
Corporates	143,760	133,945	64,743	5,179	116,742	106,955	56,021	4,482	10,671	10,667	3,562	285
<i>Specialised lending</i>	18,364	18,243	11,932	955	14,863	14,742	10,113	809	989	989	281	22
<i>SME</i>	21,592	21,095	10,623	850	21,219	20,726	10,389	831	34	34	38	3
<i>Other corporate</i>	103,804	94,607	42,188	3,374	80,660	71,487	35,519	2,842	9,648	9,644	3,243	260
Retail	207,228	207,228	37,507	3,001	207,228	207,228	37,507	3,001	—	—	—	—
<i>Secured by real estate property - SME</i>	1,344	1,344	546	44	1,344	1,344	546	44	—	—	—	—
<i>- non-SME</i>	167,326	167,326	19,107	1,528	167,326	167,326	19,107	1,528	—	—	—	—
<i>Qualifying revolving</i>	22,505	22,505	5,998	480	22,505	22,505	5,998	480	—	—	—	—
<i>Other retail - SME</i>	9,145	9,145	4,387	351	9,145	9,145	4,387	351	—	—	—	—
<i>- non-SME</i>	6,908	6,908	7,469	598	6,908	6,908	7,469	598	—	—	—	—
Equities	1,462	1,462	2,752	220	9	9	25	2	716	716	1,099	88
Securitisation	14,212	14,212	2,470	198	6,859	6,859	1,388	111	7,349	7,349	1,083	87
Non-credit obligation assets	6,124	6,124	4,706	377	5,758	5,758	4,491	359	138	138	138	11
Total IRB	446,112	434,133	119,423	9,554	383,332	371,445	104,352	8,348	34,262	34,258	7,287	583
STD												
Central governments and central banks	91,248	91,248	728	58	74,756	74,756	1,643	131	6,543	6,543	—	—
Regional governments and local authorities	9	9	3	—	8	8	2	—	—	—	—	—
Institutions	302	353	87	7	589	589	157	13	7,558	7,557	701	56
Corporates	5,656	5,195	4,887	392	4,728	4,467	4,271	342	1,657	1,589	766	61
Retail	2,539	2,510	1,522	122	2,428	2,410	1,448	116	—	—	—	—
Secured by mortgages on:												
immovable property - residential	13,268	13,267	4,792	383	10,639	10,639	3,874	310	—	—	—	—
- commercial	2,863	2,831	2,839	227	2,847	2,816	2,823	226	—	—	—	—
Exposures in default	435	369	434	35	297	294	351	28	1	1	2	—
Items associated with particularly high risk	29	29	43	3	—	—	—	—	29	29	43	3
Covered bonds	126	126	25	2	—	—	—	—	—	—	—	—
Equity exposures	584	584	1,404	112	24	24	26	2	517	517	1,275	103
Other exposures	1,751	1,751	870	70	1,522	1,522	642	51	1	1	—	—
Total STD	118,810	118,272	17,634	1,411	97,838	97,525	15,237	1,219	16,306	16,237	2,787	223
Total IRB and STD	564,922	552,405	137,057	10,965	481,170	468,970	119,589	9,567	50,568	50,495	10,074	806

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: RBS and significant subsidiaries continued

	RBS			NWHG			NWM Plc		
	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m
Counterparty credit risk									
30 June 2019									
IRB									
Central governments and central banks	1,337	681	55	187	5	—	1,119	666	53
Institutions	8,480	5,805	465	308	107	9	7,746	5,468	438
Corporates	15,886	6,531	522	117	55	4	13,746	5,955	476
<i>Specialised lending</i>	1,111	832	67	33	23	2	1,026	773	62
<i>SME</i>	68	43	3	1	1	—	66	41	3
<i>Other corporate</i>	14,707	5,656	452	83	31	2	12,654	5,141	411
Securitisation positions	816	475	38	—	—	—	649	302	24
Total IRB	26,519	13,492	1,080	612	167	13	23,260	12,391	991
STD									
Central governments and central banks	818	—	—	326	—	—	492	—	—
Regional governments and local authorities	25	3	—	—	—	—	13	3	—
Institutions	5,609	435	35	1,064	867	69	10,873	604	49
Corporates	370	227	18	108	140	12	654	231	18
Total STD	6,822	665	53	1,498	1,007	81	12,032	838	67
Total IRB and STD	33,341	14,157	1,133	2,110	1,174	94	35,292	13,229	1,058

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: RBS and significant subsidiaries continued

Credit risk	RBS				NWM Plc			
	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m
31 December 2018								
IRB								
Central governments and central banks	54,519	54,450	3,203	256	15,227	15,227	772	62
Institutions	12,577	10,790	3,374	270	1,651	1,651	737	59
Corporates	142,127	132,335	63,843	5,108	9,757	9,635	2,577	206
<i>Specialised lending</i>	18,282	18,059	11,808	945	1,070	999	284	23
<i>SME</i>	21,633	21,012	10,616	849	58	12	1	—
<i>Other corporate</i>	102,212	93,264	41,419	3,314	8,629	8,624	2,292	183
Retail	204,979	204,979	35,988	2,879	—	—	—	—
<i>Secured by real estate property - SME</i>	1,359	1,359	508	41	—	—	—	—
<i>- non-SME</i>	165,381	165,381	18,902	1,512	—	—	—	—
<i>Qualifying revolving</i>	22,634	22,634	5,912	473	—	—	—	—
<i>Other retail - SME</i>	9,118	9,118	3,923	314	—	—	—	—
<i>- non-SME</i>	6,487	6,487	6,743	539	—	—	—	—
Equities	722	722	1,590	127	159	159	468	37
Securitisation	14,141	14,141	2,543	203	6,483	6,483	963	77
Non-credit obligation assets	5,779	5,779	4,080	327	148	148	126	10
Total IRB	434,844	423,196	114,621	9,170	33,425	33,303	5,643	451
STD								
Central governments and central banks	95,657	95,595	866	69	3,499	3,499	—	—
Regional governments and local authorities	155	155	138	11	—	—	—	—
Multilateral development banks	31	31	—	—	—	—	—	—
Institutions	471	510	221	18	9,183	9,183	498	40
Corporates	11,047	10,433	9,588	768	1,816	1,706	879	70
Retail	2,859	2,836	1,830	146	—	—	—	—
Secured by mortgages on:								
immovable property - residential	12,840	12,840	4,606	368	—	—	—	—
- commercial	2,909	2,885	2,884	231	—	—	—	—
Exposures in default	555	554	680	54	5	5	7	1
Items associated with particularly high risk	28	28	42	3	28	28	42	3
Covered bonds	137	137	27	2	—	—	—	—
Equity exposures	705	705	1,533	123	792	792	2,165	174
Other exposures	2,057	2,057	788	63	—	—	—	—
Total STD	129,451	128,766	23,203	1,856	15,323	15,213	3,591	288
Total IRB and STD	564,295	551,962	137,824	11,026	48,748	48,516	9,234	739

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: RBS and significant subsidiaries continued

	RBS			NWM Plc		
	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m
Counterparty credit risk						
31 December 2018						
IRB						
Central governments and central banks	1,454	304	24	1,291	299	24
Institutions	8,138	5,941	476	7,456	5,740	459
Corporates	14,361	6,302	504	13,318	6,120	490
<i>Specialised lending</i>	965	729	58	891	675	54
<i>SME</i>	102	56	5	101	55	4
<i>Other corporate</i>	13,294	5,517	441	12,326	5,390	432
Securitisation positions	777	427	34	627	286	23
Total IRB	24,730	12,974	1,038	22,692	12,445	996
STD						
Central governments and central banks	1,019	—	—	496	—	—
Regional governments and local authorities	15	3	—	15	3	—
Institutions	5,322	419	34	6,111	490	39
Corporates	275	238	19	578	347	28
Retail	7	5	—	—	—	—
Total STD	6,638	665	53	7,200	840	67
Total IRB and STD	31,368	13,639	1,091	29,892	13,285	1,063

Key point

Credit risk and counterparty credit risk

- **NWM Plc** – The increase in equities EAD and RWAs primarily related to the transfer of the SABB shareholding from NWM N.V.. The increase in corporate EAD and RWAs was mainly driven by new lending facilities in the NWM franchise.

Credit risk

Risk profile by credit quality

EU CR1_A: IRB and STD: Credit risk exposures by exposure class - Defaulted and non-defaulted split

The table below shows gross carrying values of credit risk exposures and specific credit risk adjustments (SCRA) analysed by credit quality, split by regulatory approach and exposure class. It excludes counterparty credit risk and securitisations. Gross carrying value comprises both on and off-balance sheet exposures including SCRA. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

Exposure class	30 June 2019						31 December 2018					
	a		b		c		a		b		c	
	Gross carrying values of		Gross carrying values of		Year-to-date accumulated write-offs		Gross carrying values of		Gross carrying values of		Year-to-date accumulated write-offs	
	Defaulted exposures (1) £m	Non-defaulted exposures £m	Total £m	SCRA (2) £m		Net value £m	Defaulted exposures (1) £m	Non-defaulted exposures £m	Total £m	SCRA (2) £m		Net value £m
1 Central governments and central banks	2	83,449	83,451	3	—	83,448	2	75,355	75,357	2	—	75,355
2 Institutions	—	19,837	19,837	18	7	19,819	—	19,399	19,399	19	—	19,380
3 Corporates	3,136	183,559	186,695	1,253	262	185,442	3,293	181,832	185,125	1,351	537	183,774
4 <i>Specialised lending</i>	1,164	17,847	19,011	296	126	18,715	1,223	17,568	18,791	333	151	18,458
5 <i>SME</i>	731	23,467	24,198	363	70	23,835	770	23,517	24,287	361	189	23,926
<i>Other corporate</i>	1,241	142,245	143,486	594	66	142,892	1,300	140,747	142,047	657	197	141,390
6 Retail	4,067	211,820	215,887	1,985	174	213,902	4,305	208,992	213,297	1,976	503	211,321
8 <i>Secured by real estate property - SME</i>	26	1,351	1,377	13	1	1,364	25	1,369	1,394	11	—	1,383
9 <i>- non-SME</i>	2,727	164,799	167,526	715	69	166,811	3,054	162,459	165,513	810	359	164,703
10 <i>Qualifying revolving</i>	633	31,036	31,669	517	33	31,152	601	30,900	31,501	520	10	30,981
12 <i>Other retail - SME</i>	264	8,301	8,565	207	19	8,358	260	8,292	8,552	200	10	8,352
13 <i>- non-SME</i>	417	6,333	6,750	533	52	6,217	365	5,972	6,337	435	124	5,902
14 Equities	—	1,462	1,462	—	—	1,462	—	740	740	—	—	740
Non-credit obligation assets	—	5,186	5,186	1	—	5,185	—	4,864	4,864	1	—	4,863
15 Total IRB	7,205	505,313	512,518	3,260	443	509,258	7,600	491,182	498,782	3,349	1,040	495,433
<i>Of which: Loans</i>	6,589	285,379	291,968	3,115	443	288,853	7,013	279,053	286,066	3,258	807	282,808
<i>Debt securities</i>	5	29,286	29,291	3	—	29,288	—	27,881	27,881	3	—	27,878
<i>Other assets</i>	14	30,080	30,094	1	—	30,093	20	26,239	26,259	1	233	26,258
<i>Off-balance sheet exposures</i>	597	160,568	161,165	141	—	161,024	567	158,009	158,576	87	—	158,489

For the notes to this table refer to the following page.

Credit risk

EU CR1_A: IRB and STD: Credit risk exposures by exposure class - Defaulted and non-defaulted split continued

	30 June 2019						31 December 2018					
	a		b		c		a		b		c	
	Gross carrying values of		Gross carrying values of		Year-to-date accumulated write-offs		Gross carrying values of		Gross carrying values of		Year-to-date accumulated write-offs	
	Defaulted exposures (1)	Non-defaulted exposures	Total	SCRA (2)	Year-to-date accumulated write-offs	Net value	Defaulted exposures (1)	Non-defaulted exposures	Total	SCRA (2)	Year-to-date accumulated write-offs	Net value
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
STD												
16 Central governments and central banks	—	101,650	101,650	5	—	101,645	—	99,075	99,075	4	—	99,071
17 Regional governments and local authorities	—	216	216	—	—	216	—	377	377	—	—	377
19 Multilateral development banks	—	—	—	—	—	—	—	31	31	—	—	31
21 Institutions	—	579	579	—	—	579	—	973	973	—	—	973
22 Corporates	—	7,484	7,484	49	—	7,435	—	14,359	14,359	63	—	14,296
24 Retail	—	6,573	6,573	25	—	6,548	—	6,347	6,347	29	4	6,318
Secured by mortgages on immovable property:												
26 - residential	—	14,141	14,141	1	—	14,140	—	13,706	13,706	—	—	13,706
27 - commercial	—	3,124	3,124	1	—	3,123	—	3,237	3,237	2	—	3,235
28 Exposures in default	620	—	620	58	9	562	835	—	835	251	449	584
29 Items associated with particularly high risk	—	79	79	49	—	30	—	77	77	49	—	28
30 Covered bonds	—	121	121	—	—	121	—	136	136	—	—	136
33 Equity exposures	—	584	584	—	—	584	—	705	705	—	—	705
34 Other exposures	—	1,623	1,623	—	—	1,623	—	1,927	1,927	—	—	1,927
35 Total STD	620	136,174	136,794	188	9	136,606	835	140,950	141,785	398	453	141,387
Of which: Loans												
Debt securities	—	27,997	27,997	2	—	27,995	—	24,905	24,905	2	—	24,903
Other assets	1	64,427	64,428	52	—	64,376	273	72,430	72,703	180	1	72,523
Off-balance sheet exposures	136	19,168	19,304	4	—	19,300	27	14,223	14,250	4	—	14,246
37 Total: Loans	7,072	309,961	317,033	3,245	452	313,788	7,548	308,445	315,993	3,470	1,259	312,523
38 Debt securities	5	57,283	57,288	5	—	57,283	—	52,786	52,786	5	—	52,781
Other assets	15	94,507	94,522	53	—	94,469	293	98,669	98,962	181	234	98,781
39 Off-balance sheet exposures	733	179,736	180,469	145	—	180,324	594	172,232	172,826	91	—	172,735
36 Total IRB and STD	7,825	641,487	649,312	3,448	452	645,864	8,435	632,132	640,567	3,747	1,493	636,820

Notes:

- (1) Defaulted exposures are those with a PD of one and past due exposures of one day or more on the payment of a credit obligation.
(2) SCRA includes ECL for defaulted and non-defaulted customers.

Credit risk

EU CR1_B: IRB and STD: Credit risk exposures by industry sector - Defaulted and non-defaulted split

The table below shows gross carrying values of credit risk exposures and specific credit risk adjustments (SCRA) analysed by credit quality, split by industry. It excludes counterparty credit risk and securitisations. Industry analysis reflects the sector classification used by RBS for risk management purposes. Gross carrying value comprises both on and off-balance sheet exposures including SCRA. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

Industry type	30 June 2019						31 December 2018					
	a		b		c		a		b		c	
	Defaulted exposures (1)		Non-defaulted exposures		Specific credit risk adjustment (2)		Defaulted exposures (1)		Non-defaulted exposures		Specific credit risk adjustment (2)	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
			Total exposure		Year-to-date Accumulated write-offs	Net value			Total exposure		Year-to-date Accumulated write-offs	Net value
Central banks	—	127,939	127,939	4	—	127,935	—	121,859	121,859	3	—	121,856
Central government	2	50,871	50,873	4	—	50,869	2	47,614	47,616	2	—	47,614
Other sovereign	3	5,425	5,428	1	—	5,427	2	5,697	5,699	1	—	5,698
Banks	163	21,327	21,490	2	—	21,488	—	20,328	20,328	2	—	20,326
Non-bank financial institutions	25	35,884	35,909	14	10	35,895	34	34,906	34,940	29	—	34,911
Securitisation entities	5	296	301	1	—	300	12	784	796	1	26	795
Property	1,654	49,707	51,361	550	173	50,811	1,879	50,634	52,513	747	285	51,766
Natural resources	118	19,394	19,512	80	—	19,432	131	19,615	19,746	88	82	19,658
Transport	391	23,200	23,591	201	—	23,390	392	22,198	22,590	187	19	22,403
Manufacturing	195	20,695	20,890	131	—	20,759	260	22,007	22,267	130	20	22,137
Retail and leisure	644	24,466	25,110	368	64	24,742	682	26,602	27,284	400	119	26,884
Services	444	23,296	23,740	240	42	23,500	571	24,741	25,312	279	35	25,033
Telecommunications, media and technology	35	11,481	11,516	33	—	11,483	75	10,317	10,392	31	11	10,361
Mortgages	2,932	178,075	181,007	730	69	180,277	3,264	175,338	178,602	829	361	177,773
Other personal	1,214	42,618	43,832	1,089	94	42,743	1,131	42,921	44,052	1,018	535	43,034
Not allocated	—	6,813	6,813	—	—	6,813	—	6,571	6,571	—	—	6,571
Total	7,825	641,487	649,312	3,448	452	645,864	8,435	632,132	640,567	3,747	1,493	636,820

Notes:

- (1) Defaulted exposures are those with a PD of one and past due exposures of one day or more on the payment of a credit obligation.
(2) SCRA includes ECL for defaulted and non-defaulted customers.

Credit risk

EU CR1_C: IRB & STD: Credit risk exposures by geographic region – Defaulted and non-defaulted split

The table below shows gross carrying values of credit risk exposures and specific credit risk adjustments (SCRA) analysed by credit quality, split by geography. It excludes counterparty credit risk and securitisations. Geographical analysis is based on the country of operation of the customer. Gross carrying value comprises both on and off-balance sheet exposures including SCRA. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

		a		b		c		e		g		a		b		c		e		g	
		30 June 2019						31 December 2018													
		Gross carrying values of			Specific credit risk adjustment (2)	Year-to-date Accumulated write-offs	Net value	Gross carrying values of			Specific credit risk adjustment (2)	Year-to-date Accumulated write-offs	Net value								
		Defaulted exposures (1)	Non-defaulted exposures	Total exposure	£m	£m	£m	Defaulted exposures (1)	Non-defaulted exposures	Total exposure	£m	£m	£m								
1	Region	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m								
2	UK	4,975	466,713	471,688	2,387	343	469,301	5,032	459,382	464,414	2,393	635	462,021								
3	Republic of Ireland	1,632	25,770	27,402	686	71	26,716	2,122	24,284	26,406	809	368	25,597								
7	Other Western Europe	924	97,412	98,336	235	35	98,101	755	91,918	92,673	185	81	92,488								
8	US	101	36,044	36,145	13	—	36,132	20	33,761	33,781	12	8	33,769								
10	Rest of world	193	15,548	15,741	127	3	15,614	506	22,787	23,293	348	401	22,945								
11	Total	7,825	641,487	649,312	3,448	452	645,864	8,435	632,132	640,567	3,747	1,493	636,820								

Notes:

- (1) Defaulted exposures are those with a PD of one and past due exposures of one day or more on the payment of a credit obligation.
(2) SCRA includes ECL for defaulted and non-defaulted customers.

Key points

- The reduction in rest of world exposures was mainly due to the Alawwal bank and SABB merger, offset by an increase in equities.
- An increase in sovereign exposures was the main driver of non-defaulted exposure increases in the Republic of Ireland, US and Other Western Europe regions.

Credit risk

EU CR1_D: Ageing of past-due exposure

The table below shows on-balance sheet gross carrying values of past due exposures analysed by number of days past due. It includes securitisations and SCRA, but excludes counterparty risk.

	a	b	c	d	e	f
	Not past due or ≤ 30 days £m	>30 days ≤60 days £m	Gross carrying values >60 days ≤90 days £m	>90 days ≤180 days £m	>180 days ≤1 year £m	>1 year £m
30 June 2019						
1 Loans (1)	431,978	801	5,051	705	719	2,016
2 Debt securities	63,589	—	3	—	—	—
3 On-balance sheet exposure	495,567	801	5,054	705	719	2,016
31 December 2018						
1 Loans (1)	420,944	1,035	4,615	886	1,111	2,495
2 Debt securities	59,168	—	3	—	—	—
3 On-balance sheet exposure	480,112	1,035	4,618	886	1,111	2,495

Note:

(1) Loans include £92 billion (31 December 2018 – £87 billion) of cash at central banks and £13 billion (31 December 2018 – £13 billion) demand deposits in line with FINREP reporting. Other tables in this section such as EU_CR1_A have these balances included within other assets.

EU CR1_E: Non-performing and forborne exposures

The table below shows gross carrying values split by performing, non-performing and forborne exposure. It excludes counterparty credit risk. Gross carrying value comprises both on and off-balance sheet exposures including securitisations and SCRA.

		b	c	e	f	g	h	i	j	k	l	m	
		Gross carrying values of performing and non-performing exposures					Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received		
		Performing		Non-performing			On performing exposures:		On non-performing exposures:		On non-performing exposures	Of which forborne exposures	
		Of which: past due >30 days and <=90 days	Of which forborne	Of which defaulted	Of which impaired	Of which forborne	Total ECL	Of which forborne	Total ECL	Of which forborne			
		Total £m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
30 June 2019													
1	Loans (1)	441,270	801	2,746	7,025	7,231	4,133	(831)	(37)	(2,376)	(858)	3,906	4,731
2	Debt securities	63,592	—	—	3	3	—	(7)	—	—	—	—	—
3	Off-balance sheet	181,385	—	284	627	—	45	(50)	—	(34)	—	89	122
	Total	686,247	801	3,030	7,655	7,234	4,178	(888)	(37)	(2,410)	(858)	3,995	4,853
31 December 2018													
1	Loans (1)	431,085	1,035	2,629	7,533	7,789	4,696	(1,236)	(65)	(2,416)	(984)	4,365	4,969
2	Debt securities	59,171	—	—	—	3	—	(8)	—	—	—	—	—
3	Off-balance sheet	175,123	—	241	574	—	38	(70)	(1)	(9)	—	66	127
	Total	665,379	1,035	2,870	8,107	7,792	4,734	(1,314)	(66)	(2,425)	(984)	4,431	5,096

Note:

(1) Loans include £92 billion (31 December 2018 – £87 billion) of cash at central banks and £13 billion (31 December 2018 – £13 billion) demand deposits in line with FINREP reporting. Other tables in this section such as EU CR1_A have these balances included within other assets.

Credit risk

EU CR2_A: Changes in the stock of general and specific credit risk adjustments

The table below presents the drivers of movements in specific credit risk adjustments held against defaulted or impaired loans, debt securities and contingent liabilities. There is no general credit risk adjustment under RBS's IFRS 9 framework. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

	Accumulated specific credit risk adjustment £m
1 At 1 January 2019	3,736
2 Increases due to amounts set aside for estimated loan losses during the period	—
3 Decreases due to amounts reversed for estimated loan losses during the period	(3)
4 Decreases due to amounts taken against accumulated credit risk adjustments	(35)
5 Transfers between credit risk adjustments	446
6 Impact of exchange rate differences	(4)
7 Business combinations, including acquisitions and disposals of subsidiaries	(340)
8 Other adjustments	(498)
9 At 30 June 2019	3,302
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	n/a
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	n/a

EU CR2_B: Changes in the stock of defaulted and impaired loans and debt securities

The table below presents the drivers in movements in gross carrying value defaulted exposure held against loans and debt securities. It has been prepared on an accounting basis adjusted for regulatory consolidation.

	Gross carrying value defaulted exposure £m
At 1 January 2019	8,549
Loans and debt securities that have defaulted or impaired since the last reporting period	1,879
Returned to non-defaulted status	(968)
Amounts written-off	(448)
Other changes	(1,015)
At 30 June 2019	7,997

Credit risk

EU CR3: IRB: Credit risk mitigation techniques by exposure class

The table below presents net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques, split by regulatory approach, balance sheet caption and exposure class, as required by the CRR. It excludes counterparty credit risk and securitisations.

The EBA guidelines require net carrying values to be analysed by exposure values of the secured assets, irrespective of the level of collateralisation. Unsecured exposure represents loans that have no security or collateral attached.

30 June 2019	a	c	d	e	Total secured £m	Total £m
	Unsecured net carrying value £m	Net carrying values secured by				
	Collateral £m	Guarantees £m	Credit derivatives £m			
IRB						
Central governments and central banks	83,256	189	3	—	192	83,448
Institutions	16,672	2,156	936	55	3,147	19,819
Corporates	106,256	76,809	2,032	345	79,186	185,442
Specialised lending	141	18,162	412	—	18,574	18,715
SME	4,967	18,689	179	—	18,868	23,835
Other corporate	101,148	39,958	1,441	345	41,744	142,892
Retail	45,727	168,175	—	—	168,175	213,902
Secured by real estate property - SME	—	1,364	—	—	1,364	1,364
- non-SME	—	166,811	—	—	166,811	166,811
Qualifying revolving	31,152	—	—	—	—	31,152
Other retail - SME	8,358	—	—	—	—	8,358
- non-SME	6,217	—	—	—	—	6,217
Equities	1,462	—	—	—	—	1,462
Non-credit obligation assets	5,185	—	—	—	—	5,185
Total IRB	258,558	247,329	2,971	400	250,700	509,258
Of which: Loans	69,920	217,764	1,113	56	218,933	288,853
Debt securities	29,288	—	—	—	—	29,288
Other assets	29,255	834	4	—	838	30,093
Off-balance sheet exposures	130,095	28,731	1,854	344	30,929	161,024
Defaulted	1,306	3,471	77	—	3,548	4,854
STD						
Central governments and central banks	101,645	—	—	—	—	101,645
Regional governments and local authorities	216	—	—	—	—	216
Institutions	579	—	—	—	—	579
Corporates	6,698	685	52	—	737	7,435
Retail	6,205	343	—	—	343	6,548
Secured by mortgages on immovable property:						
- residential	—	14,140	—	—	14,140	14,140
- commercial	—	3,120	3	—	3,123	3,123
Exposures in default	395	167	—	—	167	562
Items associated with particularly high risk	30	—	—	—	—	30
Covered bonds	121	—	—	—	—	121
Equity exposures	584	—	—	—	—	584
Other exposures	1,623	—	—	—	—	1,623
Total STD	118,096	18,455	55	—	18,510	136,606
Of which: Loans	8,600	16,284	51	—	16,335	24,935
Debt securities	27,995	—	—	—	—	27,995
Other assets	64,275	98	3	—	101	64,376
Off-balance sheet exposures	17,226	2,073	1	—	2,074	19,300
Defaulted	395	167	—	—	167	562
Total IRB and STD	376,654	265,784	3,026	400	269,210	645,864
Total: Loans	78,520	234,048	1,164	56	235,268	313,788
Debt securities	57,283	—	—	—	—	57,283
Other assets	93,530	932	7	—	939	94,469
Off-balance sheet exposures	147,321	30,804	1,855	344	33,003	180,324
Defaulted	1,701	3,638	77	—	3,715	5,416

Credit risk

EU CR3: IRB: Credit risk mitigation techniques by exposure class continued

31 December 2018	a	c	d	e	Total secured £m	Total £m
	Unsecured net carrying value £m	Collateral £m	Net carrying values secured by			
			Guarantees £m	Credit derivatives £m		
IRB						
Central governments and central banks	75,230	123	2	—	125	75,355
Institutions	15,976	2,079	1,270	55	3,404	19,380
Corporates	105,323	76,647	1,804	—	78,451	183,774
Specialised lending	7	18,030	421	—	18,451	18,458
SME	4,602	19,097	227	—	19,324	23,926
Other corporate	100,714	39,520	1,156	—	40,676	141,390
Retail	45,235	166,086	—	—	166,086	211,321
Secured by real estate property - SME	—	1,383	—	—	1,383	1,383
- non-SME	—	164,703	—	—	164,703	164,703
Qualifying revolving	30,981	—	—	—	—	30,981
Other retail - SME	8,352	—	—	—	—	8,352
- non-SME	5,902	—	—	—	—	5,902
Equities	740	—	—	—	—	740
Non-credit obligation assets	4,863	—	—	—	—	4,863
Total IRB	247,367	244,935	3,076	55	248,066	495,433
Of which: Loans	66,502	215,137	1,114	55	216,306	282,808
Debt securities	27,878	—	—	—	—	27,878
Other assets	25,425	829	4	—	833	26,258
Off-balance sheet exposures	127,562	28,969	1,958	—	30,927	158,489
Defaulted	1,344	3,816	64	—	3,880	5,224
STD						
Central governments and central banks	99,071	—	—	—	—	99,071
Regional governments and local authorities	377	—	—	—	—	377
Multilateral development banks	31	—	—	—	—	31
Institutions	973	—	—	—	—	973
Corporates	13,287	955	54	—	1,009	14,296
Retail	6,135	183	—	—	183	6,318
Secured by mortgages on immovable property:						
- residential	—	13,706	—	—	13,706	13,706
- commercial	—	3,235	—	—	3,235	3,235
Exposures in default	580	4	—	—	4	584
Items associated with particularly high risk	28	—	—	—	—	28
Covered bonds	136	—	—	—	—	136
Equity exposures	705	—	—	—	—	705
Other exposures	1,927	—	—	—	—	1,927
Total STD	123,250	18,083	54	—	18,137	141,387
Of which: Loans	13,681	15,981	53	—	16,034	29,715
Debt securities	24,903	—	—	—	—	24,903
Other assets	72,420	103	—	—	103	72,523
Off-balance sheet exposures	12,246	1,999	1	—	2,000	14,246
Defaulted	580	4	—	—	4	584
Total IRB and STD	370,617	263,018	3,130	55	266,203	636,820
Total: Loans	80,183	231,118	1,167	55	232,340	312,523
Debt securities	52,781	—	—	—	—	52,781
Other assets	97,845	932	4	—	936	98,781
Off-balance sheet exposures	139,808	30,968	1,959	—	32,927	172,735
Defaulted	1,924	3,820	64	—	3,884	5,808

Credit risk

EU CR7: IRB: Effect on the RWAs of credit derivatives used as CRM techniques

The table below illustrates the effect of credit derivatives on the calculation of IRB approach capital requirements by IRB exposure class. The table excludes counterparty credit risk and securitisations.

	30 June 2019		31 December 2018	
	a	b	a	b
	Pre-credit derivatives RWAs £m	Actual RWAs £m	Pre-credit derivatives RWAs £m	Actual RWAs £m
Exposures under IRB				
Central governments and central banks	3,805	3,805	3,203	3,203
Institutions	3,487	3,440	3,422	3,374
Corporates - SMEs	10,623	10,623	10,616	10,616
Corporates - Specialised lending	11,932	11,932	11,808	11,808
Corporates - Other	42,189	42,188	41,419	41,419
Retail - Secured by real estate SMEs	546	546	508	508
Retail - Secured by real estate non-SMEs	19,107	19,107	18,902	18,902
Retail - Qualifying revolving	5,998	5,998	5,912	5,912
Retail - Other SMEs	4,387	4,387	3,923	3,923
Retail - Other non-SMEs	7,469	7,469	6,743	6,743
Equity IRB	2,752	2,752	1,590	1,590
Other non-credit obligation assets	4,705	4,706	4,080	4,080
Total	117,000	116,953	112,126	112,078

Credit risk

RBS profile by RWA calculation approach

RBS uses the PD/LGD slotting and standardised approaches to calculate RWAs for credit risk exposures.

IRB approach: PD/LGD

EU CR6_a: IRB: Exposures by exposure class and PD range – Retail

The table below presents the key parameters used to calculate minimum capital requirements for credit risk exposures in Retail exposure classes under the IRB approach, split by PD range. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty credit risk and securitisations. A maturity adjustment is not a component of the IRB RWA formula for retail exposures and is therefore not reported in this table. Original on-balance sheet gross exposure includes specific credit risk adjustments.

In accordance with regulatory requirements, for defaulted exposures RWAs are calculated as the difference between the LGD for an economic downturn and the best estimate LGD. This is the unexpected loss amount for which capital must be held. Retail EAD models estimate EAD directly, so credit conversion factors (CCF) are not reported in this table for retail exposure classes.

		a	b	d	e	f	g	i	j	k	l
	PD Range %	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL Provisions £m
30 June 2019											
Retail - Secured by real estate SME	0.00 to <0.15	—	45	31	0.14	4,162	61	5	16	—	—
Retail - Secured by real estate SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Secured by real estate SME	0.25 to <0.50	14	10	22	0.40	2,124	53	6	27	—	—
Retail - Secured by real estate SME	0.50 to <0.75	128	3	130	0.69	2,336	40	36	27	—	—
Retail - Secured by real estate SME	0.75 to <2.50	760	10	767	1.14	9,787	39	256	33	3	1
Retail - Secured by real estate SME	2.50 to <10.0	292	40	317	4.13	5,739	48	179	56	6	2
Retail - Secured by real estate SME	10.0 to <100.00	48	1	49	26.45	952	46	42	86	6	1
Retail - Secured by real estate SME	100.00 (default)	26	—	28	100.00	552	56	22	81	15	9
Total - Retail - Secured by real estate SME		1,268	109	1,344	4.72	25,652	43	546	41	30	13
Retail - Secured by real estate non-SME	0.00 to <0.15	44,479	3,907	48,498	0.13	406,793	10	1,454	3	7	3
Retail - Secured by real estate non-SME	0.15 to <0.25	456	183	604	0.18	9,336	29	68	11	—	—
Retail - Secured by real estate non-SME	0.25 to <0.50	76,279	8,058	83,739	0.34	624,920	11	5,910	7	34	18
Retail - Secured by real estate non-SME	0.50 to <0.75	18,221	152	18,489	0.62	140,571	19	3,380	18	23	14
Retail - Secured by real estate non-SME	0.75 to <2.50	8,670	97	8,845	1.10	72,448	16	1,913	22	16	13
Retail - Secured by real estate non-SME	2.50 to <10.0	1,652	10	1,668	5.61	13,764	12	757	45	12	15
Retail - Secured by real estate non-SME	10.0 to <100.00	2,630	6	2,655	26.71	21,832	16	2,512	95	117	58
Retail - Secured by real estate non-SME	100.00 (default)	2,719	8	2,828	100.00	23,148	26	3,113	110	495	594
Total - Retail - Secured by real estate non-SME		155,106	12,421	167,326	2.50	1,312,812	12	19,107	11	704	715
Retail - Qualifying revolving	0.00 to <0.15	7	7,274	10,319	0.04	8,104,173	53	169	2	2	4
Retail - Qualifying revolving	0.15 to <0.25	78	142	281	0.17	314,596	66	18	7	—	1
Retail - Qualifying revolving	0.25 to <0.50	873	5,889	3,036	0.36	2,550,467	63	353	12	7	12
Retail - Qualifying revolving	0.50 to <0.75	457	6,150	1,745	0.62	1,864,695	66	321	18	7	10
Retail - Qualifying revolving	0.75 to <2.50	1,530	5,303	3,359	1.39	2,866,631	68	1,191	35	32	42
Retail - Qualifying revolving	2.50 to <10.0	2,010	899	2,907	4.78	1,716,391	74	2,647	91	103	114
Retail - Qualifying revolving	10.0 to <100.00	364	60	493	22.12	314,140	73	955	193	79	77
Retail - Qualifying revolving	100.00 (default)	356	277	365	100.00	410,601	83	344	94	276	257
Total - Retail - Qualifying revolving		5,675	25,994	22,505	3.05	18,141,694	61	5,998	27	506	517

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range - Retail continued

30 June 2019	PD Range %	a	b	d	e	f	g	i	j	k	l
		Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL Provisions £m
Retail - Other SME	0.00 to <0.15	—	512	553	0.14	251,391	61	85	15	—	—
Retail - Other SME	0.15 to <0.25	—	2	4	0.16	490	72	1	20	—	—
Retail - Other SME	0.25 to <0.50	141	208	511	0.35	219,674	60	142	28	1	—
Retail - Other SME	0.50 to <0.75	801	58	928	0.64	101,674	45	278	30	3	1
Retail - Other SME	0.75 to <2.50	3,738	167	4,085	1.27	316,680	47	1,697	42	25	7
Retail - Other SME	2.50 to <10.0	1,946	348	2,384	3.97	253,436	56	1,540	65	53	14
Retail - Other SME	10.0 to <100.00	351	28	406	23.38	60,910	60	434	107	56	22
Retail - Other SME	100.00 (default)	264	—	274	100.00	25,950	71	210	76	177	163
Total - Retail - Other SME		7,241	1,323	9,145	5.73	1,230,205	52	4,387	48	315	207
Retail - Other non-SME	0.00 to <0.15	—	—	—	0.10	2	74	—	—	—	—
Retail - Other non-SME	0.15 to <0.25	5	—	5	0.16	353	74	1	27	—	—
Retail - Other non-SME	0.25 to <0.50	76	—	77	0.36	10,971	69	33	43	—	—
Retail - Other non-SME	0.50 to <0.75	306	—	311	0.62	39,043	67	185	59	1	1
Retail - Other non-SME	0.75 to <2.50	3,687	—	3,757	1.40	499,775	73	3,511	93	46	49
Retail - Other non-SME	2.50 to <10.0	1,693	—	1,736	5.06	183,957	78	2,252	130	81	65
Retail - Other non-SME	10.0 to <100.00	566	—	583	26.38	73,717	80	1,164	200	145	61
Retail - Other non-SME	100.00 (default)	417	—	439	100.00	68,945	67	323	74	348	357
Total - Retail - Other non-SME		6,750	—	6,908	10.65	876,763	74	7,469	108	621	533
Total - Retail all portfolios		176,040	39,847	207,228	2.99	21,587,126	22	37,507	18	2,176	1,985

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range - Retail continued

		a	b	d	e	f	g	i	j	k	l
	PD Range	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
31 December 2018											
Retail - Secured by real estate SME	0.00 to <0.15	—	52	37	0.11	5,065	52	4	12	—	—
Retail - Secured by real estate SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Secured by real estate SME	0.25 to <0.50	8	12	17	0.36	1,692	47	4	22	—	—
Retail - Secured by real estate SME	0.50 to <0.75	183	2	185	0.63	3,338	37	45	24	—	—
Retail - Secured by real estate SME	0.75 to <2.50	779	45	808	1.12	11,607	41	283	35	4	2
Retail - Secured by real estate SME	2.50 to <10.0	232	8	237	4.17	3,377	41	114	48	4	2
Retail - Secured by real estate SME	10.0 to <100.00	47	1	48	22.80	779	42	36	75	5	2
Retail - Secured by real estate SME	100.00 (default)	25	—	27	100.00	541	57	22	81	14	5
Total - Retail - Secured by real estate SME		1,274	120	1,359	4.28	26,399	42	508	37	27	11
Retail - Secured by real estate non-SME	0.00 to <0.15	49,568	3,961	53,643	0.13	437,112	10	1,654	3	8	4
Retail - Secured by real estate non-SME	0.15 to <0.25	555	148	674	0.17	6,620	32	83	12	—	1
Retail - Secured by real estate non-SME	0.25 to <0.50	70,809	8,345	78,597	0.32	595,674	11	5,416	7	31	17
Retail - Secured by real estate non-SME	0.50 to <0.75	16,782	182	17,087	0.60	142,658	19	3,077	18	21	17
Retail - Secured by real estate non-SME	0.75 to <2.50	7,635	120	7,834	1.05	66,411	15	1,635	21	13	12
Retail - Secured by real estate non-SME	2.50 to <10.0	1,579	15	1,601	5.55	13,863	12	695	43	11	14
Retail - Secured by real estate non-SME	10.0 to <100.00	2,756	4	2,780	26.85	22,692	17	2,660	96	128	102
Retail - Secured by real estate non-SME	100.00 (default)	3,044	10	3,165	100.00	25,271	28	3,682	116	587	643
Total - Retail - Secured by real estate non-SME		152,728	12,785	165,381	2.73	1,310,301	12	18,902	11	799	810
Retail - Qualifying revolving	0.00 to <0.15	34	7,239	10,275	0.04	7,840,508	54	177	2	3	4
Retail - Qualifying revolving	0.15 to <0.25	11	24	62	0.17	98,976	59	4	6	—	—
Retail - Qualifying revolving	0.25 to <0.50	927	7,045	2,984	0.34	2,446,246	64	336	11	7	10
Retail - Qualifying revolving	0.50 to <0.75	543	5,504	2,025	0.57	2,190,317	66	351	17	8	15
Retail - Qualifying revolving	0.75 to <2.50	1,709	4,859	3,666	1.38	3,033,279	69	1,293	35	35	56
Retail - Qualifying revolving	2.50 to <10.0	1,940	675	2,806	4.62	1,669,788	74	2,504	89	97	136
Retail - Qualifying revolving	10.0 to <100.00	329	61	476	22.68	363,697	73	929	195	78	78
Retail - Qualifying revolving	100.00 (default)	329	272	340	100.00	390,132	84	318	93	260	221
Total - Retail - Qualifying revolving		5,822	25,679	22,634	2.89	18,032,943	62	5,912	26	488	520

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range - Retail continued

		a	b	d	e	f	g	i	j	k	l
	PD Range %	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
31 December 2018											
Retail - Other SME	0.00 to <0.15	—	672	786	0.11	303,209	56	97	12	1	1
Retail - Other SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Other SME	0.25 to <0.50	111	183	452	0.34	247,269	53	109	24	1	—
Retail - Other SME	0.50 to <0.75	987	37	1,099	0.60	106,365	42	292	27	3	1
Retail - Other SME	0.75 to <2.50	4,115	436	4,656	1.23	359,112	49	2,010	43	29	15
Retail - Other SME	2.50 to <10.0	1,377	78	1,537	4.08	162,288	51	905	59	33	16
Retail - Other SME	10.0 to <100.00	280	16	317	22.68	50,528	56	313	99	40	23
Retail - Other SME	100.00 (default)	259	—	271	100.00	25,833	71	197	73	176	144
Total - Retail - Other SME		7,129	1,422	9,118	5.17	1,254,604	50	3,923	43	283	200
Retail - Other non-SME	0.00 to <0.15	1	—	1	0.11	3	76	—	—	—	—
Retail - Other non-SME	0.15 to <0.25	3	—	3	0.18	599	75	1	30	—	—
Retail - Other non-SME	0.25 to <0.50	211	—	214	0.41	22,617	66	97	45	1	1
Retail - Other non-SME	0.50 to <0.75	669	—	678	0.64	111,367	70	436	64	4	4
Retail - Other non-SME	0.75 to <2.50	3,350	—	3,418	1.29	421,464	76	3,211	94	41	44
Retail - Other non-SME	2.50 to <10.0	1,316	—	1,349	5.01	159,209	79	1,797	133	66	52
Retail - Other non-SME	10.0 to <100.00	422	—	434	28.51	56,348	81	882	203	121	53
Retail - Other non-SME	100.00 (default)	365	—	390	100.00	59,311	70	319	82	324	281
Total - Retail - Other non-SME		6,337	—	6,487	9.72	830,918	76	6,743	104	557	435
Total - Retail all portfolios		173,290	40,006	204,979	3.09	21,455,165	22	35,988	18	2,154	1,976

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range – Wholesale

The table below presents the key parameters used to calculate minimum capital requirements for credit risk exposures in Wholesale exposure classes under the IRB approach, split by PD range. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty risk and securitisations. The average maturity used in the RWA calculation is capped at five years in accordance with regulatory requirements. The corporates – specialised lending exposure class includes only exposures modelled under the PD/LGD method (relating to shipping). For specialised lending exposures under the supervisory slotting approach, refer to EU CR10. Original on-balance sheet gross exposure includes specific credit risk adjustments.

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range %	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
30 June 2019													
Central governments and central banks	0.00 to <0.15	54,052	28,917	20	59,901	0.01	59	45	1.99	3,666	6	4	3
Central governments and central banks	0.15 to <0.25	303	50	20	313	0.23	4	56	1.15	139	44	—	—
Central governments and central banks	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.0	—	—	—	—	2.50	—	50	4.98	—	—	—	—
Central governments and central banks	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	100.00 (default)	2	—	—	2	100.00	1	6	1.00	—	—	—	—
Total - Central governments and central banks		54,357	28,967	20	60,216	0.02	64	45	1.98	3,805	6	4	3
Institutions	0.00 to <0.15	4,448	6,957	34	6,712	0.10	285	39	2.14	1,762	26	3	16
Institutions	0.15 to <0.25	2,631	3,419	34	3,820	0.17	150	41	1.34	1,341	35	3	1
Institutions	0.25 to <0.50	212	108	25	238	0.42	47	36	2.14	106	45	—	—
Institutions	0.50 to <0.75	4	70	23	20	0.64	34	70	0.96	24	120	—	—
Institutions	0.75 to <2.50	122	42	29	134	1.62	32	52	1.19	178	133	1	1
Institutions	2.50 to <10.0	15	28	22	22	3.15	42	46	1.23	29	131	—	—
Institutions	10.0 to <100.00	—	—	65	—	40.96	80	53	4.99	—	—	—	—
Institutions	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Institutions		7,432	10,624	34	10,946	0.16	670	40	1.85	3,440	31	7	18
Corporates - Specialised lending	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.75 to <2.50	2	—	100	—	1.81	10	1	5.00	—	—	—	—
Corporates - Specialised lending	2.50 to <10.0	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	10.0 to <100.00	11	—	—	11	14.48	3	35	1.03	19	181	1	2
Corporates - Specialised lending	100.00 (default)	25	—	—	26	100.00	1	30	1.00	25	100	1	2
Total - Corporates - Specialised lending		38	—	100	37	74.85	14	31	1.02	44	123	2	4

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range - Wholesale continued

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
30 June 2019	%												
Corporates - SME	0.00 to <0.15	16	5	56	19	0.11	52	39	3.53	6	33	—	—
Corporates - SME	0.15 to <0.25	417	210	54	531	0.22	1,228	38	3.28	186	35	—	—
Corporates - SME	0.25 to <0.50	2,191	770	57	2,634	0.41	6,668	29	3.13	875	33	3	3
Corporates - SME	0.50 to <0.75	2,406	797	52	2,825	0.64	5,288	27	2.93	1,081	38	5	3
Corporates - SME	0.75 to <2.50	8,240	2,694	49	9,607	1.31	15,466	27	2.67	4,716	49	34	23
Corporates - SME	2.50 to <10.0	3,689	1,006	47	4,207	3.56	7,004	25	2.46	2,921	69	38	28
Corporates - SME	10.0 to <100.00	526	91	56	585	16.60	1,007	26	2.46	587	100	26	10
Corporates - SME	100.00 (default)	674	45	27	687	100.00	1,718	43	2.67	251	37	298	296
Total - Corporates - SME		18,159	5,618	50	21,095	5.17	38,431	28	2.73	10,623	50	404	363
Corporates - Other	0.00 to <0.15	29,821	43,857	44	48,813	0.05	2,350	43	2.77	10,891	22	11	12
Corporates - Other	0.15 to <0.25	6,997	12,226	45	12,485	0.19	1,294	45	2.64	6,033	48	11	6
Corporates - Other	0.25 to <0.50	7,575	7,390	43	10,626	0.38	1,517	41	2.78	6,755	64	17	20
Corporates - Other	0.50 to <0.75	3,625	2,143	48	4,643	0.64	1,358	38	2.72	3,399	73	11	19
Corporates - Other	0.75 to <2.50	8,915	5,282	53	11,642	1.28	8,676	34	2.74	9,605	83	50	44
Corporates - Other	2.50 to <10.0	4,221	1,866	50	5,096	3.29	6,009	31	2.33	4,910	96	51	54
Corporates - Other	10.0 to <100.00	322	179	35	384	16.63	585	29	2.43	573	149	20	11
Corporates - Other	100.00 (default)	825	247	38	918	100.00	778	44	2.40	22	2	405	428
Total - Corporates - Other		62,301	73,190	45	94,607	1.50	22,567	41	2.72	42,188	45	576	594
Equities	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.15 to <0.25	700	—	—	700	0.23	1	90	5.00	1,052	150	1	—
Equities	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.75 to <2.50	178	—	—	178	1.26	12	90	5.00	498	280	3	—
Equities	2.50 to <10.0	56	4	100	60	2.50	15	90	5.00	197	328	1	—
Equities	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Equities	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Equities		934	4	100	938	0.57	28	90	5.00	1,747	186	5	—
Total - Wholesale all portfolios		143,221	118,403	38	187,839	1.37	61,774	41	2.44	61,847	33	998	982

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range - Wholesale continued

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
31 December 2018													
Central governments and central banks	0.00 to <0.15	48,793	26,159	20	54,143	0.01	60	45	1.89	3,078	6	3	2
Central governments and central banks	0.15 to <0.25	295	50	20	305	0.23	4	51	1.15	125	41	—	—
Central governments and central banks	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.0	—	—	—	—	2.50	1	50	1.00	—	—	—	—
Central governments and central banks	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	100.00 (default)	2	—	—	2	100.00	1	7	1.00	—	—	—	—
Total - Central governments and central banks		49,090	26,209	20	54,450	0.02	66	45	1.89	3,203	6	3	2
Institutions	0.00 to <0.15	5,047	6,848	38	7,560	0.09	286	38	2.34	1,945	26	4	18
Institutions	0.15 to <0.25	1,684	3,613	31	2,833	0.17	147	42	1.26	1,045	37	2	—
Institutions	0.25 to <0.50	117	188	23	160	0.39	59	52	1.16	99	62	—	—
Institutions	0.50 to <0.75	95	30	30	104	0.64	28	50	0.99	92	89	—	—
Institutions	0.75 to <2.50	110	34	27	119	1.64	33	50	1.38	156	131	1	1
Institutions	2.50 to <10.0	4	26	21	10	3.63	55	60	1.01	19	191	—	—
Institutions	10.0 to <100.00	3	—	20	4	40.76	90	98	1.15	18	521	1	—
Institutions	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Institutions		7,060	10,739	36	10,790	0.16	698	40	2.01	3,374	31	8	19
Corporates - Specialised lending	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.75 to <2.50	14	—	100	12	1.81	19	35	1.37	10	85	—	1
Corporates - Specialised lending	2.50 to <10.0	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	100.00 (default)	26	—	—	26	100.00	1	30	1.00	26	100	4	3
Total - Corporates - Specialised lending		40	—	100	38	68.63	20	31	1.12	36	95	4	4

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range - Wholesale continued

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL Provisions £m
31 December 2018													
Corporates - SME	0.00 to <0.15	9	5	71	12	0.11	59	37	3.40	3	23	—	—
Corporates - SME	0.15 to <0.25	276	98	69	344	0.22	1,221	31	3.19	83	24	—	—
Corporates - SME	0.25 to <0.50	2,178	828	58	2,666	0.41	6,777	28	3.15	841	32	3	2
Corporates - SME	0.50 to <0.75	2,335	812	52	2,762	0.64	5,416	29	2.95	1,107	40	5	3
Corporates - SME	0.75 to <2.50	8,102	2,731	49	9,464	1.31	16,010	27	2.70	4,571	48	33	22
Corporates - SME	2.50 to <10.0	3,830	1,151	47	4,416	3.57	7,497	25	2.46	3,103	70	40	20
Corporates - SME	10.0 to <100.00	559	97	59	623	16.25	1,099	25	2.33	582	93	25	5
Corporates - SME	100.00 (default)	713	46	28	725	100.00	1,808	45	2.86	326	45	320	309
Total - Corporates - SME		18,002	5,768	50	21,012	5.41	39,887	28	2.74	10,616	51	426	361
Corporates - Other	0.00 to <0.15	29,596	44,867	44	49,180	0.05	2,388	43	2.79	10,904	22	11	8
Corporates - Other	0.15 to <0.25	6,973	11,689	43	11,993	0.19	1,329	46	2.67	6,051	50	11	10
Corporates - Other	0.25 to <0.50	7,249	7,248	45	10,382	0.38	1,605	42	2.74	6,554	63	16	23
Corporates - Other	0.50 to <0.75	3,805	1,949	48	4,713	0.64	1,451	38	2.61	3,396	72	11	21
Corporates - Other	0.75 to <2.50	8,202	4,773	49	10,489	1.31	8,832	35	2.67	9,065	86	48	48
Corporates - Other	2.50 to <10.0	4,238	2,017	53	5,250	3.37	6,582	30	2.31	4,887	93	53	50
Corporates - Other	10.0 to <100.00	256	175	40	329	17.49	627	32	2.31	529	161	18	9
Corporates - Other	100.00 (default)	897	198	28	928	100.00	860	47	2.15	33	4	448	488
Total - Corporates - Other		61,216	72,916	45	93,264	1.52	23,674	41	2.71	41,419	44	616	657
Equities	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.75 to <2.50	139	—	—	139	1.26	11	90	5.00	391	280	2	—
Equities	2.50 to <10.0	72	—	—	55	2.50	17	90	5.00	178	325	1	—
Equities	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Equities	100.00 (default)	—	—	—	—	100.00	1	90	5.00	—	—	—	—
Total - Equities		211	—	—	194	1.62	29	90	5.00	569	293	3	—
Total - Wholesale all portfolios		135,619	115,632	39	179,748	1.45	64,374	41	2.43	59,217	33	1,060	1,043

Credit risk

EU CR6_c: IRB: Geographical split of PD and LGD

The table below presents weighted-average PD and LGD for credit risk, analysed by geography, split by exposure class. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty credit risk and securitisations.

	Total		UK		RoI		Other Western Europe		US		Rest of World	
	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %
30 June 2019												
Central governments and central banks	0.02	45	0.01	47	0.06	45	0.01	45	0.01	45	0.10	46
Institutions	0.16	40	0.14	30	0.19	47	0.14	33	0.13	45	0.32	50
Corporates	2.19	39	2.21	37	3.98	36	1.77	45	1.40	47	3.27	45
<i>Specialised lending</i>	74.85	31	—	—	—	—	1.28	50	—	—	74.85	31
<i>SME</i>	5.17	28	5.01	28	6.68	28	17.99	39	2.59	13	10.95	35
<i>Other corporate</i>	1.50	41	1.37	39	2.88	39	1.69	45	1.40	47	2.22	46
Retail	2.99	22	2.27	21	11.60	31	2.88	59	3.06	57	3.49	58
<i>Secured by real estate property - SME</i>	4.72	43	4.70	43	5.82	40	2.14	40	29.48	39	8.21	40
<i>- non SME</i>	2.50	12	1.58	11	12.02	28	—	—	—	—	—	—
<i>Qualifying revolving</i>	3.05	61	3.04	61	4.22	72	2.27	59	1.80	58	2.52	59
<i>Other retail - SME</i>	5.73	52	5.70	51	6.27	72	3.90	51	6.77	47	8.52	48
<i>- non-SME</i>	10.65	74	10.69	74	8.90	72	19.14	75	35.82	76	20.09	73
Equities	0.57	90	1.57	90	—	—	1.78	90	1.62	90	0.24	90
Total	2.22	31	2.23	26	8.40	34	0.51	44	0.44	46	1.06	50
31 December 2018												
Central governments and central banks	0.02	45	0.01	49	0.06	45	0.01	45	0.01	45	0.11	46
Institutions	0.16	40	0.10	37	4.38	52	0.12	31	0.13	45	0.39	51
Corporates	2.26	39	2.35	37	7.55	37	0.66	45	0.34	46	4.68	46
<i>Specialised lending</i>	68.63	31	—	—	—	—	—	—	—	—	68.63	31
<i>SME</i>	5.41	28	5.19	28	7.40	28	18.35	23	2.83	16	46.63	54
<i>Other corporate</i>	1.52	41	1.50	40	7.62	41	0.60	45	0.33	46	3.21	46
Retail	3.09	22	2.16	21	13.87	31	2.64	60	3.20	58	3.37	59
<i>Secured by real estate property - SME</i>	4.28	42	4.27	42	4.78	42	2.80	38	15.82	38	8.81	40
<i>- non SME</i>	2.73	12	1.56	11	14.40	28	—	—	—	—	—	—
<i>Qualifying revolving</i>	2.89	62	2.85	62	5.88	72	2.15	60	1.84	59	2.40	59
<i>Other retail - SME</i>	5.17	50	5.17	49	5.19	71	3.61	49	11.45	47	8.63	45
<i>- non-SME</i>	9.72	76	9.57	76	14.16	72	11.15	74	37.76	77	17.51	75
Equities	1.62	90	1.61	90	—	—	1.48	90	2.22	90	1.63	90
Total	2.32	31	2.20	26	11.16	34	0.20	44	0.14	45	1.62	47

Credit risk

EU CR10: IRB: Specialised lending and equities

The table below presents EAD post CRM (exposure amount) for IRB specialised lending exposures subject to the supervisory slotting approach (income-producing real estate and project finance portfolios), analysed by type of lending and regulatory category. It excludes counterparty credit risk and securitisations. For specialised lending exposures under the PD/LGD method (relating to shipping), refer to EU CR6_b.

30 June 2019	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	Risk-weight %	Exposure amount £m	RWAs £m	Expected loss £m
Regulatory categories							
1 - Strong	Less than 2.5 years	3,888	858	50	4,376	2,187	—
	Equal to or more than 2.5 years	5,584	1,011	70	6,358	4,449	25
2 - Good	Less than 2.5 years	3,040	412	70	3,413	2,388	14
	Equal to or more than 2.5 years	2,110	410	90	2,464	2,218	20
3 - Satisfactory	Less than 2.5 years	201	16	115	211	243	6
	Equal to or more than 2.5 years	158	8	115	166	191	5
4 - Weak	Less than 2.5 years	49	32	250	60	150	5
	Equal to or more than 2.5 years	24	1	250	25	62	2
5 - Default	Less than 2.5 years	899	5	—	901	—	451
	Equal to or more than 2.5 years	221	15	—	232	—	117
Total	Less than 2.5 years	8,077	1,323	—	8,961	4,968	476
	Equal to or more than 2.5 years	8,097	1,445	—	9,245	6,920	169
31 December 2018							
1 - Strong	Less than 2.5 years	3,835	788	50	4,276	2,138	—
	Equal to or more than 2.5 years	5,383	1,125	70	6,251	4,375	25
2 - Good	Less than 2.5 years	3,128	524	70	3,609	2,526	14
	Equal to or more than 2.5 years	2,004	243	90	2,223	2,001	18
3 - Satisfactory	Less than 2.5 years	106	13	115	113	130	3
	Equal to or more than 2.5 years	208	4	115	212	244	6
4 - Weak	Less than 2.5 years	43	1	250	45	112	4
	Equal to or more than 2.5 years	78	46	250	98	246	8
5 - Default	Less than 2.5 years	903	21	—	922	—	463
	Equal to or more than 2.5 years	256	20	—	272	—	136
Total	Less than 2.5 years	8,015	1,347	—	8,965	4,906	484
	Equal to or more than 2.5 years	7,929	1,438	—	9,056	6,866	193

The table below presents EAD post CRM (exposure amount) for IRB equity exposures subject to the simple risk-weight approach. It excludes counterparty credit risk and securitisations.

30 June 2019	On-balance sheet amount £m	Off-balance sheet amount £m	Risk-weight %	Exposure amount £m	RWAs £m	Capital requirements £m
Exchange-traded equity exposures	3	—	290	3	9	1
Private equity exposures	371	146	190	517	982	78
Other equity exposures	2	1	370	4	14	1
Total	376	147	—	524	1,005	80
31 December 2018						
Exchange-traded equity exposures	3	—	290	3	8	1
Private equity exposures	365	152	190	516	981	78
Other equity exposures	7	1	370	9	32	3
Total	375	153	—	528	1,021	82

Credit risk

EU CR4: STD: Exposures and CRM effects

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and credit conversion factors (CCF) as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

		a		b		c		d	e	f
		Exposures pre CCF and CRM		Exposures post CCF and CRM						
		On-balance sheet £m	Off-balance sheet £m	On-balance sheet £m	Off-balance sheet £m			RWA £m		RWA density %
30 June 2019										
1	Central governments and central banks	90,951	10,693	90,980	268			728		1
2	Regional governments and local authorities	8	207	8	1			3		31
6	Institutions	302	277	353	—			87		25
7	Corporates	4,869	2,310	4,382	813			4,887		94
8	Retail	2,491	4,058	2,423	87			1,522		61
9	Secured by mortgages on immovable property - residential	12,844	1,296	12,843	424			4,792		36
	- commercial	2,765	327	2,718	113			2,839		100
10	Exposures in default	426	136	367	2			434		118
11	Items associated with particularly high risk	30	—	29	—			43		150
12	Covered bonds	121	—	126	—			25		20
15	Equity exposures	584	—	584	—			1,404		241
16	Other exposures	1,623	—	1,751	—			870		50
17	Total	117,014	19,304	116,564	1,708			17,634		15
31 December 2018										
1	Central governments and central banks	95,308	3,701	95,314	281			866		1
2	Regional governments and local authorities	152	226	152	3			138		89
4	Multilateral development banks	31	—	31	—			—		—
6	Institutions	327	646	366	144			221		43
7	Corporates	9,434	4,600	8,852	1,581			9,588		92
8	Retail	2,859	3,459	2,807	29			1,830		65
9	Secured by mortgages on immovable property - residential	12,481	1,224	12,679	161			4,606		36
	- commercial	2,844	367	2,798	87			2,884		100
10	Exposures in default	557	27	552	2			680		123
11	Items associated with particularly high risk	28	—	28	—			42		150
12	Covered bonds	136	—	137	—			27		20
15	Equity exposures	705	—	705	—			1,533		217
16	Other exposures	1,927	—	2,057	—			788		38
17	Total	126,789	14,250	126,478	2,288			23,203		18

Credit risk

EU CR5: STD: Credit risk exposure class and risk-weights

The table below analyses credit risk EAD post CRM under the standardised approach by risk-weight, split by exposure class. It excludes counterparty credit risk and securitisations. Exposure classes with no exposure are excluded.

		Risk-weight																	Of which:
EAD post CRM		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% (1) £m	250% £m	370% £m	1,250% £m	Others £m	Deducted £m	Total £m	Unrated £m
30 June 2019																			
1	Central governments and central banks	90,931	—	—	—	28	—	—	—	—	—	—	289	—	—	—	—	91,248	489
2	Regional governments and local authorities	3	—	—	—	4	—	—	—	—	2	—	—	—	—	—	—	9	6
4	Institutions	—	—	—	—	302	—	—	—	—	—	—	—	—	—	51	—	353	68
6	Corporates	37	—	—	—	269	—	52	—	—	4,771	66	—	—	—	—	—	5,195	2,353
7	Retail	—	—	—	—	299	—	—	—	2,211	—	—	—	—	—	—	—	2,510	—
Secured by mortgages on																			
8	immovable property - residential	—	—	—	—	—	13,023	—	—	—	244	—	—	—	—	—	—	13,267	13,267
9	- commercial	—	—	—	—	—	—	—	—	—	2,799	32	—	—	—	—	—	2,831	2,831
10	Exposures in default	—	—	—	—	—	—	—	—	—	237	132	—	—	—	—	—	369	369
11	Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	29	—	—	—	—	—	29	29
12	Covered bonds	—	—	—	—	126	—	—	—	—	—	—	—	—	—	—	—	126	126
14	Equity exposures	—	—	—	—	—	—	—	—	—	37	—	547	—	—	—	—	584	547
15	Other exposures	611	—	—	—	241	—	26	—	—	795	—	—	—	—	78	—	1,751	1,751
16	Total EAD post CRM	91,582	—	—	—	1,269	13,023	78	—	2,211	8,885	259	836	—	—	129	—	118,272	21,836
17	EAD pre CRM	91,582	—	—	—	1,269	13,023	78	—	2,241	9,379	324	836	—	—	78	—	118,810	22,100
31 December 2018																			
1	Central governments and central banks	95,222	—	—	—	29	—	—	—	—	—	—	344	—	—	—	—	95,595	2,019
2	Regional governments and local authorities	2	—	—	—	19	—	—	—	—	134	—	—	—	—	—	—	155	153
3	Multilateral development banks	31	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31	31
4	Institutions	—	—	—	—	247	—	184	—	—	79	—	—	—	—	—	—	510	372
6	Corporates	39	—	—	—	329	—	1,011	—	—	9,002	48	—	—	—	4	—	10,433	7,644
7	Retail	—	—	—	—	220	—	—	—	2,614	1	—	—	—	—	1	—	2,836	—
Secured by mortgages on																			
8	immovable property - residential	—	—	—	—	—	12,653	—	—	—	187	—	—	—	—	—	—	12,840	12,840
9	- commercial	—	—	—	—	—	—	—	—	—	2,851	34	—	—	—	—	—	2,885	2,885
10	Exposures in default	—	—	—	—	—	—	—	—	—	300	254	—	—	—	—	—	554	554
11	Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	28	—	—	—	—	—	28	28
12	Covered bonds	—	—	—	—	137	—	—	—	—	—	—	—	—	—	—	—	137	—
14	Equity exposures	—	—	—	—	—	—	—	—	—	153	—	552	—	—	—	—	705	566
15	Other exposures	778	—	—	—	516	—	24	—	—	481	—	—	—	—	258	—	2,057	2,057
16	Total EAD post CRM	96,072	—	—	—	1,497	12,653	1,219	—	2,614	13,188	364	896	—	—	263	—	128,766	29,149
17	EAD pre CRM	96,133	—	—	—	1,497	12,653	1,170	—	2,637	13,786	366	896	—	—	313	—	129,451	29,512

Note:

(1) Credit risk EAD post CRM with a 150% risk-weight relates to legacy assets.

Counterparty credit risk

EU CCR1: CCR: Analysis of exposure by EAD calculation approach

The table below presents the methods used to calculate counterparty credit risk exposure and RWAs. It excludes credit valuation adjustment charges, securitisations and exposures cleared through a CCP.

	a	b	c	e	f	g
	Notional £m	Replacement cost/current market value £m	Potential future exposure £m	Multiplier	EAD post-CRM £m	RWA £m
30 June 2019						
1 Mark-to-market method	n/a	4,942	2,718	n/a	3,722	2,059
4 Internal model method (for derivatives)	n/a	n/a	n/a	1.4	17,060	7,688
6 <i>of which: Derivatives and long settlement transactions</i>	n/a	n/a	n/a	1.4	17,060	7,688
9 Financial collateral comprehensive method (for SFTs)	n/a	n/a	n/a	n/a	6,255	1,426
11 Total	n/a	n/a	n/a	n/a	27,038	11,173
31 December 2018						
1 Mark-to-market method	n/a	5,058	2,848	n/a	3,824	2,208
4 Internal model method (for derivatives)	n/a	n/a	n/a	1.4	15,369	6,951
6 <i>of which: Derivatives and long settlement transactions</i>	n/a	n/a	n/a	1.4	15,369	6,951
9 Financial collateral comprehensive method (for SFTs)	n/a	n/a	n/a	n/a	6,115	1,211
11 Total	n/a	n/a	n/a	n/a	25,308	10,370

Key points

- The RWA increase related to the IMM was mainly the result of an increase in exposure to sovereign and large corporate counterparties during the first six months of the year.
- The increase related to non-IMM exposures mainly reflected an increase in securities financing transaction activity.

Counterparty credit risk

IRB Approach PD & LGD approach

EU CCR4: CCR IRB: Exposures by portfolio and PD scale

The table below presents a detailed view of counterparty credit risk positions subject to the IRB approach by exposure class and PD scale. It excludes CVA charges, securitisations and exposures cleared through a CCP. Counterparty credit risk exposures are managed on a portfolio basis, hence, it is not meaningful to report valuation adjustments and provisions at the regulatory exposure class level.

		a	b	c	d	e	f	g
	PD scale	EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
30 June 2019								
Central governments and central banks	0.00 to <0.15	1,162	0.01	25	46	3.01	142	12
Central governments and central banks	0.15 to <0.25	—	0.23	2	49	1.00	—	37
Central governments and central banks	0.25 to <0.50	—	0.45	1	45	1.00	—	52
Central governments and central banks	0.50 to <0.75	5	0.64	1	45	0.10	3	51
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.00	168	5.12	1	79	3.71	519	309
Central governments and central banks	10.00 to <100.00	—	—	—	—	—	—	—
Central governments and central banks	100.00 (Default)	—	—	—	—	—	—	—
Total - Central governments and central banks		1,337	0.66	30	50	3.09	664	50
Institutions	0.00 to <0.15	3,750	0.10	135	45	2.33	1,433	38
Institutions	0.15 to <0.25	3,756	0.18	171	46	2.63	2,278	61
Institutions	0.25 to <0.50	403	0.42	89	47	1.35	285	71
Institutions	0.50 to <0.75	141	0.64	32	53	1.81	140	99
Institutions	0.75 to <2.50	219	1.09	43	47	0.61	207	95
Institutions	2.50 to <10.00	211	4.61	12	45	1.02	335	159
Institutions	10.00 to <100.00	—	—	1	—	—	—	—
Institutions	100.00 (Default)	—	—	—	—	—	—	—
Total - Institutions		8,480	0.30	483	46	2.33	4,678	55
Corporates - SME	0.00 to <0.15	—	—	—	—	—	—	—
Corporates - SME	0.15 to <0.25	3	0.22	21	34	1.98	1	24
Corporates - SME	0.25 to <0.50	10	0.43	151	40	1.70	4	42
Corporates - SME	0.50 to <0.75	7	0.64	159	38	1.53	3	44
Corporates - SME	0.75 to <2.50	32	1.43	375	37	2.64	24	74
Corporates - SME	2.50 to <10.00	12	3.20	162	33	2.40	9	78
Corporates - SME	10.00 to <100.00	1	14.17	12	40	1.75	2	167
Corporates - SME	100.00 (Default)	3	100.00	14	33	4.07	—	—
Total - Corporates - SME		68	6.17	894	37	2.37	43	63

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

		a	b	c	d	e	f	g
		EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
30 June 2019	PD scale							
Corporates - Specialised lending	Strong	726	—	234	—	4.27	491	68
Corporates - Specialised lending	Good	363	—	95	—	4.63	322	89
Corporates - Specialised lending	Satisfactory	16	—	19	—	4.94	19	115
Corporates - Specialised lending	Weak	—	—	2	—	1.04	—	250
Corporates - Specialised lending	Default	6	—	6	—	3.30	—	—
Total - Corporates - Specialised lending (1)		1,111	—	356	—	4.39	832	75
Corporates - Other	0.00 to <0.15	10,583	0.05	3,066	43	2.44	1,962	19
Corporates - Other	0.15 to <0.25	2,787	0.19	380	47	2.56	1,567	56
Corporates - Other	0.25 to <0.50	538	0.38	285	59	1.96	407	76
Corporates - Other	0.50 to <0.75	254	0.64	112	46	1.51	194	76
Corporates - Other	0.75 to <2.50	440	1.13	228	44	3.18	434	98
Corporates - Other	2.50 to <10.00	97	3.02	130	49	1.41	127	132
Corporates - Other	10.00 to <100.00	5	21.59	16	47	2.88	13	247
Corporates - Other	100.00 (Default)	3	100.00	1	61	1.04	—	—
Total - Corporates - Other		14,707	0.17	4,218	44	2.44	4,704	32
Total - Wholesale all portfolios		25,703	0.26	5,981	45	2.52	10,921	42

Note:

(1) For these specialised lending exposures, the supervisory slotting method is used to calculate RWAs, rather than the PD/LGD method.

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

	PD scale	a	b	c	d	e	f	g
		EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
31 December 2018								
Central governments and central banks	0.00 to <0.15	1,421	0.02	29	46	3.30	203	14
Central governments and central banks	0.15 to <0.25	—	0.23	1	45	5.00	—	174
Central governments and central banks	0.25 to <0.50	5	0.32	2	45	1.00	2	43
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.00	28	5.12	1	79	5.00	93	337
Central governments and central banks	10.00 to <100.00	—	—	—	—	—	—	—
Central governments and central banks	100.00 (Default)	—	—	—	—	—	—	—
Total - Central governments and central banks		1,454	0.12	33	47	3.32	298	20
Institutions	0.00 to <0.15	3,009	0.10	135	45	2.55	1,226	41
Institutions	0.15 to <0.25	4,257	0.18	160	47	2.52	2,539	60
Institutions	0.25 to <0.50	450	0.40	106	47	1.98	349	78
Institutions	0.50 to <0.75	92	0.64	31	52	2.28	92	100
Institutions	0.75 to <2.50	117	1.36	45	53	1.39	141	121
Institutions	2.50 to <10.00	177	5.05	11	45	0.14	273	154
Institutions	10.00 to <100.00	—	—	—	—	—	—	—
Institutions	100.00 (Default)	36	100.00	1	45	2.78	—	—
Total - Institutions		8,138	0.73	489	46	2.43	4,620	57
Corporates - SME	0.00 to <0.15	—	—	—	—	—	—	—
Corporates - SME	0.15 to <0.25	2	0.22	21	42	1.00	—	24
Corporates - SME	0.25 to <0.50	16	0.42	156	37	1.55	6	37
Corporates - SME	0.50 to <0.75	34	0.64	152	47	1.14	18	52
Corporates - SME	0.75 to <2.50	32	1.39	414	34	2.60	21	66
Corporates - SME	2.50 to <10.00	14	3.55	168	31	2.37	11	73
Corporates - SME	10.00 to <100.00	—	15.64	13	41	1.18	—	125
Corporates - SME	100.00 (Default)	4	100.00	16	36	4.17	—	—
Total - Corporates - SME		102	4.79	940	39	1.94	56	55

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

		a	b	c	d	e	f	g
	PD scale	EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
31 December 2018								
Corporates - Specialised lending	Strong	633	—	240	—	4.53	431	68
Corporates - Specialised lending	Good	298	—	111	—	4.70	266	89
Corporates - Specialised lending	Satisfactory	19	—	10	—	4.30	22	115
Corporates - Specialised lending	Weak	4	—	5	—	3.49	9	250
Corporates - Specialised lending	Default	12	—	7	—	3.33	—	—
Total - Corporates - Specialised lending (1)		965	—	373	—	4.56	728	75
Corporates - Other	0.00 to <0.15	9,522	0.05	3,039	43	2.51	1,827	19
Corporates - Other	0.15 to <0.25	2,581	0.20	375	49	2.77	1,581	61
Corporates - Other	0.25 to <0.50	576	0.37	311	60	1.87	437	76
Corporates - Other	0.50 to <0.75	183	0.64	99	46	1.99	154	84
Corporates - Other	0.75 to <2.50	345	1.29	242	35	3.67	303	88
Corporates - Other	2.50 to <10.00	78	3.16	143	48	1.38	102	131
Corporates - Other	10.00 to <100.00	8	16.37	13	50	2.23	18	235
Corporates - Other	100.00 (Default)	—	100.00	1	50	1.00	—	—
Total - Corporates - Other		13,294	0.16	4,223	45	2.55	4,423	33
Total - Wholesale all portfolios		23,953	0.38	6,058	45	2.63	10,125	42

Note:

(1) For these specialised lending exposures, the supervisory slotting method is used to calculate RWAs, rather than the PD/LGD method.

Key points

- The RWA increase related to the IMM was mainly the result of an increase in exposure to sovereign and large corporate counterparties during the first six months of the year.
- The increase related to non-IMM exposures mainly reflected an increase in securities financing transaction activity.

Counterparty credit risk

EU CCR3: CCR STD: Exposures by regulatory portfolio and risk-weight

		Risk-weight							
Exposure class		0% £m	2% £m	20% £m	50% £m	75% £m	100% £m	Total £m	Of which: Unrated £m
30 June 2019									
1	Central governments and central banks	818	—	—	—	—	—	818	—
2	Regional government and local authorities	12	—	13	—	—	—	25	—
6	Institutions	—	4,368	890	—	—	—	5,258	—
7	Corporates	—	—	156	39	—	175	370	1
8	Retail	—	—	—	—	—	—	—	—
11	Total	830	4,368	1,059	39	—	175	6,471	1
31 December 2018									
1	Central governments and central banks	1,019	—	—	—	—	—	1,019	—
2	Regional government and local authorities	—	—	15	—	—	—	15	—
6	Institutions	—	3,756	1,278	30	—	—	5,065	—
7	Corporates	—	—	60	12	—	202	275	30
8	Retail	—	—	—	—	7	—	7	—
11	Total	1,019	3,756	1,354	43	7	202	6,381	30

Key point

- The rise in EAD reflected an increase in exposure to qualifying CCPs. This was partly offset by a reduction in central bank exposures.

EU CCR2: CCR: Credit valuation adjustment capital charge

The table below presents the CVA charge split by approach.

	30 June 2019		31 December 2018	
	a	b	a	b
	Exposure amount £m	RWAs £m	Exposure amount £m	RWAs £m
Total portfolios subject to the advanced CVA capital charge	8,685	1,661	7,817	1,912
1 (i) VaR component (including the multiplier)	—	225	—	245
2 (ii) Stressed VaR component (including the multiplier)	—	1,435	—	1,668
3 All portfolios subject to the standardised CVA capital charge	1,661	439	1,782	543
4 Total	10,347	2,100	9,599	2,456

Key points

- The decrease relating to the advanced charge for RWAs mainly reflected a reduction in the CVA multiplier. This was in line with the decrease in the market risk capital multiplier for NatWest Markets Plc (refer to Tables EU MR2_B and MR4).
- The reduction in standardised CVA RWA was due to reduced non-IMM derivative exposure as a result of the Alawwal bank and SABB merger.

Counterparty credit risk

EU CCR5_A: Impact of netting and collateral held on exposure values

		a	b	c	d	e
		Gross positive fair value £m	Netting benefits £m	Netted current credit exposure £m	Collateral held £m	Net credit exposure £m
30 June 2019						
1	Derivatives	161,450	126,147	35,303	33,084	7,536
2	SFTs	233,142	—	233,142	232,522	6,919
4	Total	394,592	126,147	268,445	265,606	14,455
31 December 2018 (1)						
1	Derivatives	146,811	113,931	32,879	30,727	6,962
2	SFTs	166,337	—	166,337	163,448	7,171
4	Total	313,147	113,931	199,216	194,175	14,133

Note:

(1) 31 December 2018 data has been restated as a result of refinements to methodology.

Key point

- Although the net credit exposure was broadly unchanged, there was an increase in gross positive fair value for both derivatives and SFTs. This reflected an increase in trading activity.

EU CCR6: CCR: Credit derivatives

As part of its strategy to manage credit risk concentrations, RBS buys credit derivative products. The counterparties from which this protection is bought are subject to standard credit risk analysis. Eligibility criteria apply: credit protection bought from the same counterparty group as the reference entity is not eligible in cases where double default applies under the relevant regulation. The table below presents credit derivatives bought and sold by notional and fair values.

	30 June 2019		31 December 2018	
	a	b	a	b
	Protection bought £m	Protection sold £m	Protection bought £m	Protection sold £m
Notionals				
Single-name credit default swaps	5,728	4,092	6,719	4,772
Index credit default swaps	4,624	1,005	2,402	1,246
Total return swaps	485	180	472	90
Total notionals	10,837	5,277	9,593	6,108
Of which: Own credit portfolio - notionals (1)	201	—	151	12
Fair values				
Positive fair value (asset)	163	60	263	39
Negative fair value (liability)	(147)	(127)	(66)	(156)

Note:

(1) Own credit portfolio consists of trades held in the regulatory banking book used for hedging and credit management. Fair values are not material. Intermediation activities cover all other credit derivatives.

Key point

- The notionals on credit default swaps increased. This reflected an increase in bought protection on index credit default swaps.

Counterparty credit risk

EU CCR8: CCR: Exposures (EAD post CRM) to central counterparties

The table below presents counterparty credit risk exposures to CCPs including default fund contributions. A qualifying CCP (QCCP) means a CCP that has been either authorised or recognised in accordance with the relevant regulation.

	30 June 2019		31 December 2018	
	a EAD post-CRM £m	b RWA £m	a EAD post-CRM £m	b RWA £m
1 Exposures to QCCPs (total)	n/a	393	n/a	385
2 Exposures for trades at QCCPs (excluding OTC initial margin and default fund contributions)	4,668	159	4,362	316
Of which:				
3 (i) OTC derivatives	1,054	86	1,250	250
4 (ii) Exchange-traded derivatives including initial margin	634	14	688	17
5 (iii) Securities financing transactions	2,981	60	2,424	48
8 Non-segregated initial margin	468	82	664	13
9 Pre-funded default fund contributions	316	152	256	56

Key points

- RWAs remained broadly flat for the first six months of the year.
- The increase in pre-funded default fund contributions reflected a refinement to the RWA calculation in relation to the default fund contribution to central counterparty exposure. This was offset by a reduction in RWAs for trade exposures, most notably in OTC derivatives.

Market risk

EU MR1: MR IMA and STD: RWAs and MCR - RBS and significant subsidiaries

The following table presents market risk RWAs and MCR by calculation method and type of risk for RBS and significant subsidiaries.

	RBS		NWHG		NWM Plc		NWM Securities Inc	
	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m
30 June 2019								
STD	2,648	212	218	17	1,263	101	925	74
1 Interest rate position risk (outright products)	1,536	123	—	—	619	49	916	73
2 Equity position risk (outright products)	—	—	—	—	—	—	—	—
3 Foreign exchange position risk (outright products)	479	38	218	17	20	2	—	—
4 Commodity position risk (outright products)	9	1	—	—	—	—	9	1
6 Option position risk (delta-plus approach)	—	—	—	—	—	—	—	—
8 Securitisation positions	624	50	—	—	624	50	—	—
Internal model approach	12,002	960	—	—	11,123	890	—	—
VaR	2,047	164	—	—	1,968	157	—	—
SVaR	4,844	387	—	—	4,524	363	—	—
Incremental risk charge	2,301	184	—	—	2,056	164	—	—
Other (RNIV)	2,810	225	—	—	2,575	206	—	—
Of which: VaR-based RNIV	334	27	—	—	269	22	—	—
Of which: SVaR-based RNIV	884	71	—	—	717	57	—	—
Of which: Stress RNIV	1,592	127	—	—	1,589	127	—	—
Total	14,650	1,172	218	17	12,386	991	925	74
31 December 2018								
STD	1,848	148	—	—	1,211	97	407	33
1 Interest rate position risk (outright products)	959	77	—	—	531	42	407	33
2 Equity position risk (outright products)	—	—	—	—	—	—	—	—
3 Foreign exchange position risk (outright products)	250	20	—	—	40	3	—	—
4 Commodity position risk (outright products)	—	—	—	—	—	—	—	—
6 Option position risk (delta-plus approach)	—	—	—	—	—	—	—	—
8 Securitisation positions	639	51	—	—	640	52	—	—
Internal model approach	12,989	1,039	—	—	12,895	1,032	—	—
VaR	2,028	162	—	—	1,996	160	—	—
SVaR	5,272	421	—	—	5,210	417	—	—
Incremental risk charge	2,732	219	—	—	2,732	219	—	—
Other (RNIV)	2,957	237	—	—	2,957	236	—	—
Of which: VaR-based RNIV	417	33	—	—	417	33	—	—
Of which: SVaR-based RNIV	1,171	94	—	—	1,171	94	—	—
Of which: Stress RNIV	1,369	110	—	—	1,369	109	—	—
Total	14,837	1,187	—	—	14,106	1,129	407	33

Key points

RBS

- Total RWAs decreased over the period. The majority of the exposure related to NatWest Markets Plc.

NWHG

- RWAs related solely to the banking book foreign exchange charge at 30 June 2019.

NWM Plc

- The decrease in RWAs primarily related to the decrease in SVaR, RNIV and the incremental risk charge mentioned under EU MR2_B.

NWM Securities Inc

- The RWA increase was driven by a rise in interest rate position risk due to increased exposures.

Market risk

EU MR2_A: MR IMA: RWAs and MCR

The following table presents market risk RWAs and MCR by component under the internal model approach.

		30 June 2019		31 December 2018	
		a RWAs £m	b MCR £m	a RWAs £m	b MCR £m
1	VaR (higher of a and b)	2,047	164	2,028	162
a	Period end VaR	614	49	675	54
b	Average of the daily VaR for preceding 60 business days x multiplication factor	2,047	164	2,028	162
2	SVaR (higher of a and b)	4,844	387	5,272	421
a	Period end SVaR	1,394	112	2,010	161
b	Average of the SVaR for preceding 60 business days x multiplication factor	4,844	388	5,272	421
3	Incremental risk charge (higher of a and b) (1)	2,301	184	2,732	219
a	Period end IRC value	2,076	166	2,640	211
b	Average IRC over preceding 60 business days	2,096	168	2,732	219
5	Other (RNIV at period end)	2,810	225	2,957	237
6	Total	12,002	960	12,989	1,039

Note:

(1) RBS IRC is calculated by aggregating IRC from legal entities which have IMA permission. For these legal entities, IRC is based on the higher of spot or 60 day average IRC. Therefore the RBS IRC reported may not necessarily be the higher of the RBS equivalents on rows a or b.

Key point

- Refer to the commentary below Table EU MR2_B.

EU MR3: MR IMA: IMA values for trading portfolios - RBS and significant subsidiaries

The following table presents the minimum, maximum, average and period end values, over the reporting period, derived from the models approved under the IMA for use in calculating market risk capital requirements and RWAs. The reported values do not include any capital multipliers or other additional capital charges that may be applied at the supervisor's discretion.

		30 June 2019		31 December 2018	
		RBS £m	NWM Plc £m	RBS £m	NWM Plc £m
VaR (10 day 99%)					
1	Maximum value	61	59	112	110
2	Average value	50	49	62	61
3	Minimum value	39	38	44	42
4	Period end	49	48	54	53
SVaR (10 day 99%)					
5	Maximum value	291	286	359	356
6	Average value	136	132	174	172
7	Minimum value	88	82	103	101
8	Period end	112	107	161	159
IRC (99.9%)					
9	Maximum value	208	208	281	281
10	Average value	173	169	212	212
11	Minimum value	133	133	157	157
12	Period end	166	146	211	211

Key points

- The movements in VaR, SVaR and IRC values for RBS and NWM Plc were broadly in line with the trends in market risk capital requirements under the internal model approach, as presented in EU MR2_B.
- For NWHG, capital requirements under the internal model approach were below £1 million as at 30 June 2019.

Market risk

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 (Hypo) P&L.

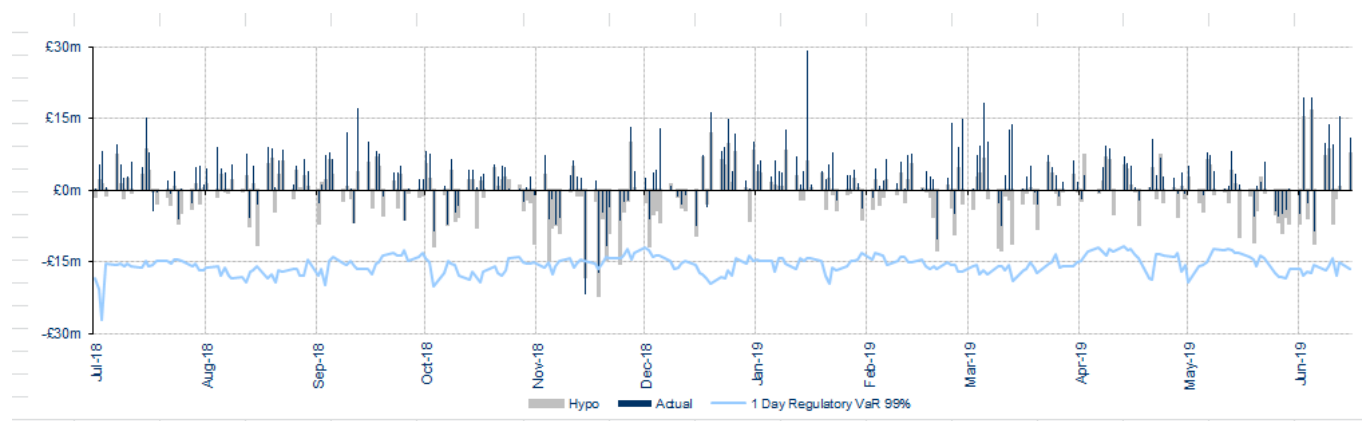
The Actual P&L for a particular business day is the firm's actual P&L in respect of the trading activities, including intraday activities, adjusted by stripping out fees and commissions, brokerage, and additions to and releases from reserves that are not directly related to market risk.

The Hypo P&L reflects the firm's Actual P&L excluding any intra-day activities.

A portfolio is said to produce a back-testing exception when the Actual or Hypo P&L exceeds the VaR level on a given day. Such an event may be caused by a large market movement or may highlight issues such as missing risk factors or inappropriate time series. Any such issues identified are analysed and addressed through appropriate remediation or development action. Both Actual and Hypo back-testing exceptions are monitored.

EU MR4: 1-day 99% regulatory VaR vs. Actual and Hypo P&L

The graph below presents one-day 99% regulatory VaR compared with Actual and Hypo P&L for NatWest Markets Plc, RBS's largest legal entity by market risk RWAs and positions.



Key points

- There were no back-testing exceptions during H1 2019.
- The back-testing exceptions in December 2018 were mainly driven by losses in the Rates portfolio as a result of adverse market moves in interest rates and inflation.
- The exception in November 2018 was mainly driven by a sterling inflation curve re-mark in the Rates portfolio.

MR4_A: Regulatory VaR model back-testing exceptions

The table below shows regulatory back-testing exceptions for the 250-business-day period ending 30 June 2019 for one-day 99% traded regulatory VaR compared with Actual and Hypo P&L for the legal entities approved by the PRA.

	Back-testing exceptions	
	Actual	Hypo
NatWest Markets Plc	2	4

Key points

- Statistically RBS would expect to see back-testing exceptions 1% of the time over a period of 250 business days. A VaR model recording four or fewer exceptions in a continuous 250-day period is regarded as satisfactory. A model recording five or more exceptions is regarded as having potential issues regarding its quality or accuracy.
- The back-testing exceptions that occurred in NatWest Markets Plc are detailed under EU MR4 above.