

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

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 Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to 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 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 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 NatWest Group plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

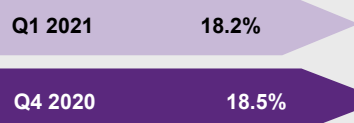
Presentation of information

- The main risks of NatWest Group plc and its subsidiaries (NatWest Group) are described in the Risk and Capital Management and the Risk Factors sections of the NatWest Group plc 2020 Annual Report and Accounts (ARA) and in the 2020 Pillar 3 Report. For definitions of terms, refer to the glossary available on natwestgroup.com.
- The disclosures complement those in NatWest Group's Q1 Interim Management Statement (IMS): Risk and Capital Management section.
- For the basis of preparation and disclosure framework, refer to NatWest Group plc's 2020 Pillar 3 Report.
- 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 is 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 NatWest Group are designed to comply with the CRR. Based on the criteria set out in the CRR, NatWest Group primarily defines its large subsidiaries as those designated as an 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:
 - o NatWest Holdings Limited (NWH Ltd)
 - o National Westminster Bank Plc (NWB Plc)
 - o The Royal Bank of Scotland plc (RBS plc)
 - o Ulster Bank Ireland Designated Activity Company (UBI DAC)
 - o NatWest Markets Plc (NWM Plc)
 - o Coutts & Company (Coutts & Co)
 - o The Royal Bank of Scotland International Limited (RBSI)
- Within this supplement, large subsidiary disclosures are presented for NWM Plc, RBSI and - for completeness - the consolidated NatWest Holdings Group. Refer to the NWH Group Q1 2021 Pillar 3 Supplement for disclosures related to the remaining large subsidiaries; NWB Plc, RBS plc, UBI DAC and Coutts & Co.
- 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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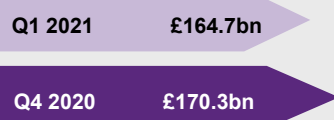
NatWest Group - Key points

CET1 ratio (CRR end-point)



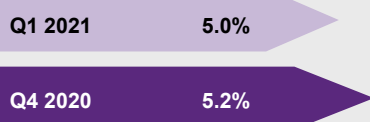
Decrease of 30 basis points, of which 90 bps is due to a decrease in CET1 capital and 60 basis points due to a decrease in risk weighted assets. Key drivers in the CET1 capital decrease; impact of the directed buy back and associated pension contribution of £1.2 billion (72 basis points), foreseeable dividend accrual of £0.2 billion (11 basis points), attributable profit and other reserve movements.

RWA



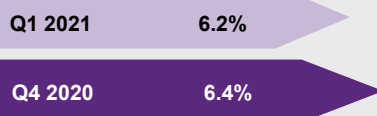
Total RWAs decreased by £5.6 billion during the period, mainly reflecting a decrease in credit risk RWAs of £4.8 billion as well as a reduction in operational risk RWAs of £0.9 billion following the annual recalculation in Q1 2021. The decrease in credit risk RWAs was mainly driven by reductions in Commercial Banking, Retail Banking and Ulster Bank RoI. Counterparty credit risk RWAs reduced by £0.5 billion during the period as a result of reduced IMM exposures in NatWest Markets. There were offsetting increases in Market Risk RWAs of £0.6 billion, mainly driven by higher SVaR-based RWAs.

CRR leverage



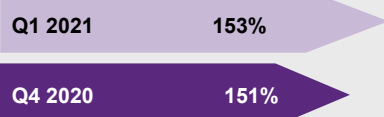
The CRR leverage ratio decreased by c.20 basis points driven by a £1.0 billion decrease in Tier 1 capital in addition to an £11.2 billion increase in the leverage exposure primarily driven by cash and balances at central banks.

UK leverage



The UK leverage ratio has decreased by c.20 basis points driven primarily by a £1.0 billion decrease in Tier 1 capital.

NSFR



The net stable funding ratio (NSFR) for Q1 2021 was 153% compared to 151% at Q4 2020. The increase is mainly due to deposits growth.

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KM1: BCBS 2 & IFRS 9-FL: Key metrics – NatWest 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. NatWest 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	Capital	31 March 2021 £m	31 December 2020 £m	30 September 2020 £m	30 June 2020 £m	31 March 2020 £m
1	1	Common equity tier 1 (CET1)	30,046	31,447	31,592	31,197	30,767
1a	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	28,391	29,700	29,873	29,619	30,471
2	3	Tier 1 capital	35,426	36,430	35,582	35,187	34,818
2a	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	33,771	34,683	33,863	33,609	34,522
3	5	Total capital	39,544	41,685	41,292	40,783	39,701
3a	6	Total capital as if IFRS 9 transitional arrangements had not been applied	38,192	40,199	39,878	39,205	39,405
Risk-weighted assets (amounts)							
4	7	Total risk-weighted assets (RWAs)	164,703	170,310	173,886	181,458	185,199
4a	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	164,568	170,146	173,747	181,318	185,137
Risk-based capital ratios as a percentage of RWAs			%	%	%	%	%
5	9	Common equity tier 1 ratio	18.2	18.5	18.2	17.2	16.6
5a	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.2	17.5	17.2	16.3	16.5
6	11	Tier 1 ratio	21.5	21.4	20.5	19.4	18.8
6a	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.5	20.4	19.5	18.5	18.6
7	13	Total capital ratio	24.0	24.5	23.7	22.5	21.4
7a	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.2	23.6	23.0	21.6	21.3
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	—	—	—	—	—
11		Total of CET1 specific buffer requirements (8+9+10)	2.5	2.5	2.5	2.5	2.6
12		CET1 available after meeting the bank's minimum capital requirements (2)	11.8	12.1	11.8	10.8	10.2
CRR Leverage ratio			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	714,253	703,093	688,287	686,736	676,171
14	16	CRR leverage ratio %	5.0	5.2	5.2	5.1	5.1
14a	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied %	4.7	4.9	4.9	4.9	5.1
UK Leverage ratio			£m	£m	£m	£m	£m
		UK leverage ratio exposure measure	567,959	572,558	576,889	585,115	603,070
		UK leverage ratio % (3)	6.2	6.4	6.2	6.0	5.8
		Average exposure	572,471	576,906	580,657	590,185	594,390
		Average leverage ratio (%)	6.3	6.3	6.1	5.9	5.6
Liquidity coverage ratio			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	171,814	161,894	152,095	144,601	137,730
16		Total net cash outflows	106,619	101,500	97,090	94,160	91,509
17		LCR ratio % (4)	161	159	156	153	151
Net stable funding ratio (NSFR)							
18		Total available stable funding	414,076	417,786	408,118	414,019	388,787
19		Total required stable funding	271,412	275,816	277,235	288,479	282,722
20		NSFR % (5)	153	151	147	144	138

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) Represents 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 12 monthly periods ending on the quarterly reporting date as specified in the table.
- (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 NatWest Group and its large subsidiaries. Capital measures are on a CRR transitional basis. As noted on the previous page, NatWest 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 expected Stage 1 and Stage 2 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. The transitional basis rules do not apply to RBSI and therefore only end-point basis values are disclosed for this subsidiary.

		31 March 2021			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
Available capital (amounts) - transitional					
1	Common equity tier 1	30,046	24,017	5,208	1,416
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	28,391	22,407	5,204	1,416
3	Tier 1 capital	36,136	27,721	6,105	1,716
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	34,481	26,111	6,101	1,716
5	Total capital	40,927	32,736	7,356	1,738
6	Total capital as if IFRS 9 transitional arrangements had not been applied	39,575	31,380	7,352	1,738
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	164,703	129,717	24,690	7,476
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	164,568	129,604	24,686	7,476
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	18.2	18.5	21.1	18.9
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.2	17.3	21.1	18.9
11	Tier 1 ratio	21.9	21.4	24.7	23.0
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	21.0	20.1	24.7	23.0
13	Total capital ratio	24.8	25.2	29.8	23.2
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.0	24.2	29.8	23.2
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	714,253	534,610	123,431	40,340
16	CRR leverage ratio (%)	5.1	5.2	4.9	4.3
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	4.8	4.9	4.9	4.3

		31 December 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
Available capital (amounts) - transitional					
1	Common equity tier 1	31,447	23,743	5,547	1,353
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,700	22,043	5,540	1,353
3	Tier 1 capital	37,260	27,477	6,433	1,653
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,513	25,777	6,426	1,653
5	Total capital	43,733	32,750	7,753	1,681
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,247	31,247	7,746	1,681
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	170,310	135,331	25,564	7,292
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	170,146	135,192	25,557	7,292
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	18.5	17.5	21.7	18.6
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.5	16.3	21.7	18.6
11	Tier 1 ratio	21.9	20.3	25.2	22.7
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.9	19.1	25.1	22.7
13	Total capital ratio	25.7	24.2	30.3	23.1
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.8	23.1	30.3	23.1
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	703,093	521,600	123,927	37,881
16	CRR leverage ratio (%)	5.3	5.3	5.2	4.4
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	5.0	5.2	4.4

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IFRS 9-FL: Key metrics - large subsidiaries continued

		30 September 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
Available capital (amounts) - transitional					
1	Common equity tier 1	31,592	23,265	6,293	1,381
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,873	21,589	6,285	1,381
3	Tier 1 capital	36,422	26,999	7,189	1,681
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	34,703	25,323	7,181	1,681
5	Total capital	43,415	32,480	8,715	1,695
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,001	31,037	8,707	1,695
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	173,886	136,544	28,171	6,865
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	173,747	136,425	28,163	6,865
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	18.2	17.0	22.3	20.1
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.2	15.8	22.3	20.1
11	Tier 1 ratio	20.9	19.8	25.5	24.5
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	20.0	18.6	25.5	24.5
13	Total capital ratio	25.0	23.8	30.9	24.7
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	24.2	22.8	30.9	24.7
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	688,287	498,778	133,177	36,383
16	CRR leverage ratio (%)	5.3	5.4	5.4	4.6
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	5.1	5.4	4.6

		30 June 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI (1) £m
Available capital (amounts) - transitional					
1	Common equity tier 1	31,197	22,631	6,203	1,368
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,619	21,076	6,199	1,368
3	Tier 1 capital	36,751	26,365	7,110	1,668
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,173	24,810	7,106	1,668
5	Total capital	43,687	31,670	8,687	1,670
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,109	30,115	8,683	1,670
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	181,458	139,328	32,761	6,888
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	181,318	139,206	32,757	6,888
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	17.2	16.2	18.9	19.9
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.3	15.1	18.9	19.9
11	Tier 1 ratio	20.3	18.9	21.7	24.2
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.4	17.8	21.7	24.2
13	Total capital ratio	24.1	22.7	26.5	24.2
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.2	21.6	26.5	24.2
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	686,736	493,226	133,897	35,341
16	CRR leverage ratio (%)	5.4	5.3	5.3	4.7
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	5.0	5.3	4.7

For the notes to this table, please refer to page 6.

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IFRS 9-FL: Key metrics - large subsidiaries continued

		31 March 2020			
		NatWest Group	NWH Group	NWM Plc	RBSI (1)
		£m	£m	£m	£m
Available capital (amounts) - transitional					
1	Common equity tier 1	30,767	22,272	5,550	1,343
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,471	21,940	5,550	1,343
3	Tier 1 capital	36,377	26,006	6,462	1,643
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,081	25,674	6,462	1,643
5	Total capital	42,604	30,787	8,050	1,657
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,308	30,455	8,050	1,657
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	185,199	139,282	35,313	7,331
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	185,137	139,214	35,313	7,331
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	16.6	16.0	15.7	18.3
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	15.8	15.7	18.3
11	Tier 1 ratio	19.6	18.7	18.3	22.4
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.5	18.4	18.3	22.4
13	Total capital ratio	23.0	22.1	22.8	22.6
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.9	21.9	22.8	22.6
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	676,171	466,093	151,247	39,544
16	CRR leverage ratio (%)	5.4	5.6	4.3	4.2
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.3	5.5	4.3	4.2

Note:

- (1) 30 June 2020 and 31 March 2020 credit risk comparatives for RBSI have been represented due to a change in model calculation. This is not material for NatWest Group purposes.

Large subsidiaries key points

Capital and leverage

NWH Group – 31 March 2021 compared with 31 December 2020

- The CET1 ratio increased by 100 basis points to 18.5%, the 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.
- Total RWAs decreased by £5.6 billion, reflecting decreases in both credit risk RWAs of £4.4 billion and counterparty credit risk RWAs of £0.3 billion. Total operational risk decreased by £0.9 billion following the annual recalculation. Refer to NWH Group Pillar document tables CR8, CCR7 and MR2_B for comments relating to RWA movements.
- The leverage ratio decreased to 5.2% from 5.3%, as a result of increased balance sheet exposures which is partially offset by an increase in Tier 1 capital.

NWM Plc - 31 March 2021 compared with 31 December 2020

- The CET1 ratio decreased to 21.1% from 21.7%, driven by a reduction in CET1 capital of £0.3 billion and a reduction of £0.9 billion in RWAs. CET1 reflected the attributable loss of £139 million, reduction in other reserves and increase in regulatory capital deductions.
- Total RWAs reduced by £0.9 billion, mainly reflecting reductions in credit risk RWAs of £0.6 billion and counterparty credit risk RWAs of £0.6 billion. Operational risk decreased by £0.4 billion following the annual recalculation. There were offsetting increases in market risk RWAs of £0.6 billion, mainly driven by higher SVaR-based RWAs.
- The leverage ratio decreased to 4.9% from 5.2%, as a result of a decrease in Tier 1 capital.

RBSI - 31 March 2021 compared with 31 December 2020

- RBSI CET ratio has increased to 18.9% from 18.5% at Q4 2020. This is driven by an increase in CET1 capital, partially offset by an increase in credit RWAs driven by increased lending activity.
- The leverage ratio stands at 4.3% driven by increased balance sheet size as a result of customer deposit growth.
- RBSI leverage exposure is presented on the CRR basis. The primary driver of the ratio under CRR is short term deposit balances, which RBSI typically holds in high quality liquid assets. Excluding unencumbered central bank balances would result in a ratio of 6.7%.

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

The table below shows an abridged view of the capital resources in the prescribed template on a CRR transitional basis. The adjustments to end-point CRR are presented for NatWest Group only.

31 March 2021

	NatWest Group						
	PRA	CRR prescribed	CRR	NWH Group	NWM Plc	RBSI	
	transitional	residual amounts	end-point				
	£m	£m	£m	£m	£m	£m	
CET1 capital: instruments and reserves							
6	CET1 capital before regulatory adjustments	36,245	—	36,245	29,426	7,585	1,574
28	Total regulatory adjustments to CET1	(6,199)	(1,655)	(7,854)	(5,409)	(2,377)	(158)
29	CET1 capital	30,046	(1,655)	28,391	24,017	5,208	1,416
36	AT1 capital before regulatory adjustments	6,090	(710)	5,380	3,704	1,122	300
43	Total regulatory adjustments to AT1 capital	—	—	—	—	(225)	—
44	AT1 capital	6,090	(710)	5,380	3,704	897	300
45	Tier 1 capital (T1 = CET1 + AT1)	36,136	(2,365)	33,771	27,721	6,105	1,716
51	T2 capital before regulatory adjustments	4,791	(370)	4,421	5,015	1,648	22
57	Total regulatory adjustments to T2 capital	—	—	—	—	(397)	—
58	T2 capital	4,791	(370)	4,421	5,015	1,251	22
59	Total capital (TC= T1 + T2)	40,927	(2,735)	38,192	32,736	7,356	1,738
60	Total risk-weighted assets	164,703	(135)	164,568	129,717	24,690	7,476
Capital ratios and buffers							
61	CET1 (as a percentage of risk exposure amount)	18.2%		17.2%	18.5%	21.1%	18.9%
62	T1 (as a percentage of risk exposure amount)	21.9%		20.5%	21.4%	24.7%	23.0%
63	Total capital (as a percentage of risk exposure amount)	24.8%		23.2%	25.2%	29.8%	23.2%

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

31 December 2020

		NatWest Group					
		PRA transitional	CRR prescribed residual amounts	CRR end-point	NWH Group	NWM Plc	RBSI
		£m	£m	£m	£m	£m	£m
CET1 capital: instruments and reserves							
6	CET1 capital before regulatory adjustments	38,490	—	38,490	29,314	8,028	1,518
28	Total regulatory adjustments to CET1	(7,043)	(1,747)	(8,790)	(5,571)	(2,481)	(165)
29	CET1 capital	31,447	(1,747)	29,700	23,743	5,547	1,353
36	AT1 capital before regulatory adjustments	5,813	(830)	4,983	3,734	1,123	300
43	Total regulatory adjustments to AT1 capital	—	—	—	—	(237)	—
44	AT1 capital	5,813	(830)	4,983	3,734	886	300
45	Tier 1 capital (T1 = CET1 + AT1)	37,260	(2,577)	34,683	27,477	6,433	1,653
51	T2 capital before regulatory adjustments	6,473	(957)	5,516	5,273	1,726	27
57	Total regulatory adjustments to T2 capital	—	—	—	—	(406)	—
58	T2 capital	6,473	(957)	5,516	5,273	1,320	27
59	Total capital (TC= T1 + T2)	43,733	(3,534)	40,199	32,750	7,753	1,681
60	Total risk-weighted assets	170,310	(164)	170,146	135,331	25,564	7,291
Capital ratios and buffers							
61	CET1 (as a percentage of risk exposure amount)	18.5%		17.5%	17.5%	21.7%	18.6%
62	T1 (as a percentage of risk exposure amount)	21.9%		20.4%	20.3%	25.2%	22.7%
63	Total capital (as a percentage of risk exposure amount)	25.7%		23.6%	24.2%	30.3%	23.1%

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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				
	NatWest	NWH	NWM Plc	RBSI	NatWest	NWH	NWM Plc	RBSI	
	Group	Group			Group	Group			
	£m	£m	£m	£m	£m	£m	£m	£m	
1	Total assets as per published financial statements	769,776	508,416	213,346	37,153	799,491	496,583	256,082	34,401
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(316)	(229)	—	—	(356)	(274)	—	—
4	Adjustment for derivative financial instruments	(87,971)	(2,222)	(87,787)	68	(134,487)	(2,997)	(133,498)	63
5	Adjustments for securities financing transactions (SFTs)	3,249	1,064	1,629	—	1,179	191	999	—
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	43,734	32,992	4,683	3,290	45,853	33,670	5,037	3,580
6a	Adjustment for Intra-Group exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation No 575/2013	—	—	(1,721)	—	—	—	(1,716)	—
7	Other adjustments	(14,219)	(5,411)	(6,719)	(171)	(8,587)	(5,573)	(2,977)	(164)
8	Total leverage ratio exposure	714,253	534,610	123,431	40,340	703,093	521,600	123,927	37,880

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	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	592,830	480,088	73,358	36,805	579,457	464,354	74,471	34,197
11	Total derivative exposures	34,984	268	32,589	245	32,036	119	30,606	104
16	Total securities financing transaction exposures	42,705	21,262	14,522	—	45,747	23,457	15,529	—
19	Other off-balance sheet exposures	43,734	32,992	4,683	3,290	45,853	33,670	5,037	3,580
19a	Exemption of Intra-Group exposures (solo basis) in accordance with Article 429(7) of Regulation No 575/2013 (on and off-balance sheet)	—	—	(1,721)	—	—	—	(1,716)	—
19b	Exposures exempted in accordance with Article 429 (14) of Regulation No 575/2013 (on and off balance sheet)	—	—	—	—	—	—	—	—
Capital and total exposures									
20	Tier 1 capital	36,136	27,721	6,105	1,716	37,260	27,477	6,433	1,653
21	Total leverage ratio exposure	714,253	534,610	123,431	40,340	703,093	521,600	123,927	37,880
22	Leverage ratio	5.1%	5.2%	4.9%	4.3%	5.3%	5.3%	5.2%	4.4%
22a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank exposures)	5.1%	5.2%	4.9%	4.3%	5.3%	5.3%	5.2%	4.4%

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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). NatWest 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)				171,814	161,894	152,095	144,601	
Cash outflows									
2	Retail deposits and deposits from small business customers	238,789	229,034	221,500	216,728	18,701	18,063	17,631	17,233
3	of which: stable deposits	151,516	145,240	139,947	135,082	7,576	7,262	6,997	6,754
4	of which: less stable deposits	86,956	83,414	81,095	79,247	10,808	10,421	10,176	9,980
5	Unsecured wholesale funding	163,694	156,814	149,703	144,727	73,859	70,920	68,045	66,159
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	66,148	64,318	62,061	60,019	16,217	15,760	15,196	14,687
7	Non-operational deposits (all counterparties)	96,193	91,029	86,259	83,375	56,289	53,693	51,466	50,139
8	Unsecured debt	1,353	1,467	1,383	1,333	1,353	1,467	1,383	1,333
9	Secured wholesale funding	1,108	1,542	1,959	2,324	1,108	1,542	1,959	2,324
10	Additional requirements	77,763	75,872	73,823	73,758	20,323	19,802	19,256	18,986
11	Outflows related to derivative exposures and other collateral requirements	7,993	7,815	7,421	7,222	7,189	7,006	6,693	6,431
12	Outflows related to loss of funding on debt products	256	256	256	104	256	256	256	104
13	Credit and liquidity facilities	69,514	67,801	66,146	66,432	12,878	12,540	12,307	12,451
14	Other contractual funding obligations	24,967	23,061	21,604	22,194	2,128	2,046	1,981	1,952
15	Other contingent funding obligations	50,351	50,345	49,920	48,505	3,641	3,604	3,675	3,801
16	Total cash outflows	119,760	115,977	112,547	110,455	119,760	115,977	112,547	110,455
17	Secured lending (e.g. reverse repos)	57,574	58,748	60,933	63,453	529	806	979	1,231
18	Inflows from fully performing exposures	8,981	10,290	11,505	12,601	7,183	8,126	8,914	9,496
19	Other cash inflows	13,820	13,942	13,984	14,112	5,429	5,545	5,564	5,569
19a	Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
19b	Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20	Total cash inflows	80,375	82,980	86,422	90,166	13,141	14,477	15,457	16,296
20a	Fully exempt inflows	—	—	—	—	—	—	—	—
20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
20c	Inflows subject to 75% cap	77,497	78,849	80,947	83,236	13,141	14,477	15,457	16,296
21	Liquidity buffer					171,814	161,894	152,095	144,601
22	Total net cash outflows					106,619	101,500	97,090	94,160
23	Liquidity coverage ratio (%)					161	159	156	153

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

The table below shows RWAs and minimum capital requirements (MCR) by risk type for NatWest Group and its large subsidiaries. MCR is calculated as 8% of RWAs, with the exception of RBSI where, in accordance with the local jurisdiction, the MCR is 10% of RWAs.

	NatWest Group		NWH Group		NWM Plc		RBSI		
	RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR	
	£m	£m	£m	£m	£m	£m	£m	£m	
31 March 2021									
1	Credit risk (excluding counterparty credit risk)	120,951	9,676	108,421	8,674	3,939	315	6,522	652
2	Standardised (STD) approach	17,787	1,423	16,131	1,291	1,336	107	1,478	148
4	Advanced internal ratings based (IRB) approach (1)	101,970	8,157	92,290	7,383	2,603	208	5,044	504
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	1,194	96	—	—	—	—	—	—
6	Counterparty credit risk	8,197	656	681	54	7,200	575	40	4
6a	of which: securities financing transactions	642	51	182	15	317	25	32	3
7	of which: marked-to-market	1,394	112	263	20	1,244	100	8	1
10	of which: internal model method (IMM)	4,688	375	—	—	4,425	353	—	—
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	65	5	49	4	15	1	—	—
12	of which: credit valuation adjustment (CVA)	1,408	113	187	15	1,199	96	—	—
13	Settlement risk	—	—	—	—	—	—	—	—
14	Securitisation exposures in banking book	2,448	196	1,350	108	1,084	87	—	—
15	IRB approach (SEC-IRBA)	1,020	81	1,019	81	—	—	—	—
17	STD approach	873	70	133	11	731	58	—	—
18	External ratings based approach (SEC_ERBA) (2)	460	37	198	16	258	21	—	—
	1,250%	95	8	—	—	95	8	—	—
19	Market risk	9,962	797	94	8	8,750	700	9	1
20	STD approach	1,002	80	94	8	264	21	9	1
21	IMA	8,960	717	—	—	8,486	679	—	—
23	Operational risk - STD approach	21,031	1,682	17,935	1,435	2,020	162	902	90
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,114	169	1,236	99	1,697	136	3	—
29	Total	164,703	13,176	129,717	10,378	24,690	1,975	7,476	747
	NatWest Group		NWH Group		NWM Plc		RBSI		
	RWAs	MCR	RWAs	MCR	RWAs	MCR	RWAs	MCR	
	£m	£m	£m	£m	£m	£m	£m	£m	
31 December 2020									
1	Credit risk (excluding counterparty credit risk)	125,711	10,058	112,872	9,030	4,193	335	6,317	630
2	Standardised (STD) approach	17,682	1,415	15,959	1,277	1,317	105	1,399	139
4	Advanced internal ratings based (IRB) approach (1)	107,033	8,563	96,913	7,753	2,876	230	4,918	491
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	996	80	—	—	—	—	—	—
6	Counterparty credit risk	8,682	695	961	77	7,708	617	28	3
6a	of which: securities financing transactions	632	51	172	14	294	24	20	2
7	of which: marked-to-market	1,347	108	268	22	1,235	99	8	1
10	of which: internal model method (IMM)	5,099	408	—	—	4,836	387	—	—
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	86	7	53	4	12	1	—	—
12	of which: credit valuation adjustment (CVA)	1,518	121	468	37	1,331	106	—	—
13	Settlement risk	—	—	—	—	—	—	—	—
14	Securitisation exposures in banking book	2,586	206	1,372	110	1,215	97	—	—
15	IRB approach (SEC-IRBA)	1,004	80	1,004	80	—	—	—	—
17	STD approach	821	66	169	14	653	52	—	—
18	External ratings based approach (SEC_ERBA) (2)	664	52	199	16	465	37	—	—
	1,250%	97	8	—	—	97	8	—	—
19	Market risk	9,362	749	106	9	8,150	652	42	4
20	STD approach	1,008	81	106	9	253	20	42	4
21	IMA	8,354	668	—	—	7,897	632	—	—
23	Operational risk - STD approach	21,930	1,754	18,866	1,509	2,382	191	902	90
27	Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,039	163	1,154	92	1,916	153	3	—
29	Total	170,310	13,625	135,331	10,827	25,564	2,045	7,292	727

Notes:

(1) Of which £529 million RWAs (31 December 2020 – £535 million) 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 NatWest 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	STD	Total RWAs	
	£m	£m	£m	£m
1 At 1 January 2021	110,193	19,721	129,914	10,393
2 Asset size (1)	(2,464)	277	(2,187)	(175)
3 Asset quality (2)	(1,008)	—	(1,008)	(81)
4 Model updates (3)	(468)	—	(468)	(37)
7 Foreign exchange movements (4)	(1,023)	(97)	(1,120)	(90)
9 At 31 March 2021	105,230	19,901	125,131	10,010

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 weakness.
- (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 and a reduction in exposures in NatWest Markets. There were further reductions as a result of a decrease in balances for unsecured products in Retail Banking.
- The RWA reduction in foreign exchange movements was mainly a result of sterling strengthening against the euro.
- The decrease in RWAs relating to asset quality primarily reflected improved risk metrics for mortgages in Retail Banking.

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CCR7: CCR: IMM and 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 methodology or regulatory policy changes, model updates or acquisitions or disposals of subsidiaries during the period.

	a			b		
	RWAs			MCR		
	IMM £m	Non-IMM £m	Total £m	IMM £m	Non-IMM £m	Total £m
1 At 1 January 2021	5,300	2,285	7,585	424	183	607
2 Asset size (1)	(359)	105	(254)	(29)	8	(21)
3 Credit quality of counterparties (2)	21	-	21	2	-	2
7 Foreign exchange movements (3)	(144)	(37)	(181)	(12)	(3)	(15)
9 At 31 March 2021	4,818	2,353	7,171	385	188	573

Notes:

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

Key points

- The RWA decrease related to the IMM mainly reflected a reduction in exposure as well as the strengthening of sterling against the euro and US dollar over the quarter.
- RWAs related to non-IMM exposures were broadly unchanged.

MR2_B: MR IMA and 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. Additionally, there were no acquisitions or disposals of subsidiaries. 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)					g	RWAs	MCR	RWAs	MCR
	a	b	c	e	f					
	VaR £m	SVaR £m	IRC £m	Other (RNIV) £m	Total £m	MCR £m	£m	£m	£m	£m
1 At 1 January 2021	1,599	3,666	1,459	1,630	8,354	668	1,008	81	9,362	749
2 Movement in risk levels (2)	110	702	(47)	187	952	77	(6)	(1)	946	76
3 Model updates/changes (3)	30	(260)	(39)	(77)	(346)	(28)	—	—	(346)	(28)
8 At 31 March 2021	1,739	4,108	1,373	1,740	8,960	717	1,002	80	9,962	797

Notes:

- (1) NatWest Group does not use the comprehensive risk measure to calculate market risk RWAs.
- (2) Movements due to position changes as well as time series updates.
- (3) Updates to the model to reflect recent experience or changes to model scope. During Q1 2021, the model scope was increased to incorporate new products.

Key points

- Overall, market risk RWAs for NatWest Group increased. The comments below mainly relate to NWM Plc, NWM N.V. and NWM SI, which accounted for the majority of the exposure.
- The key contributor to the RWA increase was higher SVaR-based RWAs, chiefly reflecting a rise in tenor basis risk in sterling flow trading.
- The increase in VaR-based RWAs mainly related to euro and US dollar currency options.
- The decrease in the incremental risk charge reflected a reduction in eurozone corporate bond positions.
- The increase in RNIV-based RWAs mainly related to an update to the scope of the pegged and managed currencies RNIV, reflecting additional exposure over the quarter.
- RWAs relating to positions under the standardised approach were broadly unchanged.