



**Q3 2021**  
**Pillar 3 Supplement**  
**NatWest Holdings Group**

## Pillar 3 Supplement Q3 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 H1 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.
- NWH Group's consolidated disclosures and those for large subsidiaries that are UK entities are calculated and presented in accordance with the UK CRR. Disclosures for large subsidiaries that are non-UK entities are calculated and presented in accordance with the regulatory requirements applicable in the countries in which they are incorporated.
- Based on the criteria set out in the CRR, NWH Group primarily defines its large subsidiaries as those designated as an Other Systemically Important Institution (O-SII) by the national competent authority or with a value of total assets equal to or greater than €30 billion. At 30 September 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 (UBIDAC)
  - 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 - NatWest Group's ring-fenced body (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 RFBs, effective December 2020.
- 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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### Capital, liquidity and funding NatWest Holdings Group - Key points

#### CET1 ratio (CRR end-point)

Q3 2021 17.1%

Q4 2020 17.5%

The CET1 ratio decreased 40 basis points over the period due to a £2.4 billion decrease in CET1 capital and a £10.3 billion decrease in RWAs. The CET1 decrease reflects the attributable profit in the period of £2.6 billion, offset by the following items:

- dividends paid of £3.5 billion;
- foreseeable charges of £0.4 billion; and
- a £0.7 billion decrease in the IFRS 9 transitional adjustment on expected credit losses.

#### RWAs

Q3 2021 £125.0bn

Q4 2020 £135.3bn

Total RWAs decreased by £10.3 billion reflecting a decrease in credit risk RWAs of £9.2 billion and a reduction in operational risk RWAs of £0.9 billion following the annual recalculation in Q1 2021.

The credit risk decrease mainly reflects:

- repayments and expired facilities in Commercial Banking in addition to improved risk metrics within Commercial Banking and Ulster Bank RoI franchises;
- reduced exposures in the Ulster Bank RoI franchise due to the announced phased withdrawal; and
- a £0.8 billion reduction as a result of the CRR COVID-19 amendment for the infrastructure supporting factor.

#### UK leverage

Q3 2021 6.0%

Q4 2020 6.5%

The UK leverage ratio decreased by 50 basis points driven by a £2.4 billion decrease in Tier 1 capital.

#### CRR leverage

Q3 2021 4.5%

Q4 2020 5.3%

The CRR leverage ratio decreased by 80 basis points. This mainly reflected the £2.4 billion decrease in Tier 1 capital and a £32.7 billion increase in leverage exposure, primarily driven by cash and balances at central banks.

#### NSFR

Q3 2021 152%

Q4 2020 145%

The net stable funding ratio (NSFR) for Q3 2021 was 152% compared to 145% at Q4 2020. The increase is mainly due to deposit growth.

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### 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		30 September 2021 £m	30 June 2021 £m	31 March 2021 £m	31 December 2020 £m	30 September 2020 £m
<b>Capital</b>							
1	1	Common equity tier 1 (CET1)	<b>21,371</b>	21,026	24,017	23,743	23,265
1a	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	<b>20,404</b>	19,846	22,407	22,043	21,589
2	3	Tier 1 capital	<b>25,053</b>	24,702	27,693	27,419	26,941
2a	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	<b>24,086</b>	23,522	26,083	25,719	25,265
3	5	Total capital	<b>29,995</b>	29,568	32,575	32,425	32,155
3a	6	Total capital as if IFRS 9 transitional arrangements had not been applied	<b>29,219</b>	28,605	31,219	30,922	30,712
<b>Risk-weighted assets (amounts)</b>							
4	7	Total risk-weighted assets (RWAs)	<b>125,036</b>	126,797	129,717	135,331	136,544
4a	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	<b>124,980</b>	126,724	129,604	135,192	136,425
<b>Risk-based capital ratios as a percentage of RWAs</b>							
			%	%	%	%	%
5	9	Common equity tier 1 ratio	<b>17.1</b>	16.6	18.5	17.5	17.0
5a	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>16.3</b>	15.7	17.3	16.3	15.8
6	11	Tier 1 ratio	<b>20.0</b>	19.5	21.3	20.3	19.7
6a	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>19.3</b>	18.6	20.1	19.0	18.5
7	13	Total capital ratio	<b>24.0</b>	23.3	25.1	24.0	23.5
7a	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	<b>23.4</b>	22.6	24.1	22.9	22.5
<b>Additional CET1 buffer requirements as a percentage of RWAs</b>							
8		Capital conservation buffer requirement	<b>2.5</b>	2.5	2.5	2.5	2.5
9		Countercyclical capital buffer requirement (1)	<b>—</b>	—	—	—	—
10		Bank GSIB and/or DSIB additional requirements	<b>1.5</b>	1.5	1.5	1.5	1.5
11		Total of CET1 specific buffer requirements (8+9+10)	<b>4.0</b>	4.0	4.0	4.0	4.0
12		CET1 available after meeting the bank's minimum capital requirements (2)	<b>10.9</b>	10.5	12.4	11.5	10.8
<b>CRR leverage ratio</b>							
			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	<b>554,311</b>	545,161	534,610	521,600	498,778
14	16	CRR leverage ratio (%)	<b>4.5</b>	4.5	5.2	5.3	5.4
14a	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	<b>4.4</b>	4.3	4.9	4.9	5.1
<b>UK leverage ratio</b>							
			£m	£m	£m	£m	£m
		UK leverage ratio exposure measure	<b>417,670</b>	420,172	417,781	420,764	418,008
		UK leverage ratio (%) (3)	<b>6.0</b>	5.9	6.6	6.5	6.4
		Average exposure	<b>430,888</b>	429,382	430,195	415,430	420,941
		Average leverage ratio (%)	<b>5.8</b>	6.3	6.4	6.5	6.3
<b>Liquidity coverage ratio</b>							
			£m	£m	£m	£m	£m
15		Total high-quality liquid assets (HQLA)	<b>140,048</b>	133,968	128,257	119,655	111,268
16		Total net cash outflows	<b>91,300</b>	88,603	85,657	81,256	76,993
17		LCR ratio (%) (4)	<b>153</b>	151	150	147	144
<b>Net stable funding ratio (NSFR)</b>							
18		Total available stable funding	<b>373,052</b>	368,973	360,037	357,595	344,889
19		Total required stable funding	<b>245,981</b>	245,632	242,053	246,338	245,403
20		NSFR (%) (5)	<b>152</b>	150	149	145	141

(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 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 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 NWH Group and its large subsidiaries. Capital measures are on a CRR transitional basis. 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.

	30 September 2021				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
<b>Available capital (amounts) – transitional</b>					
1 Common equity tier 1	21,371	14,862	2,782	3,421	1,249
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	20,404	14,255	2,600	3,224	1,208
3 Tier 1 capital	25,053	16,977	3,751	3,421	1,451
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	24,086	16,370	3,569	3,224	1,410
5 Total capital	30,123	19,888	5,145	3,632	1,717
6 Total capital as if IFRS 9 transitional arrangements had not been applied	29,347	19,529	5,030	3,435	1,676
<b>Risk-weighted assets (amounts)</b>					
7 Total risk-weighted assets	125,036	85,674	20,617	12,860	10,433
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	124,980	85,637	20,609	12,859	10,391
<b>Risk-based capital ratios as a percentage of RWAs</b>					
9 Common equity tier 1 ratio	17.1	17.3	13.5	26.6	12.0
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.3	16.6	12.6	25.1	11.6
11 Tier 1 ratio	20.0	19.8	18.2	26.6	13.9
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.3	19.1	17.3	25.1	13.6
13 Total capital ratio	24.1	23.2	25.0	28.2	16.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.5	22.8	24.4	26.7	16.1
<b>Leverage ratio</b>					
15 CRR leverage ratio exposure measure (£m)	554,311	412,246	89,081	21,375	18,734
16 CRR leverage ratio (%)	4.5	4.1	4.2	16.0	7.7
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	4.4	4.0	4.0	15.2	7.5

	30 June 2021				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
<b>Available capital (amounts) - transitional</b>					
1 Common equity tier 1	21,026	14,713	2,653	3,394	1,252
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	19,846	13,963	2,432	3,189	1,198
3 Tier 1 capital	24,702	16,821	3,622	3,394	1,454
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	23,522	16,071	3,401	3,189	1,400
5 Total capital	29,702	19,779	4,998	3,630	1,720
6 Total capital as if IFRS 9 transitional arrangements had not been applied	28,739	19,284	4,836	3,425	1,666
<b>Risk-weighted assets (amounts)</b>					
7 Total risk-weighted assets	126,797	85,892	21,229	13,258	10,321
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	126,724	85,857	21,221	13,253	10,266
<b>Risk-based capital ratios as a percentage of RWAs</b>					
9 Common equity tier 1 ratio	16.6	17.1	12.5	25.6	12.1
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.7	16.3	11.5	24.1	11.7
11 Tier 1 ratio	19.5	19.6	17.1	25.6	14.1
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.6	18.7	16	24.1	13.6
13 Total capital ratio	23.4	23	23.5	27.4	16.7
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.7	22.5	22.8	25.8	16.2
<b>Leverage ratio</b>					
15 CRR leverage ratio exposure measure (£m)	545,161	401,880	88,976	21,630	18,358
16 CRR leverage ratio (%)	4.5	4.2	4.1	15.7	7.9
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	4.3	4.0	3.8	14.9	7.6

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### IFRS 9-FL: Key metrics – large subsidiaries continued

	31 March 2021				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
<b>Available capital (amounts) - transitional</b>					
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
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
	%	%	%	%	%
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
<b>Leverage ratio</b>					
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
<b>Available capital (amounts) - transitional</b>					
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
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
	%	%	%	%	%
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
<b>Leverage ratio</b>					
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
<b>Available capital (amounts) - transitional</b>					
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
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
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
<b>Leverage ratio</b>					
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

### Large subsidiary key points

#### Capital and leverage

##### NWB Plc – 30 September 2021 compared with 31 December 2020

- The CET1 ratio decreased to 17.3% from 17.8% due to a £0.6 billion decrease in CET1 capital and a £1.2 billion decrease in RWAs.
- The CET1 decrease reflects the attributable profit in the period of £2.2 billion offset by dividends paid of £1.6 billion, foreseeable charges of £0.4 billion and a £0.4 billion decrease in the IFRS 9 transitional adjustment on expected losses and other reserve movements.
- The £1.2 billion decrease in total RWAs mainly reflected a £1.3 billion reduction in credit risk RWAs, which was largely due to repayments and expired facilities of £3.0 billion in Commercial Banking. The transfer-in of Ulster Bank Limited business in Q2 2021 resulted in offsetting increases in credit risk RWAs of £1.6 billion.
- The leverage ratio decreased to 4.1% from 4.7% driven by an increase in balance sheet exposure.

##### RBS plc – 30 September 2021 compared with 31 December 2020

- The CET1 ratio decreased to 13.5% from 17.6%, due to a £1.6 billion decrease in CET1 capital and a £4.5 billion decrease in RWAs.
- The CET1 decrease reflects the attributable profit in the period of £0.6 billion offset by dividends paid of £2.1 billion and a £0.2 billion decrease in the IFRS 9 transitional adjustment on expected losses.
- The £4.5 billion decrease in total RWAs mainly reflected a £3.7 billion reduction in credit risk RWAs and a £0.8 billion reduction in operational risk RWAs following the annual recalculation in Q1 2021. The overall reduction in credit risk RWAs was largely due to repayments and expired facilities of £3.0 billion in Commercial Banking.
- The leverage ratio decreased to 4.2% from 6.3% driven by the reduction in Tier 1 capital.

##### UBIDAC – 30 September 2021 compared with 31 December 2020

- The CET1 ratio decreased to 26.6% from 28.1%.
- The CET1 capital reduction of £0.1 billion was primarily due to foreign exchange movements.
- RWAs increased by £0.2 billion primarily due to a voluntary adjustment to capital metrics as agreed with the regulator partially offset by a decrease in mortgage and commercial lending.
- The leverage ratio increased to 16.0% from 14.9% driven by a decrease in balance sheet exposure and an increase in Tier 1 capital.

##### Coutts & Co – 30 September 2021 compared with 31 December 2020

- CET1 capital remained flat at 12.0% with the ordinary dividend charge of £0.1 billion offset against the attributable profits.
- Total RWAs increased by £0.2 billion mainly reflecting an increase in credit risk RWAs due to lending growth.
- The leverage ratio decreased to 7.7% from 8.2% driven by an increase in balance sheet exposure.

## Pillar 3 Supplement Q3 2021

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

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

		30 September 2021						
		NWH Group						
		PRA transitional	CRR prescribed residual amounts	CRR end-point	NWB Plc	RBS plc	UBI DAC	Coutts & Co
		£m	£m	£m	£m	£m	£m	£m
<b>CET1 capital: instruments and reserves</b>								
6	CET1 capital before regulatory adjustments	27,246	—	27,246	15,947	2,842	3,319	1,254
28	Total regulatory adjustments to CET1	(5,875)	(967)	(6,842)	(1,085)	(60)	102	(5)
29	CET1 capital	21,371	(967)	20,404	14,862	2,782	3,421	1,249
36	AT1 capital before regulatory adjustments	3,682	—	3,682	2,377	969	—	202
43	Total regulatory adjustments to AT1 capital	—	—	—	(262)	—	—	—
44	AT1 capital	3,682	—	3,682	2,115	969	—	202
45	Tier 1 capital (T1 = CET1 + AT1)	25,053	(967)	24,086	16,977	3,751	3,421	1,451
51	T2 capital before regulatory adjustments	5,070	63	5,133	3,279	1,394	211	266
57	Total regulatory adjustments to T2 capital	—	—	—	(368)	—	—	—
58	T2 capital	5,070	63	5,133	2,911	1,394	211	266
59	Total capital (TC = T1 + T2)	30,123	(904)	29,219	19,888	5,145	3,632	1,717
60	Total risk-weighted assets	125,036	(56)	124,980	85,674	20,617	12,860	10,433
<b>Capital ratios and buffers</b>								
61	CET1 (as a percentage of risk exposure amount)	17.1%		16.3%	17.3%	13.5%	26.6%	12.0%
62	T1 (as a percentage of risk exposure amount)	20.0%		19.3%	19.8%	18.2%	26.6%	13.9%
63	Total capital (as a percentage of risk exposure amount)	24.1%		23.4%	23.2%	25.0%	28.2%	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	CRR prescribed residual amounts	CRR end-point	NWB Plc	RBS plc	UBI DAC	Coutts & Co
		£m	£m	£m	£m	£m	£m	£m
<b>CET1 capital: instruments and reserves</b>								
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
<b>Capital ratios and buffers</b>								
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 as relevant for the jurisdiction.

	30 September 2021					31 December 2020					
	NWH Group £m	NWB Plc £m	RBS plc £m	UBIDAC £m	Coutts & Co £m	NWH Group £m	NWB Plc £m	RBS plc £m	UBIDAC £m	Coutts & Co £m	
1	Total assets as per published financial statements	528,675	410,505	106,220	26,319	43,087	496,583	380,603	99,242	28,033	38,442
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(164)	—	—	—	—	(274)	—	—	—	—
4	Adjustment for derivative financial instruments	(1,899)	(1,299)	242	33	—	(2,997)	(2,496)	194	31	6
5	Adjustments for securities financing transactions (SFTs)	545	545	—	—	—	191	191	—	—	—
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	33,029	24,817	9,643	1,076	1,048	33,670	22,857	11,183	1,308	1,247
6a	Adjustment for Intra-Group exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation No 575/2013	—	(20,974)	(26,963)	—	(25,408)	—	(23,962)	(24,482)	—	(22,342)
7	Other adjustments	(5,875)	(1,348)	(61)	(6,053)	7	(5,573)	(666)	(270)	(5,411)	61
8	Total leverage ratio exposure	554,311	412,246	89,081	21,375	18,734	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 as relevant for the jurisdiction.

3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	499,357	385,611	105,808	26,346	43,080	464,354	353,233	98,227	27,693	38,474
11	Total derivative exposures	370	1,237	593	128	14	119	942	939	234	35
16	Total securities financing transaction exposures	21,555	21,555	—	—	—	23,457	23,457	—	—	—
19	Other off-balance sheet exposures	33,029	24,817	9,643	1,076	1,048	33,670	22,857	11,183	1,308	1,247
19a	Exemption of Intra-Group exposures (solo basis) in accordance with Article 429(7) of Regulation No 575/2013 (on and off-balance sheet)	—	(20,974)	(26,963)	—	(25,408)	—	(23,962)	(24,482)	—	(22,342)
19b	Exposures exempted in accordance with Article 429 (14) of Regulation No 575/2013 (on and off balance sheet)	—	—	—	(6,175)	—	—	—	—	(5,274)	—
	<b>Capital and total exposures</b>										
20	Tier 1 capital	25,053	16,977	3,751	3,421	1,451	27,477	17,590	5,400	3,568	1,429
21	Total leverage ratio exposure	554,311	412,246	89,081	21,375	18,734	521,600	376,527	85,867	23,961	17,414
22	Leverage ratio	4.5%	4.1%	4.2%	16.0%	7.7%	5.3%	4.7%	6.3%	14.9%	8.2%
22a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank exposures)	4.5%	4.1%	4.2%	12.4%	7.7%	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)			
	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2021	30 June 2021	31 March 2021	31 December 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)					<b>140,048</b>	133,968	128,257	119,655
Cash outflows								
2 Retail deposits and deposits from small business customers	<b>246,150</b>	240,097	232,404	222,732	<b>19,031</b>	18,477	17,889	17,249
3 of which: stable deposits	<b>158,033</b>	155,166	150,758	144,499	<b>7,902</b>	7,758	7,538	7,225
4 of which: less stable deposits	<b>87,934</b>	84,719	81,377	77,910	<b>10,947</b>	10,507	10,083	9,701
5 Unsecured wholesale funding	<b>154,924</b>	149,708	145,568	138,899	<b>67,153</b>	64,942	63,490	60,598
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	<b>63,173</b>	61,565	60,515	58,644	<b>15,480</b>	15,079	14,816	14,348
7 Non-operational deposits (all counterparties)	<b>91,232</b>	87,627	84,561	79,698	<b>51,154</b>	49,347	48,182	45,693
8 Unsecured debt	<b>519</b>	516	492	557	<b>519</b>	516	492	557
9 Secured wholesale funding	—	—	—	—	—	—	—	—
10 Additional requirements	<b>55,649</b>	55,686	54,080	52,402	<b>8,477</b>	8,672	8,661	8,440
11 Outflows related to derivative exposures and other collateral requirements	<b>2,427</b>	2,558	2,756	2,855	<b>1,906</b>	2,028	2,207	2,295
12 Outflows related to loss of funding on debt products	—	151	256	256	—	151	256	255
13 Credit and liquidity facilities	<b>53,222</b>	52,977	51,068	49,291	<b>6,571</b>	6,493	6,198	5,890
14 Other contractual funding obligations	<b>1,029</b>	1,034	1,032	353	<b>5</b>	7	11	10
15 Other contingent funding obligations	<b>45,137</b>	46,181	47,422	46,728	<b>3,953</b>	3,693	3,561	3,525
16 Total cash outflows	<b>98,619</b>	95,791	93,612	89,822	<b>98,619</b>	95,791	93,612	89,822
17 Secured lending (e.g. reverse repos)	<b>12,446</b>	13,385	13,693	13,575	<b>—</b>	—	—	20
18 Inflows from fully performing exposures	<b>6,244</b>	6,084	6,706	7,703	<b>4,760</b>	4,669	5,012	5,646
19 Other cash inflows	<b>10,808</b>	10,823	11,334	11,297	<b>2,559</b>	2,519	2,943	2,900
19a Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
19b Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20 Total cash inflows	<b>29,498</b>	30,292	31,733	32,575	<b>7,319</b>	7,188	7,955	8,566
20a Fully exempt inflows	—	—	—	—	—	—	—	—
20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
20c Inflows subject to 75% cap	<b>29,498</b>	30,292	31,733	32,549	<b>7,319</b>	7,188	7,955	8,566
21 Liquidity buffer					<b>140,048</b>	133,968	128,257	119,655
22 Total net cash outflows					<b>91,300</b>	88,603	85,657	81,256
23 Liquidity coverage ratio (%)					<b>153</b>	151	150	147

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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		UBIDAC		Coutts & Co	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
<b>30 September 2021</b>										
1 Credit risk (excluding counterparty credit risk)	103,702	8,296	65,371	5,230	16,252	1,300	11,795	944	9,037	723
2 <i>Standardised (STD) approach</i>	15,741	1,259	5,687	455	1,249	100	1,325	106	9,037	723
4 <i>Advanced internal ratings based (IRB) approach (1)</i>	87,961	7,037	59,684	4,775	15,003	1,200	10,470	838	—	—
5 <i>Equity IRB under the simple risk-weight or the internal model approach (IMA)</i>	—	—	—	—	—	—	—	—	—	—
6 Counterparty credit risk	787	62	639	51	—	—	150	12	15	1
6a <i>of which: securities financing transactions (2)</i>	189	15	188	15	—	—	1	—	—	—
7 <i>of which: marked-to-market (2)</i>	265	21	183	15	—	—	86	7	15	1
10 <i>of which: internal model method (IMM)</i>	—	—	—	—	—	—	—	—	—	—
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	129	10	129	10	—	—	—	—	—	—
12 <i>of which: credit valuation adjustment (CVA) (2)</i>	204	16	139	11	—	—	63	5	—	—
14 Securitisation exposures in banking book	1,386	111	1,173	93	214	17	—	—	—	—
15 <i>IRB approach (SEC-IRBA)</i>	1,053	85	840	67	214	17	—	—	—	—
17 <i>STD approach</i>	155	12	155	12	—	—	—	—	—	—
18 <i>External ratings based approach (SEC-ERBA) (3)</i>	178	14	178	14	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
19 Market risk	77	6	36	3	7	1	21	2	5	—
20 <i>STD approach</i>	77	6	36	3	7	1	21	2	5	—
23 Operational risk - STD approach	17,935	1,435	12,874	1,060	3,951	316	892	71	1,074	86
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,149	92	5,581	447	193	15	2	—	302	24
29 Total	125,036	10,002	85,674	6,884	20,617	1,649	12,860	1,029	10,433	834

	NWH Group		NWB Plc		RBS plc		UBIDAC		Coutts & Co	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
<b>31 December 2020</b>										
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 <i>Standardised (STD) approach</i>	15,959	1,277	5,176	415	1,775	142	1,025	82	8,808	705
4 <i>Advanced internal ratings based (IRB) approach (1)</i>	96,913	7,753	61,411	4,914	18,116	1,449	10,556	845	—	—
5 <i>Equity IRB under the simple risk-weight or the internal model approach (IMA)</i>	—	—	—	—	—	—	—	—	—	—
6 Counterparty credit risk	961	77	576	46	—	—	117	9	31	2
6a <i>of which: securities financing transactions (2)</i>	172	14	172	14	—	—	—	—	—	—
7 <i>of which: marked-to-market (2)</i>	268	22	160	13	—	—	117	9	31	2
10 <i>of which: internal model method (IMM)</i>	—	—	—	—	—	—	—	—	—	—
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	53	4	53	4	—	—	—	—	—	—
12 <i>of which: credit valuation adjustment (CVA) (2)</i>	468	37	191	15	—	—	—	—	—	—
14 Securitisation exposures in banking book	1,372	110	1,106	88	265	21	—	—	—	—
15 <i>IRB approach (SEC-IRBA)</i>	1,004	80	739	59	265	21	—	—	—	—
17 <i>STD approach</i>	169	14	169	13	—	—	—	—	—	—
18 <i>External ratings based approach (SEC-ERBA) (3)</i>	199	16	198	16	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
19 Market risk	106	9	18	1	14	1	62	5	6	1
20 <i>STD approach</i>	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
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,154	92	5,752	460	185	15	2	—	299	24
29 Total	135,331	10,827	86,882	6,951	25,133	2,010	12,697	1,016	10,212	817

(1) Of which £28 million RWAs relate to equity IRB under the probability of default/loss given default approach.

(2) The counterparty credit risk RWAs and credit valuation adjustment (CVA) are presented on a CRR2 basis for UBIDAC. Refer to page 1 for further information on the presentation of information.

(3) 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.

	a			b
	RWAs			MCR
	IRB	STD	Total RWAs	
	£m	£m	£m	£m
1 <b>At 1 January 2021</b>	<b>98,285</b>	<b>17,113</b>	<b>115,398</b>	<b>9,232</b>
2 Asset size (1)	<b>(5,728)</b>	<b>73</b>	<b>(5,655)</b>	<b>(452)</b>
3 Asset quality (2)	<b>(1,235)</b>	<b>(230)</b>	<b>(1,465)</b>	<b>(117)</b>
4 Model updates (3)	<b>(446)</b>	<b>—</b>	<b>(446)</b>	<b>(36)</b>
6 Acquisitions and disposals (4)	<b>(159)</b>	<b>—</b>	<b>(159)</b>	<b>(13)</b>
7 Foreign exchange movements (5)	<b>(620)</b>	<b>(66)</b>	<b>(686)</b>	<b>(55)</b>
8 Other	<b>(750)</b>	<b>—</b>	<b>(750)</b>	<b>(60)</b>
9 <b>At 30 September 2021</b>	<b>89,347</b>	<b>16,890</b>	<b>106,237</b>	<b>8,499</b>

(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 in portfolio sizes due to acquisitions and disposals.

(5) Changes arising from foreign currency translation movements.

- The reduction in asset size was mainly due to repayments and expired facilities in Commercial Banking. There were additional decreases in commercial lending as well as in the mortgage portfolio within Ulster Bank Rol.
- The decrease in RWAs relating to asset quality primarily reflected improved risk metrics in Commercial Banking and Ulster Bank Rol.
- The movement in the other category reflected reductions in Commercial Banking as a result of the CRR COVID-19 amendment for the infrastructure supporting factor.
- The RWA reduction in foreign exchange movements was mainly a result of sterling strengthening against the euro during the period.
- The reduction in RWAs relating to model updates was largely a result of revisions to Wholesale loss given default models.
- The decrease in acquisitions and disposals reflected the sale of non-performing loans in Ulster Bank Rol during Q2 2021.

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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 methodology or regulatory policy changes, model updates or acquisitions and 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)	83	7
3 Credit quality of counterparties (2)	8	1
7 Foreign exchange movements (3)	(1)	—
9 At 30 September 2021	583	47

- (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.

- The increase in RWAs mainly reflected an increase in OTC derivative transactions.

### 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. Additionally, there were no acquisitions and 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.

	STD	
	RWAs £m	MCR £m
1 At 1 January 2021	106	9
2 Movement in risk levels (1)	(29)	(3)
8 At 30 September 2021	77	6

- (1) Movements due to position changes.

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