

**Q1 2019**  
**Pillar 3 Supplement**  
**NatWest Holdings Group**

## Pillar 3 Supplement Q1 2019

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### 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 NatWest Holdings Limited (NWH) and, its parent, The Royal Bank of Scotland Group plc's (RBSG's) future economic results, business plans and current strategies. In particular, this document includes forward-looking statements relating to NWH, 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 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 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 NWH's and RBSG's actual results are discussed in RBSG's UK 2018 Annual Report and Accounts (ARA) 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 UK ring-fencing legislation required the separation of essential banking services from investment banking services from 1 January 2019. The Royal Bank of Scotland Group plc and its subsidiaries (RBS), has placed the majority of the banking business in ring-fenced entities under an intermediate holding company, NatWest Holdings Limited (NWH). Therefore disclosures are only presented as of and for the quarter ended 31 March 2019 for NWH and its subsidiaries (together NWHG) in this report but also include those at 31 December 2018 for significant subsidiaries of NWHG that have been previously published.
- The Pillar 3 disclosures made by NWHG are designed to comply with the Capital Requirements Regulation (CRR). NWHG's significant subsidiaries at 31 March 2019, based on 5% of RBS consolidated risk weighted assets (RWA's) are:
  - National Westminster Bank Plc (NWB Plc)
  - Royal Bank of Scotland plc (RBS plc).
  - Ulster Bank Ireland Designated Activity Company (UBI DAC).
- For basis of preparation and disclosure framework, refer to RBS's 2018 Pillar 3 Report.

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### Capital, liquidity and funding

#### CAP 1: CAP and LR: Capital and leverage ratios – NWHG and significant subsidiaries

Capital, RWAs and leverage on a PRA transitional basis for NWHG and its significant subsidiaries (Central Bank of Ireland basis for UBI DAC) 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 31 March 2019 compared with 90% capital deduction and 10% RWAs at 31 December 2018. There continues to be CRR transition applied to grandfathered capital instruments.

	31 March 2019				31 December 2018		
	NWHG	NWB Plc	RBS plc	UBI DAC	NWB Plc	RBS plc	UBI DAC
<b>Capital adequacy ratios - transitional (1)</b>	%	%	%	%	%	%	%
CET1	15.9	16.7	14.5	27.8	17.4	13.2	27.5
Tier 1	18.6	19.5	17.5	27.8	20.4	16.0	27.5
Total	21.5	22.3	21.9	30.5	24.5	20.2	30.4
<b>Capital adequacy ratios - end point</b>							
CET1	15.9						
Tier 1	18.5						
Total	21.2						
<b>Capital - transitional</b>	£m	£m	£m	£m	£m	£m	£m
CET1	22,269	13,327	4,750	3,837	13,138	4,569	3,996
Tier 1	26,033	15,522	5,719	3,837	15,389	5,538	3,996
Total	30,167	17,743	7,139	4,221	18,490	6,984	4,414
<b>Capital - end point</b>							
CET1	22,269						
Tier 1	25,945						
Total	29,679						
<b>RWAs</b>							
Credit risk	119,157	66,041	26,930	12,727	63,548	28,683	13,387
Counterparty credit risk	1,043	873	—	139	325	—	122
Market risk	239	81	10	51	50	23	47
Operational risk	19,590	12,669	5,714	908	11,660	5,819	958
	140,029	79,664	32,654	13,825	75,583	34,525	14,514
<b>CRR leverage - transitional</b>							
Tier 1 capital	26,033	15,522	5,719	3,837	15,389	5,538	3,996
Exposure	445,810	295,787	94,550	26,285	295,483	98,264	27,259
Leverage ratio (%)	5.8	5.2	6.0	14.6	5.2	5.6	14.7
<b>CRR leverage - end point</b>							
Tier 1 capital	25,945						
Exposure	445,810						
Leverage ratio (%)	5.8						
Average Tier 1 capital	23,544						
Average exposure (2)	443,878						
Average leverage ratio (%)	5.3						
<b>UK leverage - end point</b>							
Tier 1 capital	25,945						
Exposure	387,768						
Leverage ratio (%)	6.7						
Average Tier 1 capital	23,544						
Average exposure (2)	388,467						
Average leverage ratio (%)	6.1						
<b>UK GSIB leverage (3)</b>							
CET1 buffer	1,357						

#### Notes:

(1) The NWHG 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%).

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### Key points

#### Capital and leverage

##### NWHG

- NWHG has a CET1 ratio of 15.9% as at March 2019 based on CET1 of £22.3 billion and RWAs of £140 billion.
- The CRR end-point and UK leverage ratios are 5.8% and 6.7% respectively.
- The average CRR leverage ratio and UK leverage ratios are 5.3% and 6.1% respectively.

##### NWB Plc

- The CET1 ratio decreased to 16.7% from 17.4% primarily due to a £4.1billion increase in RWAs. CET1 reflects the attributable profit offset by the impact of IFRS 16 for Leases and the final annual uplift in transition for significant investments in financial institutions capital.
- NWB Plc redeemed £700 million internal Tier 2 Notes in March 2019.
- RWAs increased by £4.1billion primarily due to the impact of the adoption of the IFRS 16 Leases accounting standard on 1 January 2019 and the increase in operational risk due to the annual recalculation.
- The leverage ratio remained at 5.2% as a result of the increased Tier 1 capital offset by a slight increase in balance sheet exposure.

##### RBS plc

- The CET1 ratio increased to 14.5% from 13.2% reflecting attributable profit and a decrease in RWAs of £1.9 billion.
- The decrease in RWAs was primarily due to reduced asset size driven by repayments.
- The leverage ratio increased to 6.0% as a result of the increased Tier 1 capital and reduction in balance sheet exposure.

##### UBI DAC

- The CET1 ratio increased to 27.8% from 27.5% as a result of a decrease in both CET1 and RWAs.
- RWAs decreased by £0.7 billion due to risk parameters improvements and euro exchange movements.
- The leverage ratio decreased to 14.6% driven by the movement in Tier 1 capital and euro exchange movements.

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

The table below reflects the key metrics template in the BCBS consolidated Pillar 3 framework and the EBA's IFRS 9 template for NWHG. NWHG 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.

EBA BCBS2 IFRS KM1 9 - FL		31 March 2019	
Capital		£m	
1	1	Common equity tier 1 (CET1)	22,269
	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	22,269
2	3	Tier 1	25,945
	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,945
3	5	Total capital	29,679
	6	Total capital as if IFRS 9 transitional arrangements had not been applied	29,679
Risk-weighted assets (amounts)			
4	7	Total risk-weighted assets (RWAs)	140,029
	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	140,029
Risk-based capital ratios as a percentage of RWA		%	
5	9	Common equity tier 1 ratio	15.9
	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.9
6	11	Tier 1 ratio	18.5
	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.5
7	13	Total capital ratio	21.2
	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.2
Additional CET1 buffer requirements as a percentage of RWA			
8		Capital conservation buffer requirement (2.5% from 2019)	2.5
9		Countercyclical buffer requirement	0.8
10		Bank GSIB and/or DSIB additional requirements	—
11		Total of CET1 specific buffer requirements (8 + 9 + 10)	3.3
12		CET1 available after meeting the bank's minimum capital requirements (1)	11.4
Leverage ratio		£m	
13	15	CRR leverage ratio exposure measure	445,810
		UK leverage ratio exposure measure	387,768
		%	
14	16	CRR leverage ratio	5.8
	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.8
		UK leverage ratio	6.7
Liquidity coverage ratio		£m	
15		Total high-quality liquid assets (HQLA)	98,543
16		Total net cash outflows	71,563
17		LCR ratio (%) (2)	138
Net stable funding ratio (NSFR)			
18		Total available stable funding	303,479
19		Total required stable funding	227,385
20		NSFR % (3)	133

#### Notes:

- (1) This represents the CET1 ratio less the CRR minimum of 4.5%.
- (2) The LCR uses the simple average of the preceding 3 monthly periods ending on the quarterly reporting date as specified in the table.
- (3) In November 2016, the European Commission published its proposal for NSFR rules within the EU as part of its CRR2 package of regulatory reforms. CRR2 NSFR is expected to become the regulatory requirement in future within the EU and the UK. NWHG has changed its policy on the NSFR to align with its interpretation of the CRR2 proposals with effect from 1 January 2018.

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### 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 NWHG and its significant subsidiaries. NWHG 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 measures are on a CRR transitional basis.

31 March 2019				
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m
<b>Available capital (amounts) - transitional</b>				
1 Common equity tier 1	22,269	13,327	4,750	3,837
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	22,269	13,327	4,750	3,837
3 Tier 1	26,033	15,522	5,719	3,837
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	26,033	15,522	5,719	3,837
5 Total capital	30,167	17,743	7,139	4,221
6 Total capital as if IFRS 9 transitional arrangements had not been applied	30,167	17,743	7,139	4,221
<b>Risk-weighted assets (amounts)</b>				
7 Total risk-weighted assets	140,029	79,664	32,654	13,825
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	140,029	79,664	32,654	13,825
<b>Risk-based capital ratios as a percentage of RWAs</b>				
9 Common equity tier 1 ratio	15.9	16.7	14.5	27.8
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.9	16.7	14.5	27.8
11 Tier 1 ratio	18.6	19.5	17.5	27.8
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.6	19.5	17.5	27.8
13 Total capital ratio	21.5	22.3	21.9	30.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.5	22.3	21.9	30.5
<b>Leverage ratio</b>				
15 CRR leverage ratio exposure measure (£m)	445,810	295,787	94,550	26,285
16 CRR leverage ratio (%)	5.8	5.2	6.0	14.6
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.8	5.2	6.0	14.6

31 December 2018				
	NWB Plc £m	RBS plc £m	UBI DAC £m	
<b>Available capital (amounts) - transitional</b>				
1 Common equity tier 1	13,138	4,569	3,996	
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	13,138	4,569	3,996	
3 Tier 1	15,389	5,538	3,996	
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	15,389	5,538	3,996	
5 Total capital	18,490	6,984	4,414	
6 Total capital as if IFRS 9 transitional arrangements had not been applied	18,490	6,984	4,414	
<b>Risk-weighted assets (amounts)</b>				
7 Total risk-weighted assets	75,583	34,525	14,514	
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	75,583	34,525	14,514	
<b>Risk-based capital ratios as a percentage of RWAs</b>				
9 Common equity tier 1 ratio	17.4	13.2	27.5	
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.4	13.2	27.5	
11 Tier 1 ratio	20.4	16.0	27.5	
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.4	16.0	27.5	
13 Total capital ratio	24.5	20.2	30.4	
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.5	20.2	30.4	
<b>Leverage ratio</b>				
15 CRR leverage ratio exposure measure (£m)	295,483	98,264	27,259	
16 CRR leverage ratio (%)	5.2	5.6	14.7	
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.2	5.6	14.7	

30 September 2018				
	NWB Plc £m	RBS plc £m	UBI DAC £m	
<b>Available capital (amounts) - transitional</b>				
1 Common equity tier 1	12,170	6,090	3,958	
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	12,170	6,090	3,958	
3 Tier 1	14,453	7,059	3,958	
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	14,453	7,059	3,958	
5 Total capital	16,097	8,477	4,397	
6 Total capital as if IFRS 9 transitional arrangements had not been applied	16,097	8,477	4,397	
<b>Risk-weighted assets (amounts)</b>				
7 Total risk-weighted assets	73,628	36,623	16,356	
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	73,628	36,623	16,356	
<b>Risk-based capital ratios as a percentage of RWAs</b>				
9 Common equity tier 1 ratio	16.5	16.6	24.2	
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	16.6	24.2	
11 Tier 1 ratio	19.6	19.3	24.2	
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.6	19.3	24.2	
13 Total capital ratio	21.9	23.1	26.9	
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.9	23.1	26.9	
<b>Leverage ratio</b>				
15 CRR leverage ratio exposure measure (£m)	304,444	98,752	27,902	
16 CRR leverage ratio (%)	4.7	7.1	14.2	
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	4.7	7.1	14.2	

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

30 June 2018			
	NWB Plc	RBS plc	UBI DAC
	£m	£m	£m
<b>Available capital (amounts) - transitional</b>			
1 Common equity tier 1	12,007	5,946	3,929
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	12,007	5,946	3,929
3 Tier 1	14,290	6,915	3,929
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	14,290	6,915	3,929
5 Total capital	15,932	8,317	4,389
6 Total capital as if IFRS 9 transitional arrangements had not been applied	15,932	8,317	4,389
<b>Risk-weighted assets (amounts)</b>			
7 Total risk-weighted assets	72,761	37,511	16,548
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	72,761	37,511	16,548
<b>Risk-based capital ratios as a percentage of RWAs</b>			
	%	%	%
9 Common equity tier 1 ratio	16.5	15.9	23.7
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	15.9	23.7
11 Tier 1 ratio	19.6	18.4	23.7
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.6	18.4	23.7
13 Total capital ratio	21.9	22.2	26.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.9	22.2	26.5
<b>Leverage ratio</b>			
15 CRR leverage ratio exposure measure (£m)	319,321	103,257	27,376
16 CRR leverage ratio (%)	4.5	6.7	14.4
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	4.5	6.7	14.4

31 March 2018			
	NWB Plc		UBI DAC
	£m		£m
<b>Available capital (amounts) - transitional</b>			
1 Common equity tier 1	13,208		3,884
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	13,208		3,884
3 Tier 1	13,208		3,884
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	13,208		3,884
5 Total capital	17,054		4,363
6 Total capital as if IFRS 9 transitional arrangements had not been applied	17,054		4,363
<b>Risk-weighted assets (amounts)</b>			
7 Total risk-weighted assets	62,735		16,714
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	62,735		16,714
<b>Risk-based capital ratios as a percentage of RWAs</b>			
	%		%
9 Common equity tier 1 ratio	21.1		23.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	21.1		23.2
11 Tier 1 ratio	21.1		23.2
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	21.1		23.2
13 Total capital ratio	27.2		26.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	27.2		26.1
<b>Leverage ratio</b>			
15 CRR leverage ratio exposure measure (£m)	235,793		25,504
16 CRR leverage ratio (%)	5.6		15.2
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.6		15.2

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### 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), NWHG 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)
	31 March 2019	31 March 2019
Number of data points used in the calculation of averages	3	3
	£m	£m
High quality liquid assets		
1 Total high-quality liquid assets (HQLA)		98,543
Cash outflows		
2 Retail deposits and deposits from small business customers	197,589	15,519
3 of which: stable deposits	127,056	6,353
4 of which: less stable deposits	70,215	8,848
5 Unsecured wholesale funding	119,920	54,322
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	49,581	12,083
7 Non-operational deposits (all counterparties)	70,279	42,180
8 Unsecured debt	60	60
9 Secured wholesale funding		—
10 Additional requirements	54,979	7,400
11 Outflows related to derivative exposures and other collateral requirements	898	898
12 Outflows related to loss of funding on debt products	—	—
13 Credit and liquidity facilities	54,081	6,502
14 Other contractual funding obligations	509	12
15 Other contingent funding obligations	40,275	3,369
16 Total cash outflows		80,623
Cash inflows		
17 Secured lending (e.g. reverse repos)	7,949	—
18 Inflows from fully performing exposures	10,034	6,687
19 Other cash inflows	11,169	2,373
EU-19a Difference between total weighted inflows and outflows	—	—
EU-19b Excess inflows from a related specialised credit institution	—	—
20 Total cash inflows	29,152	9,060
EU-20a Fully exempt inflows	—	—
EU-20b Inflows subject to 90% cap	—	—
EU-20c Inflows subject to 75% cap	29,152	9,060
Total adjusted value		
21 Liquidity buffer		98,543
22 Total net cash outflows		71,563
23 Liquidity coverage ratio (%)		138



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### CAP 2: Capital resources (CRR own funds template) – NWHG and significant subsidiaries

Capital resources based on the relevant local regulatory capital transitional arrangements are set out below.

Capital	31 March 2019				31 December 2018		
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Tangible equity	23,585	15,257	5,017	4,262	14,940	6,506	4,389
Expected loss less impairment provisions	(368)	(224)	(117)	—	(193)	(81)	(1)
Prudential valuation adjustment	(19)	(12)	(6)	—	(18)	(7)	—
Deferred tax assets	(720)	(452)	—	(251)	(462)	—	(261)
Own credit adjustments	(1)	—	—	(1)	—	—	(2)
Pension fund assets	(126)	(11)	—	(126)	(11)	—	(129)
Instruments of financial sector entities where the institution has a significant/non significant investment	—	(1,225)	—	—	(1,112)	—	—
Cash flow hedging reserve	(75)	—	(144)	(9)	—	(49)	—
Foreseeable ordinary dividend	—	—	—	—	—	(1,800)	—
Other adjustments for regulatory purposes	(7)	(6)	—	(38)	(6)	—	—
Total deductions	(1,316)	(1,930)	(267)	(425)	(1,802)	(1,937)	(393)
CET1 capital	22,269	13,327	4,750	3,837	13,138	4,569	3,996
AT1 capital before regulatory adjustments	3,764	2,457	969	—	2,487	969	—
Regulatory adjustments to AT1 capital	—	(262)	—	—	(236)	—	—
AT1 capital	3,764	2,195	969	—	2,251	969	—
Tier 1 capital	26,033	15,522	5,719	3,837	15,389	5,538	3,996
Tier 2 capital before regulatory adjustments	4,134	2,526	1,420	384	3,376	1,446	418
Regulatory adjustments to Tier 2 capital	—	(305)	—	—	(275)	—	—
Tier 2 capital	4,134	2,221	1,420	384	3,101	1,446	418
Total regulatory capital	30,167	17,743	7,139	4,221	18,490	6,984	4,414

### CAP 3: Leverage exposure (CRR Delegated Act Template) - NWHG and significant subsidiaries

Leverage exposure based on the relevant local regulatory capital transitional arrangements are set out below.

Leverage exposure	31 March 2019				31 December 2018		
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Cash and balances at central banks	61,613	38,693	21,830	103	43,966	21,650	257
Derivatives	546	1,373	287	193	1,277	115	188
Loans and advances	296,232	209,436	68,486	22,167	207,872	71,779	22,867
Other assets	60,671	51,847	955	3,069	48,509	953	3,136
Total assets	419,062	301,349	91,558	25,532	301,624	94,497	26,448
Derivatives							
- netting and variation margin	(1,225)	(1,622)	4	(50)	(1,872)	(10)	(54)
- potential future exposures	729	850	281	168	1,203	277	106
Securities financing transactions gross up	36	36	—	—	203	—	—
Undrawn commitments	34,828	21,128	10,543	1,021	21,047	11,409	1,150
Regulatory deductions and other adjustments	(7,613)	(3,149)	(354)	(386)	(2,997)	(222)	(391)
Exclusion of core UK-group exposures	(7)	(22,805)	(7,482)	—	(23,725)	(7,687)	—
CRR leverage exposure	445,810	295,787	94,550	26,285	295,483	98,264	27,259
Claims on central banks	(58,042)						
UK leverage exposure	387,768						

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### EU OV1: CAP: RWAs and MCR summary – NWHG and significant subsidiaries

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

		NWHG		NWB Plc		RBS plc		UBI DAC	
		RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
31 March 2019 (1)									
1	Credit risk (excluding counterparty credit risk)	115,841	9,267	59,833	4,787	26,532	2,122	12,718	1,017
2	Standardised (STD) approach	13,577	1,086	3,309	265	2,525	202	882	71
4	Advanced IRB approach (2)	102,264	8,181	56,524	4,522	24,007	1,920	11,836	946
6	Counterparty credit risk	1,043	83	873	70	—	—	139	11
6a	of which: securities financing transactions	173	14	173	12	—	—	—	—
7	of which: marked to market	202	16	156	14	—	—	131	11
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	128	10	128	10	—	—	—	—
12	of which: credit valuation adjustment (CVA)	540	43	416	34	—	—	8	—
14	Securitisation exposures in banking book	1,537	123	1,210	97	327	26	—	—
15	IRB approach	1,537	123	1,210	97	327	26	—	—
19	Market risk	239	19	81	6	10	1	51	4
20	STD approach	226	18	68	5	10	1	51	4
21	IMA	13	1	13	1	—	—	—	—
23	Operational risk - STD approach	19,590	1,567	12,669	1,014	5,714	457	908	73
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,779	142	4,998	400	71	6	9	1
29	Total	140,029	11,201	79,664	6,374	32,654	2,612	13,825	1,106
31 December 2018 (1)									
1	Credit risk (excluding counterparty credit risk)			57,470	4,598	28,293	2,262	13,378	1,070
2	STD approach			4,121	330	2,817	225	935	75
4	Advanced IRB approach (2)			53,349	4,268	25,476	2,037	12,443	995
6	Counterparty credit risk			325	26	—	—	122	9
6a	of which: securities financing transactions			189	14	—	—	2	—
7	of which: marked to market			34	3	—	—	92	7
10	of which: IMM			82	7	—	—	28	2
11	of which: risk exposure amounts for contributions to the default fund of a central counterparty			11	1	—	—	—	—
12	of which: CVA			9	1	—	—	—	—
14	Securitisation exposures in banking book			1,230	98	319	26	—	—
15	IRB approach			1,230	98	319	26	—	—
19	Market risk			50	4	23	2	47	4
20	STD approach			36	3	23	2	47	4
21	IMA			14	1	—	—	—	—
23	Operational risk - STD approach			11,660	933	5,819	466	958	77
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)			4,848	388	71	6	9	1
29	Total			75,583	6,047	34,525	2,762	14,514	1,161

Notes:

- (1) Excludes RWA approaches not used by NWHG, such as the credit risk foundation IRB, counterparty credit risk original exposure and STD approaches, the securitisation IRB supervisory formula and STD approaches and the operational risk basic indicator and AMA approaches.
- (2) Of which £25 million RWAs relate to equity IRB under the PD/LGD approach.

For explanations relating to RWA movements for NWHG and its significant subsidiaries refer to the commentary following CAP 1. Further RWA related commentary can be found following EU CR8, EU CCR7 and MR 2\_B.

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### OV1\_a: 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 NWHG for capital management, and the detailed tables in this report. The principal reasons for the presentational differences relate to securitisations, thresholds and CVA.

	RWAs 31 March 2019 £m
Credit risk excluding counterparty credit risk (EU OV1 row 1)	115,841
Securitisations (banking book only)	1,537
Threshold (EU OV1 row 27)	1,779
Credit risk including securitisations (EU CR8 row 9)	119,157
Counterparty risk total (EU OV1 row 6)	1,043
Less: CVA capital charge (EU OV1 row 12)	(540)
Counterparty risk (EU CCR7 row 9)	503
Total STD (EU OV1 row 2)	13,577
Threshold (EU OV1 row 27)	1,779
Total STD credit risk (EU CR8 row 9)	15,356
Total AIRB credit risk (EU OV1 row 4)	102,264
Securitisations in credit risk (banking book)	1,537
Total AIRB credit risk (EU CR8 row 9)	103,801

### RWA and MCR movement tables

#### 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 NWHG and its segments. There were no methodology or policy changes during the quarter. Additionally, there were no acquisitions or disposals of subsidiaries during the quarter.

	a			b
	RWAs			MCR
	IRB £m	STD £m	Total RWAs £m	£m
1 1 January 2019	102,168	15,654	117,822	9,426
2 Asset size (1)	461	(234)	227	18
3 Asset quality (2)	610	(6)	604	48
5 Model updates (3)	123	—	123	10
7 Foreign exchange movements (4)	(853)	(58)	(911)	(73)
Other (5)	1,292	—	1,292	104
9 31 March 2019	103,801	15,356	119,157	9,533

#### 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) Changes arising from foreign currency translation movements.
- (5) Reflects the effect of adopting IFRS 16 – Leases.

### Key points

- The rise in RWAs largely reflected increased nostro balances, cash collateral and bonds held by Treasury.
- The movement in the other category reflects the adoption of IFRS 16, which created a right-of-use asset of £1.3 billion.
- The asset quality RWA uplift was mainly driven by PD calibrations across key Personal portfolios.
- RWA increases were partly offset by foreign exchange movements, with sterling strengthening against the euro and the US dollar.

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### 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 quarter. Additionally, there were no acquisitions or disposals of subsidiaries during the quarter.

	a RWAs			b MCR		
	IMM £m	Non-IMM £m	Total £m	IMM £m	Non-IMM £m	Total £m
1 1 January 2019	—	389	389	—	31	31
2 Asset size (1)	—	6	6	—	—	—
7 Foreign exchange movements (2)	—	(9)	(9)	—	(1)	(1)
Other	—	117	117	—	9	9
9 31 March 2019	—	503	503	—	39	39

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new businesses) and changes due to acquisitions and disposal of portfolios and exposures.
- (2) Changes arising from foreign currency retranslation movements.

#### Key point

- The RWA increase in the other category is driven by a refinement to the RWA calculation in relation to the default fund contribution to central counterparty exposure.

### 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 model updates, methodology or regulatory policy changes during the quarter. Additionally there were no acquisitions or disposals of subsidiaries during the quarter. 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 RWAs (1)						STD		Total	
	a	b	c	e	f	g	RWAs £m	MCR £m	RWAs £m	MCR £m
	VaR £m	SVaR £m	IRC £m	Other (RNIV) £m	Total £m	MCR £m				
1 1 January 2019	3	11	—	—	14	1	114	9	128	10
2 Movement in risk levels (2)	—	(1)	—	—	(1)	—	112	9	111	9
8 31 March 2019	3	10	—	—	13	1	226	18	239	19

Notes:

- (1) NWHG does not use the comprehensive risk measure to calculate market risk RWAs.
- (2) Due to position changes.

#### Key point

- The RWA increase reflected an increase in the US dollar position relating to payments between NWHG entities.