

**Q1 2021
Pillar 3 Supplement
NatWest Holdings Group**

Pillar 3 Supplement Q1 2021

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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', 'will', '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 Ltd) and its parent, NatWest Group's, future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWH Ltd or NatWest Group plc in respect of, but not limited to: the impact of the COVID-19 pandemic, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of its Purpose-led strategy and the refocusing of its NatWest Markets franchise, its ESG and climate-related 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, the transition of LIBOR and IBOR rates to alternative risk free rates and NWH Ltd (or NatWest Group's) exposure to economic and political risks (including with respect to terms surrounding 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, the impact of the COVID-19 pandemic, future acquisitions, the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs (including with respect to goodwill), legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and the impact of climate-related risks and the transitioning to a low-carbon economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWH Ltd or NatWest Group plc's actual results are discussed in NatWest Group plc's UK 2020 Annual Report and Accounts (ARA), NatWest Group plc's Interim Results for Q1 2021 and NatWest Group plc's filings with the US Securities and Exchange Commission, including, but not limited to, NatWest Group plc'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 NWH Ltd or NatWest Group plc do 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 Brexit transition period ran until 31 December 2020; therefore, as of that date, UK entities ceased to be subject to EU rules. As of the date of this report, NatWest Group and therefore NWH Group are regulated under the UK Capital Requirements Regulation (CRR) and associated onshored binding technical standards which were created by the European Union (Withdrawal) Act 2018 and a number of amending statutory instruments.
- The Pillar 3 disclosures made by NWH Group are designed to comply with the CRR. Based on the criteria set out in the CRR, NWH Group primarily defines its large subsidiaries as those designated as Other Systemically Important Institutions (O-SII) by the national competent authority or with a value of total assets equal to or greater than €30 billion. At 31 March 2021, its large subsidiaries were:
 - National Westminster Bank Plc (NWB Plc)
 - The Royal Bank of Scotland plc (RBS plc)
 - Ulster Bank Ireland Designated Activity Company (UBI DAC)
 - Coutts & Company (Coutts & Co)
- For the basis of preparation and disclosure framework, refer to NWH Group's 2020 Pillar 3 Report. For definitions of terms, refer to the glossary available on natwestgroup.com.
- NWH Group - the RFB sub-group - is subject to an O-SII buffer, which replaced the Systemic Risk Buffer (SRB) used to prevent and mitigate long-term non-cyclical macroprudential or systemic risks set by the PRA to large building societies and ring fenced bodies (RFBs), effective December 2020.
- Within this supplement, row and column references are based on those prescribed in the EBA templates. Any tables, rows or columns that are not applicable or do not have a value are not shown.

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NatWest Holdings Group - Key points

CET1 ratio (CRR end-point)

Q1 2021 18.5%

Q4 2020 17.5%

Increase of 100 basis points reflecting a decrease in RWAs of £5.6 billion and an increase in CET1 of £0.3 billion. The CET1 increase is primarily driven by an attributable profit of £0.7 billion, offset by a £0.1 billion increase in the pension contribution as a result of the directed buy back and other reserve movements of £0.3 billion.

RWA

Q1 2021 £129.7bn

Q4 2020 £135.3bn

Total RWAs decreased by £5.6 billion during the period, mainly reflecting a decrease in credit risk RWAs of £4.4 billion and a £0.9 billion decrease in operational risk RWAs following the annual recalculation in Q1 2021. The decrease in credit risk RWAs was mainly driven by reductions in Commercial Banking, Retail Banking and Ulster Bank Rol. Counterparty credit risk RWAs decreased by £0.3 billion due to a reduction in intergroup credit valuation adjustments.

CRR leverage

Q1 2021 5.2%

Q4 2020 5.3%

The CRR leverage ratio decreased by c.10 basis points driven by a £13 billion increase in the leverage exposure driven by balance sheet exposures which is partially offset by a £0.2 billion increase in Tier 1 capital.

UK leverage

Q1 2021 6.6%

Q4 2020 6.5%

The UK leverage ratio increased by c.10 basis points driven by a decrease in the UK leverage exposure due to a £15.7 billion increase in the central bank exclusion, and a £0.2 billion increase in Tier 1 capital.

NSFR

Q1 2021 149%

Q4 2020 145%

The net stable funding ratio (NSFR) for Q1 2021 was at 149% compared to 145% at Q4 2020. The increase is mainly due to deposits growth.

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Capital, liquidity and funding

KM1: BCBS 2 & IFRS 9-FL: Key metrics – NWH Group

The table below reflects the key metrics template in the BCBS consolidated Pillar 3 framework and the EBA's IFRS 9 template. Capital and leverage ratios presented are based on end-point CRR rules. NWH Group has elected to take advantage of the transitional capital rules in respect of expected credit losses. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The transition period has been further amended by the CRR COVID-19 Amendment Regulation. The effect of this is to fully mitigate the increases in Stage 1 and Stage 2 expected credit loss provisions arising in 2020 and 2021 due to the COVID-19 pandemic. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

BCBS2 KM1	IFRS 9-FL		31 March 2021 £m	31 December 2020 £m	30 September 2020 £m	30 June 2020 £m	31 March 2020 £m
Capital							
1	1	Common equity tier 1 (CET1)	24,017	23,743	23,265	22,631	22,272
1a	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	22,407	22,043	21,589	21,076	21,940
2	3	Tier 1 capital	27,693	27,419	26,941	26,307	25,948
2a	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	26,083	25,719	25,265	24,752	25,616
3	5	Total capital	32,575	32,425	32,155	31,345	30,462
3a	6	Total capital as if IFRS 9 transitional arrangements had not been applied	31,219	30,922	30,712	29,790	30,130
Risk-weighted assets (amounts)							
4	7	Total risk-weighted assets (RWAs)	129,717	135,331	136,544	139,328	139,282
4a	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	129,604	135,192	136,425	139,206	139,214
Risk-based capital ratios as a percentage of RWAs							
			%	%	%	%	%
5	9	Common equity tier 1 ratio	18.5	17.5	17.0	16.2	16.0
5a	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.3	16.3	15.8	15.1	15.8
6	11	Tier 1 ratio	21.3	20.3	19.7	18.9	18.6
6a	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.1	19.0	18.5	17.8	18.4
7	13	Total capital ratio	25.1	24.0	23.5	22.5	21.9
7a	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.1	22.9	22.5	21.4	21.6
Additional CET1 buffer requirements as a percentage of RWAs							
8		Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9		Countercyclical capital buffer requirement (1)	—	—	—	—	0.1
10		Bank GSIB and/or DSIB additional requirements	1.5	1.5	1.5	1.5	1.5
11		Total of CET1 specific buffer requirements (8+9+10)	4.0	4.0	4.0	4.0	4.1
12		CET1 available after meeting the bank's minimum capital requirements (2)	12.4	11.5	10.8	10.0	9.7
CRR Leverage ratio							
			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	534,610	521,600	498,778	493,226	466,093
14	16	CRR leverage ratio %	5.2	5.3	5.4	5.3	5.6
14a	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied %	4.9	4.9	5.1	5	5.5
UK Leverage ratio							
			£m	£m	£m	£m	£m
		UK leverage ratio exposure measure	417,781	420,764	418,008	421,149	417,997
		UK leverage ratio (3)	6.6	6.5	6.4	6.2	6.2
		Average exposure	430,195	415,430	420,941	419,249	403,600
		Average leverage ratio (%)	6.4	6.5	6.3	6.2	6.2
Liquidity coverage ratio							
			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	128,257	119,655	111,268	105,212	99,750
16		Total net cash outflows	85,657	81,256	76,993	73,944	71,427
17		LCR ratio % (4)	150	147	144	142	140
Net stable funding ratio (NSFR)							
18		Total available stable funding	360,037	357,595	344,889	345,629	320,612
19		Total required stable funding	242,053	246,338	245,403	252,379	242,811
20		NSFR % (5)	149	145	141	137	132

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.
- (2) This represents the CET1 ratio less TSCR (Pillar 1 & 2A).
- (3) The PRA minimum leverage ratio requirement is supplemented with a countercyclical leverage ratio buffer of 0.0% (31 December 2020 – 0.0%).
- (4) The liquidity coverage ratio (LCR) uses the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table which will incrementally increase each quarter as history builds.
- (5) NSFR reported in line with CRR2 regulations finalised in June 2019. Following the publication of CP5/21 on 12 February 2021, the PRA proposes to introduce a binding Net Stable Funding Ratio (NSFR) requirement from January 2022.

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IFRS 9-FL: Key metrics – large subsidiaries

The table below shows key metrics relating to IFRS 9 for NWH Group and its large subsidiaries. Capital measures are on a CRR transitional basis. As noted on the previous page, NWH Group has elected to take advantage of the transitional capital rules in respect of expected credit losses. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The transition period has been further amended by the CRR COVID-19 Amendment Regulation. The effect of this is to fully mitigate the increases in Stage 1 and Stage 2 expected credit loss provisions arising in 2020 and 2021 due to the COVID-19 pandemic. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

	31 March 2021				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
Available capital (amounts) - transitional					
1 Common equity tier 1	24,017	15,661	4,611	3,373	1,227
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	22,407	14,686	4,268	3,158	1,153
3 Tier 1 capital	27,721	17,798	5,580	3,373	1,429
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	26,111	16,823	5,237	3,158	1,355
5 Total capital	32,736	20,796	6,942	3,626	1,695
6 Total capital as if IFRS 9 transitional arrangements had not been applied	31,380	20,093	6,683	3,411	1,621
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	129,717	84,731	23,141	12,109	10,301
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	129,604	84,697	23,115	12,105	10,227
Risk-based capital ratios as a percentage of RWAs					
	%	%	%	%	%
9 Common equity tier 1 ratio	18.5	18.5	19.9	27.9	11.9
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.3	17.3	18.5	26.1	11.3
11 Tier 1 ratio	21.4	21.0	24.1	27.9	13.9
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.1	19.9	22.7	26.1	13.2
13 Total capital ratio	25.2	24.5	30.0	29.9	16.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.2	23.7	28.9	28.2	15.9
Leverage ratio					
15 CRR leverage ratio exposure measure (£m)	534,610	388,217	88,329	22,734	18,034
16 CRR leverage ratio (%)	5.2	4.6	6.3	14.8	7.9
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.9	4.3	6.0	14.0	7.5

	31 December 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
Available capital (amounts) - transitional					
1 Common equity tier 1	23,743	15,424	4,431	3,569	1,227
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	22,043	14,405	4,051	3,333	1,147
3 Tier 1 capital	27,477	17,590	5,400	3,569	1,429
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,777	16,571	5,020	3,333	1,349
5 Total capital	32,750	20,765	6,815	3,858	1,695
6 Total capital as if IFRS 9 transitional arrangements had not been applied	31,247	20,000	6,485	3,622	1,615
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	135,331	86,882	25,133	12,697	10,212
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	135,192	86,828	25,096	12,693	10,132
Risk-based capital ratios as a percentage of RWAs					
	%	%	%	%	%
9 Common equity tier 1 ratio	17.5	17.8	17.6	28.1	12.0
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.3	16.6	16.1	26.3	11.3
11 Tier 1 ratio	20.3	20.2	21.5	28.1	14.0
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.1	19.1	20.0	26.3	13.3
13 Total capital ratio	24.2	23.9	27.1	30.4	16.6
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.1	23.0	25.8	28.5	15.9
Leverage ratio					
15 CRR leverage ratio exposure measure (£m)	521,600	376,527	85,867	23,961	17,414
16 CRR leverage ratio (%)	5.3	4.7	6.3	14.9	8.2
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.0	4.4	5.9	14.0	7.8

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IFRS 9-FL: Key metrics – large subsidiaries continued

	30 September 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
Available capital (amounts) - transitional					
1 Common equity tier 1	23,265	14,823	4,267	3,411	1,206
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,589	13,813	3,901	3,411	1,135
3 Tier 1 capital	26,999	16,989	5,236	3,411	1,408
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,323	15,979	4,870	3,411	1,337
5 Total capital	32,480	20,266	6,726	3,723	1,674
6 Total capital as if IFRS 9 transitional arrangements had not been applied	31,037	19,544	6,420	3,723	1,603
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	136,544	87,003	26,397	12,037	9,877
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	136,425	86,955	26,363	12,037	9,806
Risk-based capital ratios as a percentage of RWAs					
	%	%	%	%	%
9 Common equity tier 1 ratio	17.0	17.0	16.2	28.3	12.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.8	15.9	14.8	28.3	11.6
11 Tier 1 ratio	19.8	19.5	19.8	28.3	14.3
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.6	18.4	18.5	28.3	13.6
13 Total capital ratio	23.8	23.3	25.5	30.9	16.9
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.8	22.5	24.4	30.9	16.3
Leverage ratio					
15 CRR leverage ratio exposure measure (£m)	498,778	353,734	88,887	24,067	16,599
16 CRR leverage ratio (%)	5.4	4.8	5.9	14.2	8.5
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	4.5	5.5	14.2	8.1

	30 June 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
Available capital (amounts) - transitional					
1 Common equity tier 1	22,631	14,261	4,113	3,409	1,189
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,076	13,367	3,753	3,409	1,138
3 Tier 1 capital	26,365	16,427	5,082	3,409	1,391
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	24,810	15,533	4,722	3,409	1,340
5 Total capital	31,670	19,708	6,577	3,749	1,657
6 Total capital as if IFRS 9 transitional arrangements had not been applied	30,115	18,814	6,217	3,749	1,606
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	139,328	87,536	27,306	12,784	9,673
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	139,206	87,504	27,268	12,784	9,622
Risk-based capital ratios as a percentage of RWAs					
	%	%	%	%	%
9 Common equity tier 1 ratio	16.2	16.3	15.1	26.7	12.3
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.1	15.3	13.8	26.7	11.8
11 Tier 1 ratio	18.9	18.8	18.6	26.7	14.4
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.8	17.8	17.3	26.7	13.9
13 Total capital ratio	22.7	22.5	24.1	29.3	17.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.6	21.5	22.8	29.3	16.6
Leverage ratio					
15 CRR leverage ratio exposure measure (£m)	493,226	349,262	87,826	29,682	16,126
16 CRR leverage ratio (%)	5.3	4.7	5.8	11.5	8.6
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.0	4.4	5.4	11.5	8.3

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IFRS 9-FL: Key metrics – large subsidiaries continued

	31 March 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
Available capital – transitional					
1 Common equity tier 1	22,272	13,790	4,070	3,519	1,160
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,940	13,654	3,954	3,519	1,138
3 Tier 1 capital	26,006	15,956	5,039	3,519	1,362
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,674	15,820	4,923	3,519	1,340
5 Total capital	30,787	18,746	6,526	3,814	1,628
6 Total capital as if IFRS 9 transitional arrangements had not been applied	30,455	18,610	6,410	3,814	1,606
Risk-weighted assets					
7 Total risk-weighted assets	139,282	86,825	27,804	12,569	9,509
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	139,214	86,814	27,778	12,569	9,487
Risk-based capital ratios as a percentage of RWAs					
	%	%	%	%	%
9 Common equity tier 1 ratio	16.0	15.9	14.6	28.0	12.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.8	15.7	14.2	28.0	12.0
11 Tier 1 ratio	18.7	18.4	18.1	28.0	14.3
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.4	18.2	17.7	28.0	14.1
13 Total capital ratio	22.1	21.6	23.5	30.3	17.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.9	21.4	23.1	30.3	16.9
Leverage ratio					
15 CRR leverage ratio exposure measure (£m)	466,093	325,127	83,425	27,871	15,809
16 CRR leverage ratio (%)	5.6	4.9	6.0	12.6	8.6
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.5	4.9	5.9	12.6	8.5

Large subsidiaries key points

Capital and leverage

NWB Plc – 31 March 2021 compared with 31 December 2020

- The CET1 ratio increased to 18.5% from 17.8% due to a £0.2 billion increase in CET1 capital and a £2.2 billion decrease in RWAs.
- The CET1 increase is due to profit attributable to ordinary shareholders of £0.5 billion, offset by a £0.1 billion increase in the pension contribution as a result of the directed buy back and other reserve movements in the period.
- Total RWAs decreased by £2.2 billion primarily due to a decrease in credit risk RWAs of £2.1 billion during the period. The decrease is largely attributed to reductions in Commercial Banking due to lower lending volumes and active capital management. There were further reductions in Retail Banking due to lower unsecured balances and improved risk metrics for key customer portfolios.
- The leverage ratio decreased to 4.6% from 4.7% as a result of increased balance sheet exposure.

RBS plc – 31 March 2021 compared with 31 December 2020

- The CET1 ratio increased to 19.9% from 17.6%, due to a £0.2 billion increase in CET1 capital and a £2.0 billion decrease in RWAs.
- The CET1 increase is due to profit attributable to ordinary shareholders of £0.2 billion.
- Total RWAs decreased by £2.0 billion in the period primarily driven by a £1.2 billion decrease in credit risk RWAs. The decrease is largely attributed to reductions in Commercial Banking due to lower lending volumes and reductions in unsecured balances in Retail Banking. The decrease also reflects a reduction in operational risk RWAs of £0.8 billion following the annual recalculation.
- The leverage ratio remained 6.3% as an increase in Tier 1 capital was offset by increased balance sheet exposure.

UBI DAC – 31 March 2021 compared with 31 December 2020

- The CET1 ratio decreased to 27.9% from 28.1%.
- CET1 reduction of £0.2 billion is primarily due to foreign exchange movements.
- As sterling has strengthened against the euro by 5.2% this has driven a £0.7 billion reduction in the UBI DAC RWAs. This impact has been reduced by a £0.1 billion increase in counterparty credit risk RWA as the Credit Valuation Adjustment (CVA) risk charge exemption on intragroup derivative transactions no longer applies since 1 January 2021.
- The leverage ratio decreased to 14.8% from 14.9% as a result of increased balance sheet exposures and a decrease in Tier 1 capital.

Coutts & Co – 31 March 2021 compared with 31 December 2020

- The CET1 ratio decreased to 11.9% from 12.0%.
- CET1 capital remained flat with the foreseeable ordinary dividend charge of £0.1 billion offset against the attributable profits.
- RWAs increased by £0.1 billion for the quarter mainly reflecting an increase in credit risk due to lending growth.
- The leverage ratio decreased to 7.9% from 8.2% driven by an increase in balance sheet exposure.

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CC1 (abridged): Composition of regulatory capital – NWH Group and large subsidiaries

The table below shows an abridged view of the capital resources based on a CRR transitional basis

31 March 2021

		NWH Group						
		CRR prescribed			NWB	RBS	UBI	Coutts
		PRA transitional	residual amounts	CRR end-point	Plc	plc	DAC	& Co
		£m	£m	£m	£m	£m	£m	£m
CET1 capital: instruments and reserves								
6	CET1 capital before regulatory adjustments	29,426	—	29,426	16,153	4,674	3,516	1,184
28	Total regulatory adjustments to CET1	(5,409)	(1,610)	(7,019)	(492)	(63)	(143)	43
29	CET1 capital	24,017	(1,610)	22,407	15,661	4,611	3,373	1,227
36	AT1 capital before regulatory adjustments	3,704	(28)	3,676	2,399	969	—	202
43	Total regulatory adjustments to AT1 capital	—	—	—	(262)	—	—	—
44	AT1 capital	3,704	(28)	3,676	2,137	969	—	202
45	Tier 1 capital (T1 = CET1 + AT1)	27,721	(1,638)	26,083	17,798	5,580	3,373	1,429
51	T2 capital before regulatory adjustments	5,015	121	5,136	3,334	1,362	253	266
57	Total regulatory adjustments to T2 capital	—	—	—	(336)	—	—	—
58	T2 capital	5,015	121	5,136	2,998	1,362	253	266
59	Total capital (TC = T1 + T2)	32,736	(1,517)	31,219	20,796	6,942	3,626	1,695
60	Total risk-weighted assets	129,717	(113)	129,604	84,731	23,141	12,109	10,301
Capital ratios and buffers								
61	CET1 (as a percentage of risk exposure amount)	18.5%		17.3%	18.5%	19.9%	27.9%	11.9%
62	T1 (as a percentage of risk exposure amount)	21.4%		20.1%	21.0%	24.1%	27.9%	13.9%
63	Total capital (as a percentage of risk exposure amount)	25.2%		24.1%	24.5%	30.0%	29.9%	16.5%

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CC1 (abridged): Composition of regulatory capital – NWH Group and large subsidiaries continued

31 December 2020

		NWH Group						
		PRA transitional £m	CRR prescribed residual amounts £m	CRR end- point £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
CET1 capital: instruments and reserves								
6	CET1 capital before regulatory adjustments	29,314	—	29,314	15,828	4,701	4,129	1,175
28	Total regulatory adjustments to CET1	(5,571)	(1,700)	(7,271)	(404)	(270)	(560)	52
29	CET1 capital	23,743	(1,700)	22,043	15,424	4,431	3,569	1,227
36	AT1 capital before regulatory adjustments	3,734	(58)	3,676	2,428	969	—	202
43	Total regulatory adjustments to AT1 capital	—	—	—	(262)	—	—	—
44	AT1 capital	3,734	(58)	3,676	2,166	969	—	202
45	Tier 1 capital (T1 = CET1 + AT1)	27,477	(1,758)	25,719	17,590	5,400	3,569	1,429
51	T2 capital before regulatory adjustments	5,273	(70)	5,203	3,507	1,415	289	266
57	Total regulatory adjustments to T2 capital	—	—	—	(332)	—	—	—
58	T2 capital	5,273	(70)	5,203	3,175	1,415	289	266
59	Total capital (TC = T1 + T2)	32,750	(1,828)	30,922	20,765	6,815	3,858	1,695
60	Total risk-weighted assets	135,331	(139)	135,192	86,882	25,133	12,697	10,212
Capital ratios and buffers								
61	CET1 (as a percentage of risk exposure amount)	17.5%		16.3%	17.8%	17.6%	28.1%	12.0%
62	T1 (as a percentage of risk exposure amount)	20.3%		19.0%	20.2%	21.5%	28.1%	14.0%
63	Total capital (as a percentage of risk exposure amount)	24.2%		22.9%	23.9%	27.1%	30.4%	16.6%

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LRSum: Summary comparison of accounting assets vs leverage ratio exposure measure

The table below sets out the leverage exposures in the prescribed template on a CRR transitional basis.

	31 March 2021					31 December 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
1	508,416	389,951	102,835	26,580	40,214	496,583	380,603	99,242	28,033	38,442
2	(229)	—	—	—	—	(274)	—	—	—	—
4	(2,222)	(1,762)	194	35	3	(2,997)	(2,496)	194	31	6
5	1,064	1,064	—	—	—	191	191	—	—	—
6	32,992	23,768	10,426	1,283	1,085	33,670	22,857	11,183	1,308	1,247
6a	—	(24,051)	(25,063)	—	(23,327)	—	(23,962)	(24,482)	—	(22,342)
7	(5,411)	(753)	(63)	(5,164)	59	(5,573)	(666)	(270)	(5,411)	61
8	534,610	388,217	88,329	22,734	18,034	521,600	376,527	85,867	23,961	17,414

LRCOM (abridged): Leverage ratio common disclosure

The table below shows an abridged view of the leverage ratio common disclosure in the prescribed template on a CRR transitional basis.

3	480,088	366,269	102,252	21,259	40,254	464,354	353,233	98,227	22,419	38,474
11	268	968	714	192	23	119	942	939	234	35
16	21,262	21,263	—	—	—	23,457	23,457	—	—	—
19	32,992	23,768	10,426	1,283	1,085	33,670	22,857	11,183	1,308	1,247
19a	—	(24,051)	(25,063)	—	(23,328)	—	(23,962)	(24,482)	—	(22,342)
19b	—	—	—	(5,057)	—	—	—	—	(5,274)	—
Capital and total exposures										
20	27,721	17,798	5,580	3,373	1,429	27,477	17,590	5,400	3,568	1,429
21	534,610	388,217	88,329	22,734	18,034	521,600	376,527	85,867	23,961	17,414
22	5.2%	4.6%	6.3%	14.8%	7.9%	5.3%	4.7%	6.3%	14.9%	8.2%
22a	5.2%	4.6%	6.3%	12.1%	7.9%	5.3%	4.7%	6.3%	12.2%	8.2%

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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 UK LCR rules. The values presented 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). NWH Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity.

	Total unweighted value (average)				Total weighted value (average)			
	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2021	31 December 2020	30 September 2020	30 June 2020
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)					128,257	119,655	111,268	105,212
Cash outflows								
2 Retail deposits and deposits from small business customers	232,404	222,732	215,259	210,293	17,889	17,249	16,790	16,398
3 of which: stable deposits	150,758	144,499	139,223	134,372	7,538	7,225	6,961	6,719
4 of which: less stable deposits	81,377	77,910	75,675	73,857	10,083	9,701	9,467	9,277
5 Unsecured wholesale funding	145,568	138,899	131,549	126,673	63,490	60,598	57,516	55,676
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	60,515	58,644	56,203	53,938	14,816	14,348	13,738	13,172
7 Non-operational deposits (all counterparties)	84,561	79,698	74,815	72,271	48,182	45,693	43,247	42,040
8 Unsecured debt	492	557	531	464	492	557	531	464
9 Secured wholesale funding							36	47
10 Additional requirements	54,080	52,402	50,966	50,658	8,661	8,440	8,090	7,730
11 Outflows related to derivative exposures and other collateral requirements	2,756	2,855	2,654	2,338	2,207	2,295	2,166	1,988
12 Outflows related to loss of funding on debt products	256	256	256	104	256	255	255	104
13 Credit and liquidity facilities	51,068	49,291	48,056	48,216	6,198	5,890	5,669	5,638
14 Other contractual funding obligations	1,032	353	379	420	11	10	7	10
15 Other contingent funding obligations	47,422	46,728	45,680	43,949	3,561	3,525	3,590	3,710
16 Total cash outflows					93,612	89,822	86,029	83,571
17 Secured lending (e.g. reverse repos)	13,693	13,575	13,454	11,689		20	20	20
18 Inflows from fully performing exposures	6,706	7,703	8,766	9,884	5,012	5,646	6,261	6,868
19 Other cash inflows	11,334	11,297	11,176	11,281	2,943	2,900	2,755	2,738
19a Difference between total weighted inflows and outflows								
19b Excess inflows from a related specialised credit institution								
20 Total cash inflows	31,733	32,575	33,396	32,854	7,955	8,566	9,036	9,626
20a Fully exempt inflows								
20b Inflows subject to 90% cap								
20c Inflows subject to 75% cap	31,733	32,549	33,369	32,827	7,955	8,566	9,036	9,626
21 Liquidity buffer					128,257	119,655	111,268	105,212
22 Total net cash outflows					85,657	81,256	76,993	73,944
23 Liquidity coverage ratio (%)					150	147	144	142

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OV1: CAP: RWAs and MCR summary – NWH Group and large subsidiaries

The table below shows RWAs and minimum capital requirements (MCR) by risk type for NWH Group and its large subsidiaries. MCR is calculated as 8% of RWAs.

		NWH Group		NWB Plc		RBS plc		UBI DAC		Coultis & Co	
		RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31 March 2021											
1	Credit risk (excluding counterparty credit risk)	108,421	8,674	64,549	5,164	18,724	1,498	11,001	880	8,905	712
2	Standardised (STD) approach	16,131	1,291	5,537	443	1,642	131	975	78	8,905	712
4	Advanced internal ratings based (IRB) approach (1)	92,290	7,383	59,012	4,721	17,082	1,367	10,026	802	—	—
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	—	—	—	—	—	—	—	—	—	—
6	Counterparty credit risk	681	54	463	36	—	—	180	15	21	2
6a	of which: securities financing transactions	182	15	181	14	—	—	1	—	—	—
7	of which: marked-to-market	263	20	153	12	—	—	94	8	21	2
	of which: internal model method (IMM)	—	—	—	—	—	—	—	—	—	—
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	49	4	49	4	—	—	—	—	—	—
12	of which: credit valuation adjustment (CVA)	187	15	80	6	—	—	85	7	—	—
14	Securitisation exposures in banking book	1,350	108	1,083	87	267	21	—	—	—	—
15	IRB approach (SEC-IRBA)	1,019	81	752	60	267	21	—	—	—	—
	STD approach	133	11	133	11	—	—	—	—	—	—
	External ratings based approach (SEC-ERBA) (2)	198	16	198	16	—	—	—	—	—	—
	1,250%	—	—	—	—	—	—	—	—	—	—
19	Market risk	94	8	23	2	16	1	41	3	4	—
20	STD approach	94	8	23	2	16	1	41	3	4	—
23	Operational risk - STD approach	17,935	1,435	12,874	1,030	3,951	316	885	71	1,074	86
	Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,236	99	5,739	459	183	15	2	—	297	24
29	Total	129,717	10,378	84,731	6,778	23,141	1,851	12,109	969	10,301	824
31 December 2020											
		RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Credit risk (excluding counterparty credit risk)	112,872	9,030	66,587	5,329	19,891	1,591	11,581	927	8,808	705
2	Standardised (STD) approach	15,959	1,277	5,176	415	1,775	142	1,025	82	8,808	705
4	Advanced internal ratings based IRB approach	96,913	7,753	61,411	4,914	18,116	1,449	10,556	845	—	—
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	—	—	—	—	—	—	—	—	—	—
6	Counterparty credit risk	961	77	576	46	—	—	117	9	31	2
6a	of which: securities financing transactions	172	14	172	14	—	—	—	—	—	—
7	of which: marked-to-market	268	22	160	13	—	—	117	9	31	2
	of which: internal model method (IMM)	—	—	—	—	—	—	—	—	—	—
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	53	4	53	4	—	—	—	—	—	—
12	of which: credit valuation adjustment (CVA)	468	37	191	15	—	—	—	—	—	—
14	Securitisation exposures in banking book	1,372	110	1,106	88	265	21	—	—	—	—
15	IRB approach (SEC-IRBA)	1,004	80	739	59	265	21	—	—	—	—
	STD approach	169	14	169	13	—	—	—	—	—	—
	External ratings based approach (SEC-ERBA) (2)	199	16	198	16	—	—	—	—	—	—
	1,250%	—	—	—	—	—	—	—	—	—	—
19	Market risk	106	9	18	1	14	1	62	5	6	1
20	STD approach	106	9	18	1	14	1	62	5	6	1
23	Operational risk - STD approach	18,866	1,509	12,843	1,027	4,778	382	935	75	1,068	85
	Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,154	92	5,752	460	185	15	2	—	299	24
	Total	135,331	10,827	86,882	6,951	25,133	2,010	12,697	1,016	10,212	817

Notes:

(1) Of which £9 million RWAs relate to equity IRB under the probability of default/loss given default approach.

(2) Includes internal assessment approach (IAA).

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RWA and MCR movement tables

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

The table below shows 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 NWH Group and its segments. There were no methodology or policy changes during the period. Additionally, there were no acquisitions or disposals.

	a			b
	RWAs			MCR
	IRB £m	STD £m	Total RWAs £m	£m
1 At 1 January 2021	98,285	17,113	115,398	9,232
2 Asset size (1)	(2,350)	333	(2,017)	(161)
3 Asset quality (2)	(998)	—	(998)	(80)
4 Model updates (3)	(468)	—	(468)	(37)
7 Foreign exchange movements (4)	(829)	(79)	(908)	(73)
9 At 31 March 2021	93,640	17,367	111,007	8,881

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new business and maturing loans).
- (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.

Key points

- The RWA movement relating to changes in asset size was mainly due to lower lending volumes and active capital management in Commercial Banking. There were further reductions as a result of a decrease in balances for unsecured products in Retail Banking.
- The decrease in RWAs relating to asset quality primarily reflected improved risk metrics for mortgages in Retail Banking.
- The RWA reduction in foreign exchange movements was mainly a result of sterling strengthening against the euro.

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

The table below shows the drivers of movements in counterparty credit risk RWAs and MCR (excluding CVA). There were no acquisitions or disposals of subsidiaries during the period.

	RWAs	MCR
	Non-IMM £m	Non-IMM £m
1 At 1 January 2021	493	39
2 Asset size (1)	2	—
7 Foreign exchange movements (2)	(1)	—
9 At 31 March 2021	494	39

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new business).
 (2) Changes arising from foreign currency retranslation movements.

Key point

- RWAs were broadly unchanged.

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

The table below shows 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.

	STD	
	RWAs £m	MCR £m
1 At 1 January 2021	106	9
2 Movement in risk levels (1)	(12)	(1)
8 At 31 March 2021	94	8

Note:

- (1) Movements due to position changes.

Key points

- Market risk RWAs relate solely to the foreign exchange banking book charge under the standardised approach.
- The decrease in RWAs mainly reflected a reduction in US dollar and euro positions and transfer pricing charges between NWH Group entities.