



Q3 2017 Pillar 3 Supplement

rbs.com

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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, including (but not limited to) those related to RBS and its subsidiaries' regulatory capital position and requirements, financial position, future pension funding requirements, ongoing litigation and government and regulatory investigations, profitability and financial performance (including financial performance and cost savings targets), structural reform and the implementation of the UK ring-fencing regime, the implementation of RBS's transformation programme, impairment losses and credit exposures under certain specified scenarios and RBS's exposure to political risks, operational risk, conduct risk, cyber and IT risk and credit rating risk and to various types of market risk. In addition, forward-looking statements may include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'Stressed Value-at-Risk (SVaR)', 'Risks not in VaR (RNIV)', 'Incremental Risk Charge (IRC)', '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 RBS's future economic results, business plans and ability to achieve current strategies. 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 in, 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 RBS's actual results are discussed in RBS's 2016 Annual Report and Accounts (ARA) and its interim results for the six-months ended 30 June 2017 and materials filed with, or furnished to, the United States Securities and Exchange Commission, including, but not limited to, RBS'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 they are made or revised and RBS 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

- RBS's main risks are described in the Capital and risk management section of the 2016 ARA and the 2016 Pillar 3 Report; also refer to the glossary in both documents.
- The disclosures in this document complement those in the Q3 2017 Interim Management Statement.
- For basis of preparation and other aspects refer to Presentation of information on page 1 of the Q1 2017 Pillar 3 supplement. Certain presentation changes, with no impact on total measures, have been reflected in this supplement:
 - EU OV1: Central counterparties (CCP) default fund and credit valuation adjustment (CVA) are presented separately.
 - EU MR 2_B: Risks not in VaR (RNIV) are shown separately, previously included within VaR and SVaR with additional RNIV analysis.

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Capital and leverage

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

Capital metrics based on the relevant local regulatory capital transitional arrangements for the significant legal entities within RBS are set out below. The key driver of the movements in RBS plc and NWB Plc was the annual phasing-in of the capital requirements regulation (CRR) transition rules relating to capital deduction of significant investment in financial institutions. At 30 September 2017, 80% was treated as capital deduction and 20% as risk-weighted assets, compared with 70% and 30% respectively at 31 December 2016. Capital, RWAs and leverage on a PRA transitional basis for RBS and its significant subsidiaries (Central Bank of Ireland basis for UBI DAC) are set out below. RBS is monitored on an end-point basis but PRA transitional basis metrics are presented for comparison with those of the significant legal entities. In addition, certain end-point leverage disclosures are included for RBS only.

	30 September 2017				31 December 2016			
	RBS %	RBS plc %	NWB Plc %	UBI DAC %	RBS %	RBS plc %	NWB Plc %	UBI DAC %
Capital adequacy ratios (1)								
CET1	15.5	15.2	23.1	31.1	13.4	13.1	16.1	29.0
Tier 1	19.1	16.9	23.1	31.1	17.7	14.1	16.1	29.0
Total	23.1	22.4	30.3	34.1	22.9	19.1	23.3	31.9
Capital								
	£m	£m	£m	£m	£m	£m	£m	£m
CET1	32,558	21,379	13,554	5,432	30,623	23,333	10,393	5,224
Tier 1	40,161	23,763	13,554	5,432	40,419	25,292	10,393	5,224
Total	48,659	31,399	17,840	5,950	52,303	34,151	15,016	5,746
RWAs								
Credit risk								
- non-counterparty	154,399	97,456	50,581	16,054	162,162	127,019	56,066	16,263
- counterparty	15,959	14,712	305	296	22,925	21,214	473	505
Market risk	16,445	14,986	178	9	17,438	15,698	676	12
Operational risk	23,840	13,052	7,724	1,092	25,695	14,862	7,209	1,215
	210,643	140,206	58,788	17,451	228,220	178,793	64,424	17,995
CRR leverage - transitional (2)								
Tier 1 capital	40,161	23,763	13,554	5,432	40,419	25,292	10,393	5,224
Exposure	691,401	428,572	182,075	28,194	683,302	447,238	169,586	27,337
Leverage ratio (%)	5.8	5.5	7.4	19.3	5.9	5.7	6.1	19.1
CRR leverage - end-point								
Tier 1 capital	36,599				34,664			
Exposure	691,401				683,302			
Leverage ratio (%)	5.3				5.1			
Average Tier 1 capital	36,303				37,959			
Average exposure	705,561				712,145			
Average leverage ratio (%)	5.1				5.3			
UK leverage - end-point (3,4)								
Tier 1 capital	36,599				34,664			
Exposure	609,276				614,602			
Leverage ratio (%)	6.0				5.6			
Average Tier 1 capital	36,303				37,959			
Average exposure	620,810				648,232			
Average leverage ratio (%)	5.8				5.9			
UK GSIB leverage								
CET1 buffer requirement	1,066				807			

Notes:

- (1) CRR end-point for UK banks set by the PRA is 10.5% minimum total capital ratio, with a minimum CET1 ratio of 7.0%. The UK countercyclical capital buffer is currently 0.0%; in June 2017 the Financial Policy Committee (FPC) increased the rate from 0.0% to 0.5% effective June 2018. These minimum ratios exclude the G-SIB buffer and any bank specific buffers, including Pillar 2A and PRA buffer. The CBI has set a minimum total capital ratio of 10.50% with a minimum CET1 ratio of 7.0%; the countercyclical buffer is currently 0.0%.
- (2) Leverage exposure is broadly aligned to the accounting value of on and off-balance sheet exposures albeit subject to specific adjustments for derivatives, securities financing transactions and off-balance sheet exposures.
- (3) The PRA has set a Tier 1 leverage ratio requirement for UK banks of 3.00% (CET1 requirement of 2.25%). The PRA minimum leverage ratio requirement is supplemented with a G-SIB additional leverage ratio buffer, currently 0.175% under transitional arrangements (31 December 2016 – 0.13125%) increasing to 0.35% at the end point, and countercyclical capital buffer of 0.0%. On 3 October 2017, the PRA published a revised policy statement (PS21/17) increasing the minimum leverage ratio to 3.25%, effective immediately. CBI has not currently set a binding leverage requirement; a binding 3% leverage ratio has been proposed by the European Commission as part of its CRR 2 package of proposals to amend the CRR.
- (4) Based on PRA end-point Tier 1 capital and UK leverage modified exposure measure excluding central bank claims reflecting the post EU referendum measures announced by the Bank of England in the third quarter of 2016. The arithmetic mean of leverage exposure measure and Tier 1 capital is calculated on the last day of each month in the quarter.

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

RBS

- The CET1 ratio increased by 210 basis points (70 basis points in Q3 2017) since 2016 year end to 15.5% as a result of the £1,331 million attributable profit and RWA reductions in Capital Resolution, NatWest Markets and Commercial Banking.
- Tier 1 on a transitional basis improved by 140 basis points as the CET1 benefit was partly offset by lower AT1. AT1 on a PRA transitional basis decreased reflecting the annual phasing in of CRR end-point rules and redemptions.
- RWAs decreased by £17.6 billion primarily driven by a £11.4 billion reduction in Capital Resolution reflecting disposal and run-offs in line with exit strategy. Additionally, Commercial Banking RWAs decreased by £3.9 billion as a result of planned reductions in areas with weak returns and exposure reductions in NatWest Markets led to an RWA decrease of £3.4 billion.
- CRR end-point leverage ratio increased to 5.3%. UK leverage ratio improved from 5.6% to 6.0%, reflecting higher central banks balances that are excluded from the UK framework.
- Average leverage ratios, both CRR and UK, were lower than the period end ratios, reflecting increased trading and market-making activities in NatWest Markets following end of 2016 lows. Funded assets in NatWest Markets increased by £11.8 billion to £112.7 billion since 2016 year end.
- The CET1 GSIB leverage buffer requirement of £1,066 million was higher than at 2016 year end, reflecting the higher rate ascribed by the PRA for the UK leverage ratio framework. This requirement is in addition to the minimum leverage ratio of 3.25% (of which 75% to be met by CET 1). RBS's UK leverage ratio of 6% is above the minimum requirement.
- The Basel I floor minimum capital requirement increased from £0.8 billion to £1.6 billion, principally reflecting £8.9 billion growth in mortgage lending, principally in UK PBB.

RBS plc

- The CET1 ratio increased by 210 basis points to 15.2% partly benefitting from underlying RWA reduction in Capital Resolution, NatWest Markets and Commercial Banking.
- The impact of the annual phasing in of the CRR end-point rules (refer to page 2 for more details) relating to significant investments was a reduction of 90 basis points in the CET 1 ratio. However, this was partially offset by the ring-fencing related transfers that took place on 1 January 2017. RBSI became a subsidiary of RBSG plc and the Lombard and Invoicing Finance subsidiaries were transferred to NWB Plc.
- RWAs decreased by £38.6 billion to £140.2 billion, mainly as a result of the CRR phase-in relating to significant investments which reduced standardised credit risk RWAs by £20.1 billion.
- The leverage ratio on a PRA transitional basis was adversely impacted by lower CET1 capital.

NWB Plc

- The CET1 ratio increased from 16.1% to 23.1%, mainly due to £580 million attributable profit and the reduction in significant investments following ring-fencing related transfers. UBI DAC was transferred to NatWest Holdings Limited with effect from 1 January 2017.
- RWAs decreased by £5.6 billion, mainly as a result of phasing-in of CRR end-point rules relating to significant investments.
- The leverage ratio on a PRA transitional basis improved mainly due to the impact of ring-fencing related transfers on CET1 capital.
- The Basel I floor minimum capital requirement increased from £1.1 billion to £1.8 billion principally reflecting the £8.9 billion growth in mortgage lending.

UBI DAC

- The CET1 ratio increased to 31.1 % reflecting higher capital and lower RWAs.
- RWAs decreased mainly due to reduced exposures.
- The leverage ratio increased due to higher capital.

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CAP 2: Capital resources

Capital based on the relevant local regulatory capital transitional arrangements for the significant legal entities within RBS are set out below.

Capital	30 September 2017				31 December 2016			
	RBS £m	RBS plc £m	NWB Plc £m	UBI DAC £m	RBS £m	RBS plc £m	NWB Plc £m	UBI DAC £m
Tangible equity	35,621	44,900	15,433	5,742	34,982	45,355	14,820	5,556
Expected loss less impairment provisions	(1,197)	(437)	(541)	(146)	(1,371)	(642)	(534)	(165)
Prudential valuation adjustment	(459)	(444)	(1)	—	(532)	(524)	(1)	—
Deferred tax assets	(865)	(56)	(543)	(257)	(906)	(47)	(599)	(250)
Own credit adjustments	(110)	1	—	(1)	(304)	(152)	—	(3)
Pension fund assets	(185)	(177)	(11)	4	(208)	(198)	(15)	61
Significant investment in financial institutions	—	(22,404)	(742)	—	—	(20,433)	(3,099)	—
Cash flow hedging reserve	(298)	(1)	—	—	(1,030)	(261)	—	—
Other adjustments for regulatory purposes	51	(3)	(41)	90	(8)	235	(179)	25
Total deductions	(3,063)	(23,521)	(1,879)	(310)	(4,359)	(22,022)	(4,427)	(332)
CET1 capital	32,558	21,379	13,554	5,432	30,623	23,333	10,393	5,224
AT1 capital before regulatory adjustments	7,603	2,492	140	—	9,796	2,993	175	—
Regulatory adjustments to AT1 capital	—	(108)	(140)	—	—	(1,034)	(175)	—
AT1 capital	7,603	2,384	—	—	9,796	1,959	—	—
Tier 1 capital	40,161	23,763	13,554	5,432	40,419	25,292	10,393	5,224
Tier 2 capital before regulatory adjustments	8,498	8,607	4,463	533	11,884	12,161	4,735	555
Regulatory adjustments to Tier 2 capital	—	(971)	(177)	(15)	—	(3,302)	(112)	(33)
Tier 2 capital	8,498	7,636	4,286	518	11,884	8,859	4,623	522
Total regulatory capital	48,659	31,399	17,840	5,950	52,303	34,151	15,016	5,746

CAP 3: Leverage exposure summary

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

Leverage exposure	30 September 2017				31 December 2016			
	RBS £m	RBS plc £m	NWB Plc £m	UBI DAC £m	RBS £m	RBS plc £m	NWB Plc £m	UBI DAC £m
Cash and balances at central banks	88,210	80,258	6,241	146	74,250	70,615	1,198	290
Derivatives	171,720	175,523	2,289	587	246,981	251,476	3,082	878
Loans and advances	341,542	155,702	232,060	23,915	340,312	167,174	214,748	22,506
Reverse repos	36,672	27,874	—	328	41,787	32,035	—	308
Other assets	113,618	123,087	6,676	2,211	95,326	112,313	9,893	2,309
Total assets	751,762	562,444	247,266	27,187	798,656	633,613	228,921	26,291
Derivatives								
- netting and variation margin	(169,481)	(172,199)	(1,623)	(93)	(241,691)	(243,316)	(2,202)	(109)
- potential future exposures	54,127	56,433	335	182	65,307	67,090	190	235
Securities financing transactions gross up	2,253	2,968	—	—	2,271	3,809	—	—
Undrawn commitments	52,561	34,954	8,898	1,126	58,567	41,375	9,930	1,102
Regulatory deductions and other adjustments	179	(23,937)	(2,504)	(208)	192	(23,702)	(5,101)	(182)
Exclusion of core UK-group exposures	—	(32,091)	(70,297)	—	—	(31,631)	(62,152)	—
CRR leverage exposure	691,401	428,572	182,075	28,194	683,302	447,238	169,586	27,337
Claims on central banks	(82,125)				(68,700)			
UK leverage exposure	609,276				614,602			

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EU OV1: RWAs and MCR summary

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.

	RBS		RBS plc		NWB Plc		UBI DAC	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
30 September 2017 (1)								
1 Credit risk (excluding counterparty credit risk)	151,174	12,094	92,144	7,371	45,510	3,642	16,039	1,283
2 <i>Standardised (STD) approach</i>	34,517	2,761	44,709	3,576	4,597	368	882	71
4 <i>Advanced IRB approach (2)</i>	115,361	9,229	47,409	3,793	40,913	3,274	15,157	1,212
5 <i>Equity IRB under the simple risk-weight or the internal model approach (IMA)</i>	1,296	104	26	2	—	—	—	—
6 Counterparty credit risk (CCR)	15,320	1,226	14,404	1,153	305	24	296	24
6a <i>Securities financing transactions</i>	1,314	105	657	53	—	—	—	—
7 <i>Marked to market</i>	4,042	323	3,061	245	37	3	7	1
10 <i>Internal model method (IMM)</i>	9,964	798	10,686	855	268	21	289	23
11 <i>of which: Risk exposure amounts for contributions to the default fund of a CCP</i>	63	5	61	5	—	—	—	—
12 <i>of which: CVA</i>	2,757	221	2,614	209	1	—	3	—
13 Settlement risk	1	—	1	—	—	—	—	—
14 Securitisation exposures in banking book	1,861	149	1,237	99	207	16	—	—
15 <i>IRB approach</i>	1,850	148	1,226	98	207	16	—	—
17 <i>Internal assessment approach</i>	11	1	11	1	—	—	—	—
19 Market risk	16,445	1,316	14,986	1,199	178	14	9	1
20 <i>STD approach</i>	3,272	262	2,035	163	175	14	9	1
21 <i>IMA</i>	13,173	1,054	12,951	1,036	3	—	—	—
23 Operational risk - STD approach	23,840	1,907	13,052	1,044	7,724	618	1,092	87
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,002	160	4,382	351	4,864	389	15	1
28 Floor adjustment (3)	—	1,634	—	—	—	1,808	—	—
29 Total	210,643	18,486	140,206	11,217	58,788	6,511	17,451	1,396
31 December 2016 (1)								
1 Credit risk (excluding counterparty credit risk)	158,777	12,702	122,262	9,780	52,818	4,225	16,247	1,300
2 <i>STD approach</i>	35,107	2,808	67,557	5,404	12,640	1,011	841	67
4 <i>Advanced IRB approach (2)</i>	122,336	9,787	54,566	4,365	40,178	3,214	15,406	1,233
5 <i>Equity IRB under the simple risk-weight or the IMA</i>	1,334	107	139	11	—	—	—	—
6 Counterparty credit risk	22,579	1,806	20,903	1,672	468	38	505	40
6a <i>Securities financing transactions</i>	1,581	127	1,024	82	—	—	—	—
7 <i>Marked to market</i>	5,522	442	4,324	346	71	6	10	1
10 <i>Internal model method (IMM)</i>	15,476	1,237	15,555	1,244	397	32	495	39
11 <i>of which: Risk exposure amounts for contributions to the default fund of a CCP</i>	39	3	24	2	—	—	—	—
12 <i>of which: CVA</i>	4,664	373	4,530	362	6	—	4	—
13 Settlement risk	1	—	1	—	—	—	—	—
14 Securitisation exposures in banking book	1,954	156	1,523	122	316	25	—	—
15 <i>IRB approach</i>	1,943	155	1,512	121	316	25	—	—
17 <i>Internal assessment approach</i>	11	1	11	1	—	—	—	—
19 Market risk	17,438	1,395	15,698	1,256	676	54	12	1
20 <i>STD approach</i>	3,532	283	2,115	169	642	51	12	1
21 <i>IMA</i>	13,906	1,112	13,583	1,087	34	3	—	—
23 Operational risk - STD approach	25,695	2,056	14,862	1,189	7,209	577	1,215	98
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,776	142	3,544	284	2,937	235	16	1
28 Floor adjustment (3)	—	805	—	—	—	1,063	—	—
29 Total	228,220	19,062	178,793	14,303	64,424	6,217	17,995	1,440

Notes:

- (1) RWA approaches not used by RBS, such as Credit risk Foundation IRB, Counterparty credit risk original exposure and STP approach, Securitisation IRB supervisory formula and STD approaches and Operational risk basic indicator and AMA approaches are not included in this table.
- (2) Of which £842 million RWAs (31 December 2016 - £681 million) relates to equity IRB under the PD/LGD approach.
- (3) The Basel I floor adjustment represents the additional capital requirement when comparing the Basel III Pillar 1 approach (sum of capital requirements from individual risk types) to the Basel I floor (calculated as 80% of Basel I capital requirement adjusted for excess expected loss).

Refer to the commentary following CAP 1 for explanations relating to RWA movements for RBS and its significant subsidiaries. This 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. OV1_a provides a bridge between the two RWA approaches. Refer also to the commentary relating to RWA flow statements EU CR8, EU CCR7 and MR 2_B for individual components in OV1_a.

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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 RBS for capital management, and detailed tables within this report. The principal reasons for the presentational differences relate to securitisations, thresholds and CVA.

	RWAs	
	30 September 2017 £m	31 December 2016 £m
Credit risk excluding counterparty credit risk (EU OV1 row 1)	151,174	158,777
Securitisations (banking book only)	1,223	1,609
Threshold (EU OV1 row 27)	2,002	1,776
Credit risk including securitisations (EU CR8 row 9)	154,399	162,162
Counterparty risk total (EU OV1 row 6)	15,320	22,579
Less: CVA capital charge (EU OV1 row 12)	(2,757)	(4,664)
Securitisations (banking book only)	639	345
Counterparty risk (EU CCR7 row 9)	13,202	18,260
Total STD (EU OV1 row 2)	34,517	35,107
Threshold (EU OV1 row 27)	2,002	1,776
Total STD credit risk	36,519	36,883
Total AIRB credit risk (EU OV1 row 4)	115,361	122,336
Equity (EU OV1 row 5)	1,296	1,334
Securitisations in credit risk (subset of EU OV1)	1,223	1,609
Total AIRB credit risk (EU CR8)	117,880	125,279
Total credit risk (CAP 1)	154,399	162,162

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, split by regulatory approach. 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 nor any model updates in 2017. Additionally there were no acquisitions or disposals of subsidiaries during 2017.

	a			b
	RWAs			MCR
	IRB £m	STD £m	Total RWAs £m	£m
1 At 1 January 2017	125,279	36,883	162,162	12,973
2 Asset size (1)	(5,734)	317	(5,417)	(433)
3 Asset quality (2)	(1,372)	(23)	(1,395)	(112)
7 Foreign exchange movements (3)	(293)	(658)	(951)	(76)
9 At 30 September 2017	117,880	36,519	154,399	12,352

Notes:

- (1) Organic changes in book size and composition (including the origination of new businesses and maturing loans) and changes due to acquisitions and disposals of portfolios and exposures.
(2) Changes in the assessed quality of assets due to changes in borrower risk, such as rating grade migration or similar effects.
(3) Changes arising from foreign currency retranslation movements.

The key drivers of the reduction in RWAs were:

- Reduced asset size, mainly in Capital Resolution, driven by the continued disposal of non-strategic assets;
- Credit quality improvement across the commercial portfolio; and
- Sterling strengthening against the US dollar and Saudi riyal, which was partly offset by its weakening against the euro.

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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 nor any IMM model updates in 2017. Additionally there were no acquisitions or disposals of subsidiaries during 2017.

	a RWAs			b MCR		
	IMM £m	Non-IMM £m	Total £m	IMM £m	Non-IMM £m	Total £m
1 At 1 January 2017	11,982	6,278	18,260	959	502	1,461
2 Asset size (1)	(3,559)	(1,023)	(4,582)	(284)	(82)	(366)
3 Credit quality of counterparties (2)	(70)	—	(70)	(6)	—	(6)
7 Foreign exchange movements (3)	(357)	(49)	(406)	(29)	(3)	(32)
9 At 30 September 2017	7,996	5,206	13,202	640	417	1,057

Notes:

- (1) Organic changes in book size and composition (including the origination of new businesses) and changes due to acquisitions and disposal of portfolios and exposures.
- (2) Changes in the assessed quality of counterparties as measured under RBS's credit risk framework, including changes due to IRB models. Changes due to IMM model changes are presented separately when relevant.
- (3) Changes arising from foreign currency retranslation movements.

- The key driver of the decline in RWAs over the period was decreased asset size. This reflected continued reduction of exposures in Capital Resolution and increased mitigation of exposures through collateralisation in both Capital Resolution and NatWest Markets.

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

The following table presents the drivers of movements in market risk RWAs and MCR. There were no IMA methodology or policy changes in 2017. Additionally there were no acquisitions or disposals of subsidiaries during 2017. 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 (1,2)						MCR £m	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					
1 At 1 January 2017	3,710	5,397	2,180	2,619	13,906	1,112	3,532	283	17,438	1,395	
2 Movement in risk levels (3)	(1,930)	292	675	167	(796)	(63)	(260)	(21)	(1,056)	(84)	
3 Model updates/changes	—	—	—	63	63	5	—	—	63	5	
8 At 30 September 2017	1,780	5,689	2,855	2,849	13,173	1,054	3,272	262	16,445	1,316	

Notes:

- (1) RNIV RWAs comprised the following:

	30 September 2017 £m	31 December 2016 £m
VaR-based RNIV	319	426
SVaR-based RNIV	1,271	718
Stress RNIV	1,258	1,475

- (2) RBS does not use the Comprehensive risk measure to calculate market risk RWAs.
- (3) Due to position changes.

- The decline in overall market risk RWAs was chiefly due to a significant decrease in the VaR-based requirement, largely reflecting reduced euro and sterling interest rate risk exposure. In Q1 2017 the Swiss central bank's removal of the Swiss franc's peg to the euro in January 2015 fell out of the 500-day window for VaR, also contributing to the decline in the requirement.
- The main offsetting increase related to the incremental risk charge, largely due to an increase in eurozone bond positions as a result of market activity and client trading.
- RNIVs also increased moderately as a result of new RNIVs to capture sensitivity to correlation between interest rates and inflation basis risk not captured by the VaR model.