

**Q3 2020
Pillar 3 Supplement
NatWest Holdings Group**

Pillar 3 Supplement Q3 2020

Contents	Page
Forward-looking statements	1
Presentation of information	1
Capital, liquidity and funding	
CAP 1: CAP and LR: Capital and leverage ratios – NWHG and large subsidiaries	2
KM1: BCBS 2 & EBA IFRS 9-FL: Key metrics – NWHG	3
EBA IFRS 9-FL: EBA Key metrics – large subsidiaries	5
EU LIQ1: Liquidity coverage ratio	8
CAP 2: Capital resources (CRR own funds template) – NWHG and large subsidiaries	9
CAP 3: Leverage exposure (CRR Delegated Act Template) – NWHG and large subsidiaries	9
EU OV1: CAP: RWAs and MCR summary – NWHG and large subsidiaries	10
RWA and MCR movement tables	
EU CR8: IRB and STD: Credit risk RWAs and MCR flow statement	11
EU CCR7: CCR: Non-IMM: Counterparty credit risk RWAs and MCR flow statement	12
EU MR2_B: MR IMA and STD: Market risk RWAs and MCR flow statement	12

Forward-looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NatWest Holdings Limited (NWH Ltd) and its parent NatWest Group plc's (formerly The Royal Bank of Scotland Group plc) 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: its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital and operational targets), its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its 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's (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 final number of PPI claims and their amounts, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations and general economic and political conditions and the uncertainty surrounding the Covid-19 pandemic and its impact on NWH and NatWest Group. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWH Ltd's or NatWest Group plc's actual results are discussed in NatWest Group plc's (previously The Royal Bank of Scotland Group plc) UK 2019 Annual Report and Accounts (ARA) and materials filed with, or furnished to, 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 and 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 Pillar 3 disclosures made by NWH Group are designed to comply with the Capital Requirements Regulation (CRR). Based on the criteria set out in the CRR, NWH 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 30 September 2020, its large subsidiaries were:
 - 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 Coutts & Company (Coutts & Co)
-) Disclosures for Coutts & Co, which was included as a large subsidiary in the NWH Group Pillar 3 report for the first time at 31 March 2020, are not presented with comparatives before this period.
-) For the basis of preparation and disclosure framework, refer to NWH Group's 2019 Pillar 3 Report. For definitions of terms, refer to the glossary available on natwestgroup.com.
-) NatWest Group ceased to be subject to a G-SIB buffer requirement from 1 January 2020. However, as NWH Group - the RFB sub-group - is subject to a Systemic Risk Buffer of 1.5%, the Prudential Regulation Authority (PRA) has increased the buffer requirements at the consolidated group to ensure an appropriate distribution of capital and leverage.
-) 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.

Pillar 3 Supplement Q3 2020

Capital, liquidity and funding

CAP 1: CAP and LR: Capital and leverage ratios – NWH Group and large subsidiaries

Capital, RWAs and leverage on a PRA transitional basis for NWH Group and its large subsidiaries (Central Bank of Ireland basis for UBI DAC) are set out below. CRR transition continues to be applied to grandfathered capital instruments and includes the adjustments for the IFRS 9 transitional arrangements with the exception of UBI DAC. 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 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 capital, RWAs and leverage measures for NWH Group are also presented on an end-point basis, which includes IFRS 9 on a fully loaded basis.

	30 September 2020					31 December 2019			
	NWH Group %	NWB Plc %	RBS plc %	UBI DAC %	Coutts & Co %	NWH Group %	NWB Plc %	RBS plc %	UBI DAC %
Capital adequacy ratios - transitional (1)									
CET1	17.0	17.0	16.2	28.3	12.2	15.7	15.9	13.2	26.5
Tier 1	19.8	19.5	19.8	28.3	14.3	18.5	18.6	16.6	26.5
Total	23.8	23.3	25.5	30.9	16.9	21.9	22.0	21.4	28.9

Capital adequacy ratios - end point

CET1	15.8	15.7
Tier 1	18.5	18.4
Total	22.3	21.6

Capital - transitional

	£m	£m	£m	£m	£m	£m	£m	£m	£m
CET1	23,265	14,823	4,267	3,411	1,206	21,097	12,851	3,828	3,389
Tier 1	26,999	16,989	5,236	3,411	1,408	24,861	15,047	4,797	3,389
Total	32,480	20,266	6,726	3,723	1,674	29,515	17,801	6,199	3,694

Capital - end point

CET1	21,589	21,097
Tier 1	25,265	24,773
Total	30,479	29,027

RWAs - transitional (2)

Credit risk	116,017	72,998	21,607	10,889	8,771	113,980	67,778	23,191	11,680
Counterparty credit risk	1,523	1,127	—	133	32	980	605	—	127
Market risk	138	35	12	69	6	125	17	15	77
Operational risk	18,866	12,843	4,778	946	1,068	19,590	12,669	5,714	897
Total	136,544	87,003	26,397	12,037	9,877	134,675	81,069	28,920	12,781

CRR Leverage - transitional

Tier 1 capital	26,999	16,989	5,236	3,411	1,408	24,861	15,047	4,797	3,389
Exposure	498,778	353,734	88,887	24,067	16,599	447,851	300,438	90,981	26,893
Leverage ratio (%)	5.4	4.8	5.9	14.2	8.5	5.6	5.0	5.3	12.6

CRR leverage - end point

Tier 1 capital	25,265	24,773
Exposure	497,101	447,851
Leverage ratio (%)	5.1	5.5

UK leverage - end point

Tier 1 capital	25,265	24,773
Exposure	416,331	397,649
Leverage ratio (%)	6.1	6.2
Average Tier 1 capital	25,129	24,994
Average exposure (3)	419,387	404,081
Average leverage ratio (%)	6.0	6.2

Systemic risk leverage buffer (4)	2,186	2,088
Countercyclical leverage ratio buffer (5)	10	1,292

Notes:

- (1) NWH Group's total capital requirement (TCR) as set by the PRA is 11.2%. The TCR is the sum of Pillar 1 and Pillar 2A and does not include any capital buffers.
- (2) NWH Group RWAs on an end point basis are £136,425 million due to the £119 million in relation to the IFRS 9 transitional arrangements.
- (3) Based on the daily average of on-balance sheet items and three month-end average of off-balance sheet items.
- (4) The PRA minimum leverage ratio requirement is supplemented with a Systemic Risk Buffer additional leverage ratio buffer rate, currently 0.525% (31 December 2019 – 0.525%).
- (5) The PRA minimum leverage ratio requirement is supplemented with a countercyclical leverage ratio buffer of 0.0025% (31 December 2019 - 0.3250%).

Pillar 3 Supplement Q3 2020

KM1: BCBS 2 & EBA 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 (with the exception of UBI DAC) 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 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	EBA IFRS 9-FL		30 September 2020 £m	30 June 2020 £m	31 March 2020 £m	31 December 2019 £m	30 September 2019 £m
Capital							
1	1	Common equity tier 1 (CET1)	23,265	22,631	22,272	21,097	21,167
	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	21,589	21,076	21,940	21,097	21,167
2	3	Tier 1 capital	26,941	26,307	25,948	24,773	24,843
	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,265	24,752	25,616	24,773	24,843
3	5	Total capital	32,155	31,345	30,462	29,027	28,796
	6	Total capital as if IFRS 9 transitional arrangements had not been applied	30,479	29,790	30,130	29,027	28,796
Risk-weighted assets (amounts)							
4	7	Total risk-weighted assets (RWAs)	136,544	139,328	139,282	134,675	139,577
	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	136,425	139,206	139,214	134,675	139,577
Risk-based capital ratios as a percentage of RWAs							
			%	%	%	%	%
5	9	Common equity tier 1 ratio	17.0	16.2	16.0	15.7	15.2
	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.8	15.1	15.8	15.7	15.2
6	11	Tier 1 ratio	19.7	18.9	18.6	18.4	17.8
	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.5	17.8	18.4	18.4	17.8
7	13	Total capital ratio	23.5	22.5	21.9	21.6	20.6
	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.3	21.4	21.6	21.6	20.6
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	0.9	0.9
10		Bank GSIB and/or DSIB additional requirements (2)	1.5	1.5	1.5	1.5	1.5
11		Total of CET1 specific buffer requirements (8+9+10)	4.0	4.0	4.1	4.9	4.9
12		CET1 available after meeting the bank's minimum capital requirements (3)	12.5	11.7	11.5	11.2	10.7
Leverage ratio							
			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	498,778	493,226	466,093	447,851	450,318
		UK leverage ratio exposure measure	418,008	421,149	417,997	397,649	393,992
			%	%	%	%	%
14	16	CRR leverage ratio	5.4	5.3	5.6	5.5	5.5
	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.1	5.0	5.5	5.5	5.5
		UK leverage ratio	6.4	6.2	6.2	6.2	6.3
Liquidity coverage ratio							
			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	111,268	105,212	99,750	99,950	100,457
16		Total net cash outflows	76,993	73,944	71,427	71,188	71,326
17		LCR ratio % (4)	144	142	140	140	141
Net stable funding ratio (NSFR)							
18		Total available stable funding	344,889	345,629	320,612	314,250	314,935
19		Total required stable funding	245,403	252,379	242,811	231,098	229,402
20		NSFR % (5)	141	137	132	136	137

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. Many countries have announced reductions in their countercyclical capital buffer rates in response to Covid-19. Most notably for NatWest Group, the Financial Policy Committee reduced the UK rate from 1% to 0% effective from 11 March 2020. The CBI also announced a reduction of the Republic of Ireland rate from 1% to 0%, which was effective from 1 April 2020.
- (2) NWH Group has been subject to a Systemic Risk Buffer of 1.5% since 1 August 2019.
- (3) This represents the CET1 ratio less the CRR minimum of 4.5%.
- (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.

Pillar 3 Supplement Q3 2020

Key points

Capital and leverage

NWH Group – 30 September 2020 compared with 31 December 2019

-) The CET1 ratio increased by 130 basis points to 17.0% primarily due to the release of £0.4 billion following the cancellation of the proposed pension contribution in Q1 2020, as announced by the Board in response to Covid-19, and an increase in reserves of £0.3 billion. The attributable loss in the period was £121 million however the IFRS 9 transitional arrangements on expected credit losses provided relief of £1,676 million.
-) NWH Group issued £500 million internal Subordinated Tier 2 Notes in May 2020.
-) Total RWAs increased by £1.9 billion, reflecting increases in both Credit Risk RWAs of £2.0 billion and Counterparty Credit Risk RWAs of £0.5 billion. The increase in Credit Risk RWAs was mainly attributed to increases in Commercial Banking relating to the Government lending schemes during Q2 2020, model changes as well as foreign exchange movements during the period. There were offsetting decreases due to the beneficial CRR changes to SME and Infrastructure factors which have reduced RWAs by approximately £1.7 billion.
-) The leverage ratio has decreased to 5.4% from 5.6% as a result of increased balance sheet exposures.
-) The UK average leverage ratio is 6.0%.

NWB Plc – 30 September 2020 compared with 31 December 2019

-) The CET1 ratio increased to 17.0% from 15.9% due to a £2.0 billion increase in CET1 capital and a £5.9 billion increase in RWAs.
-) The CET1 increase reflects the cancellation of the December foreseeable charge of £0.4 billion in line with announcements following Covid-19, a £0.3 billion reduction in the significant investment capital deduction and an increase of £1.0 billion due to the IFRS 9 transitional arrangements on expected credit losses, which offset the impact of the increased impairment losses charged to the attributable profit of £322m.
-) NWB Plc issued £500 million internal subordinated Tier 2 Notes in May 2020.
-) Total RWAs increased by £5.9 billion primarily due to an increase in Credit Risk RWAs of £5.2 billion during the period. The increase in Credit Risk RWAs was largely attributed to increased utilisation of existing facilities and new lending under the Government lending schemes in Commercial Banking during H1 2020, partly offset by the beneficial CRR changes to SME and Infrastructure factors. Counterparty Credit Risk RWAs increased by £0.5 billion during the period. The Operational Risk RWAs increased by £0.2 billion due to the annual recalculation.
-) The leverage ratio decreased to 4.8% from 5.0% as a result of increased balance sheet exposures.

RBS plc – 30 September 2020 compared with 31 December 2019

-) The CET1 ratio increased by 300 basis points to 16.2% primarily due to an increase in CET1 capital of £0.4 billion and a decrease in RWAs of £2.5 billion.
-) The CET1 increase is due to profit attributable to ordinary shareholders of £75 million and the impact of IFRS 9 transitional relief of £366 million for the increase in expected credit losses charged to the attributable profit.
-) Total RWAs decreased by £2.5 billion driven by a £1.6 billion decrease in Credit Risk RWAs as well as a £0.9 billion decrease in Operational Risk RWAs following the annual recalculation. The decrease in Credit Risk RWAs was mainly driven by repayments and expired facilities in Commercial Banking.
-) The leverage ratio increased to 5.9% from 5.3% as a result of an increase in tier 1 capital.

UBI DAC – 30 September 2020 compared with 31 December 2019

-) The CET1 ratio increased to 28.3% from 26.5% mainly driven by a £0.7 billion decrease in RWA.
-) CET1 capital has increased marginally, largely due to foreign exchange movements being offset by an attributable loss in Euro for the period.
-) Total RWAs decreased by £0.7 billion mainly reflecting large underlying reductions in the Credit Risk RWAs, due to a portfolio sale of non-performing loans and revision of PD/LGD metrics. These were partially offset by movements in foreign exchange rates.
-) The leverage ratio increased to 14.2% from 12.6% as a result of the exclusion of central bank balances.

Coutts & Co – 30 September 2020 compared with 30 June 2020

-) The CET1 ratio decreased to 12.2% from 12.3%, primarily due to a £0.2 billion increase in RWAs.
-) RWAs increased by £0.2 billion for the quarter mainly reflecting an increase in credit risk due to lending growth.
-) The leverage ratio decreased to 8.5% from 8.6% driven by an increase in balance sheet exposure.

Pillar 3 Supplement Q3 2020

EBA IFRS 9-FL: EBA Key metrics – large subsidiaries

The table below shows key metrics as required by the EBA relating to IFRS 9 for NWH Group and its large subsidiaries. Capital measures are on a CRR transitional basis. NWH Group (with the exception of UBI DAC) 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 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 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	30,804	19,256	6,360	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	22.6	22.1	24.1	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

Pillar 3 Supplement Q3 2020

EBA IFRS 9-FL: EBA 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 (amounts) - 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 (amounts)					
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

	31 December 2019			
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Available capital (amounts) - transitional				
1 Common equity tier 1	21,097	12,851	3,828	3,389
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,097	12,851	3,828	3,389
3 Tier 1 capital	24,861	15,047	4,797	3,389
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	24,861	15,047	4,797	3,389
5 Total capital	29,515	17,801	6,199	3,694
6 Total capital as if IFRS 9 transitional arrangements had not been applied	29,515	17,801	6,199	3,694
Risk-weighted assets (amounts)				
7 Total risk-weighted assets	134,675	81,069	28,920	12,781
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	134,675	81,069	28,920	12,781
Risk-based capital ratios as a percentage of RWAs				
	%	%	%	%
9 Common equity tier 1 ratio	15.7	15.9	13.2	26.5
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.7	15.9	13.2	26.5
11 Tier 1 ratio	18.5	18.6	16.6	26.5
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.5	18.6	16.6	26.5
13 Total capital ratio	21.9	22.0	21.4	28.9
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.9	22.0	21.4	28.9
Leverage ratio				
15 CRR leverage ratio exposure measure (£m)	447,851	300,438	90,981	26,893
16 CRR leverage ratio (%)	5.6	5.0	5.3	12.6
17 CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.6	5.0	5.3	12.6

Pillar 3 Supplement Q3 2020

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

		30 September 2019			
		NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Available capital – transitional					
1	Common equity tier 1	21,167	12,758	4,296	3,963
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,167	12,758	4,296	3,963
3	Tier 1 capital	24,931	14,953	5,265	3,963
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	24,931	14,953	5,265	3,963
5	Total capital	29,284	17,152	6,768	4,303
6	Total capital as if IFRS 9 transitional arrangements had not been applied	29,284	17,152	6,768	4,303
Risk-weighted assets					
7	Total risk-weighted assets	139,577	81,936	30,583	13,135
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	139,577	81,936	30,583	13,135
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	15.2	15.6	14.0	30.2
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.2	15.6	14.0	30.2
11	Tier 1 ratio	17.9	18.2	17.2	30.2
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.9	18.2	17.2	30.2
13	Total capital ratio	21.0	20.9	22.1	32.8
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.0	20.9	22.1	32.8
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	450,318	299,425	92,553	27,613
16	CRR leverage ratio (%)	5.5	5.0	5.7	14.4
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.5	5.0	5.7	14.4

Pillar 3 Supplement Q3 2020

EU LIQ1: Liquidity coverage ratio

The table below shows the breakdown of high-quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The weightings applied reflect the stress factors applicable under the EBA LCR rules. The values presented 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 2020 £m	30 June 2020 £m	31 March 2020 £m	31 December 2019 £m	30 September 2020 £m	30 June 2020 £m	31 March 2020 £m	31 December 2019 £m
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High quality liquid assets								
1 Total high-quality liquid assets (HQLA)					111,268	105,212	99,750	99,950
Cash outflows								
2 Retail deposits and deposits from small business customers	215,259	210,293	203,629	201,904	16,790	16,398	16,050	15,903
3 of which: stable deposits	139,223	134,372	130,871	129,587	6,961	6,719	6,544	6,479
4 of which: less stable deposits	75,675	73,857	72,364	71,941	9,467	9,277	9,113	9,047
5 Unsecured wholesale funding	131,549	126,673	121,172	120,043	57,516	55,676	53,335	53,236
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	56,203	53,938	51,254	50,376	13,738	13,172	12,501	12,281
7 Non-operational deposits (all counterparties)	74,815	72,271	69,573	69,489	43,247	42,040	40,489	40,777
8 Unsecured debt	531	464	345	178	531	464	345	178
9 Secured wholesale funding					36	47	380	379
10 Additional requirements	50,966	50,658	52,068	53,580	8,090	7,730	7,537	7,495
11 Outflows related to derivative exposures and other collateral requirements	2,654	2,338	1,853	1,388	2,166	1,988	1,649	1,324
12 Outflows related to loss of funding on debt products	256	104	—	—	255	104	—	—
13 Credit and liquidity facilities	48,056	48,216	50,215	52,192	5,669	5,638	5,888	6,171
14 Other contractual funding obligations	379	420	460	497	7	10	10	12
15 Other contingent funding obligations	45,680	43,949	41,577	41,147	3,590	3,710	3,652	3,561
16 Total cash outflows					86,029	83,571	80,964	80,586
17 Secured lending (e.g. reverse repos)	13,454	11,689	9,797	8,228	20	20	20	—
18 Inflows from fully performing exposures	8,766	9,884	10,296	10,207	6,261	6,868	7,121	6,959
19 Other cash inflows	11,176	11,281	11,012	11,231	2,755	2,738	2,396	2,439
EU-19a Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
EU-19b Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20 Total cash inflows	33,396	32,854	31,105	29,667	9,036	9,626	9,537	9,398
EU-20a Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c Inflows subject to 75% cap	33,396	32,827	31,077	29,665	9,036	9,626	9,537	9,398
21 Liquidity buffer					111,268	105,212	99,750	99,950
22 Total net cash outflows					76,993	73,944	71,427	71,188
23 Liquidity coverage ratio (%)					144	142	140	140

Pillar 3 Supplement Q3 2020

CAP 2: Capital resources (CRR own funds template) – NWH Group and large subsidiaries

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

Capital	30 September 2020					31 December 2019			
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Tangible equity	23,132	14,804	4,430	3,938	1,160	22,762	14,693	4,920	3,801
Expected loss less impairment provisions	—	—	—	—	—	(141)	(109)	(16)	(28)
Prudential valuation adjustment	(18)	(13)	(4)	—	—	(26)	(16)	(10)	—
Deferred tax assets	(835)	(536)	(111)	(173)	—	(757)	(474)	(87)	(181)
Own credit adjustments	—	—	—	(1)	—	—	—	—	—
Pension fund assets	(276)	—	—	(273)	—	(171)	—	—	(168)
Instruments of financial sector entities where the institution has a significant investment	—	(593)	—	—	—	—	(849)	—	—
Cash flow hedging reserve	(414)	151	(414)	(80)	—	(202)	(27)	(179)	(35)
Foreseeable ordinary dividends	—	—	—	—	—	—	—	(800)	—
Foreseeable charges	—	—	—	—	—	(365)	(365)	—	—
Adjustments under IFRS 9 transition arrangements	1,676	1,010	366	—	71	—	—	—	—
Other adjustments for regulatory purposes	—	—	—	—	(25)	(3)	(2)	—	—
Total regulatory adjustments	133	19	(163)	(527)	46	(1,665)	(1,842)	(1,092)	(412)
CET1 capital	23,265	14,823	4,267	3,411	1,206	21,097	12,851	3,828	3,389
AT1 capital before regulatory adjustments	3,734	2,428	969	—	202	3,764	2,458	969	—
Regulatory adjustments to AT1 capital	—	(262)	—	—	—	—	(262)	—	—
AT1 capital	3,734	2,166	969	—	202	3,764	2,196	969	—
Tier 1 capital	26,999	16,989	5,236	3,411	1,408	24,861	15,047	4,797	3,389
Tier 2 capital before regulatory adjustments	5,108	3,493	1,430	312	266	4,654	3,075	1,402	305
Regulatory adjustments to Tier 2 capital	373	(216)	60	—	—	—	(321)	—	—
Tier 2 capital	5,481	3,277	1,490	312	266	4,654	2,754	1,402	305
Total regulatory capital	32,480	20,266	6,726	3,723	1,674	29,515	17,801	6,199	3,694

CAP 3: Leverage exposure (CRR Delegated Act Template) – NWH Group and large subsidiaries

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

Leverage exposure	30 September 2020					31 December 2019			
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Cash and balances at central banks (2)	76,008	46,012	28,831	5,227	3	54,511	26,377	26,597	3,419
Derivatives	3,423	3,558	832	225	30	2,899	3,404	366	174
Financial assets	384,483	301,635	67,608	22,412	35,769	357,543	273,508	62,767	22,025
Other assets	12,940	7,495	613	546	472	13,418	7,665	872	457
Total assets	476,854	358,700	97,884	28,410	36,274	428,371	310,954	90,602	26,075
Derivatives									
- netting and variation margin	(4,437)	(4,025)	—	(45)	(1)	(3,761)	(3,665)	—	(11)
- potential future exposures	1,189	1,446	183	87	7	1,071	1,494	299	100
Securities financing transactions gross up	150	150	—	—	—	516	516	—	—
Other off balance sheet items	31,461	23,263	10,820	1,291	1,217	29,655	17,862	8,766	1,118
Regulatory deductions and other adjustments (1)	(6,439)	(1,181)	(248)	(5,676)	45	(8,001)	(2,699)	(377)	(389)
Exclusion of core UK-group exposures	—	(24,619)	(19,752)	—	(20,943)	—	(24,024)	(8,309)	—
CRR leverage exposure	498,778	353,734	88,887	24,067	16,599	447,851	300,438	90,981	26,893
Claims on central banks	(73,278)					(50,202)			
Exclusion of bounce back loans	(7,492)					—			
UK leverage exposure	418,008					397,649			

Notes:

- The Capital Requirement Regulation (CRR), as amended by the CRR "quick fix", allows banking supervisors, after consulting the relevant central bank, to allow banks to exclude central bank exposures from their leverage ratio. Such assets include coins and banknotes as well as deposits held at the central bank. The ECB have enabled UBI DAC to apply this exclusion as of Q3 2020, being an institution under its direct supervision, resulting in an impact on the CRR Leverage exposure of £5.2 billion.
- In UBI DAC, overnight placements with CBI where no other restrictions apply, have been reclassified in Q3 2020 from loans to banks (which is included in 'Financial Assets' above) to 'cash and balances at central banks' on the balance sheet. This is a change in accounting policy, therefore the comparatives have been restated to reflect this reclassification.

Pillar 3 Supplement Q3 2020

EU 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		Couitts & Co	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
30 September 2020										
1 Credit risk (excluding counterparty credit risk)	113,706	9,097	66,481	5,318	21,223	1,698	10,888	870	8,472	678
2 Standardised (STD) approach	13,911	1,113	3,697	296	1,512	121	907	72	8,472	678
4 Advanced IRB approach	99,795	7,984	62,784	5,022	19,711	1,577	9,981	798	—	—
5 Equity IRB under the simple risk-weight or the internal model approach (IMA)	—	—	—	—	—	—	—	—	—	—
6 Counterparty credit risk	1,523	122	1,127	90	—	—	133	11	32	3
6a of which: securities financing transactions	212	17	212	17	—	—	—	—	—	—
7 of which: marked-to-market	394	32	299	24	—	—	133	11	32	3
10 of which: internal model method (IMM)	—	—	—	—	—	—	—	—	—	—
11 of which: risk exposure amount for contributions to the default fund of a central counterparty	36	3	36	3	—	—	—	—	—	—
12 of which: credit valuation adjustment (CVA)	881	70	580	46	—	—	—	—	—	—
14 Securitisation exposures in banking book (1)	1,274	102	1,048	84	226	18	—	—	—	—
15 Internal rating-based approach (SEC-IRBA)	900	72	674	54	226	18	—	—	—	—
17 Standardised approach	176	14	176	14	—	—	—	—	—	—
18 External rating-based approach (SEC-ERBA) (2)	198	16	198	16	—	—	—	—	—	—
1250%	—	—	—	—	—	—	—	—	—	—
19 Market risk	138	11	35	3	12	1	69	6	6	—
20 STD approach	138	11	35	3	12	1	69	6	6	—
23 Operational risk - STD approach	18,866	1,509	12,843	1,027	4,778	382	946	76	1,068	85
Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,037	83	5,469	438	158	13	1	—	299	24
29 Total	136,544	10,924	87,003	6,960	26,397	2,112	12,037	963	9,877	790

	NWH Group		NWB Plc		RBS plc		UBI DAC	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
31 December 2019								
1 Credit risk (excluding counterparty credit risk)	111,281	8,903	61,614	4,930	22,757	1,822	11,678	934
2 Standardised (STD) approach	14,033	1,123	3,923	314	1,792	144	899	72
4 Advanced IRB approach	97,248	7,780	57,691	4,616	20,965	1,678	10,779	862
6 Counterparty credit risk	980	78	605	48	—	—	127	10
6a of which: securities financing transactions	145	12	145	12	—	—	—	—
7 of which: marked-to-market	239	19	151	12	—	—	127	10
11 of which: risk exposure amount for contributions to the default fund of a central counterparty	116	9	116	9	—	—	—	—
12 of which: credit valuation adjustment (CVA)	480	38	193	15	—	—	—	—
14 Securitisation exposures in banking book	1,509	121	1,206	96	304	24	—	—
15 IRB approach	1,509	121	1,206	96	304	24	—	—
19 Market risk	125	10	17	1	15	1	77	6
20 STD approach	125	10	17	1	15	1	77	6
23 Operational risk - STD approach	19,590	1,567	12,669	1,014	5,714	457	897	72
Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,190	95	4,958	397	130	10	2	—
29 Total	134,675	10,774	81,069	6,486	28,920	2,314	12,781	1,022

Notes:

- (1) From 1 January 2020, the new securitisation framework has been fully implemented and all positions have moved to the new framework.
(2) Includes Internal Assessment Approach (IAA).

For explanations relating to RWA movements for NWH Group and its large subsidiaries, refer to the commentary following KM1. Further RWA related commentary can be found following EU CR8, EU CCR7 and EU MR 2_B.

Pillar 3 Supplement Q3 2020

RWA and MCR movement tables

EU 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 acquisitions or disposals of subsidiaries during the period.

	a			b
	RWAs			
	IRB £m	STD £m	Total RWAs £m	MCR £m
1 At 1 January 2020	98,757	15,223	113,980	9,118
2 Asset size (1)	1,762	(165)	1,597	128
3 Asset quality (2)	(57)	36	(21)	(2)
4 Model updates (3)	1,077	(132)	945	76
5 Methodology and policy (4)	(1,590)	(118)	(1,708)	(137)
7 Foreign exchange movements (5)	1,120	104	1,224	98
9 At 30 September 2020	101,069	14,948	116,017	9,281

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 due to methodological changes in calculations driven by regulatory policy changes.
- (5) Changes arising from foreign currency translation movements.

Key points

-) The RWA uplift in asset size was due to increases in Commercial Banking relating to government lending. This was offset by decreases in Ulster Bank Rol due to the sale of non-performing loans and reductions in unsecured products balances in Retail Banking.
-) Methodology changes mainly reflected the CRR Covid-19 amendment, which allowed an acceleration of the planned changes to the SME supporting factor and the introduction of an infrastructure supporting factor. This reduced RWAs by approximately £1.7 billion.
-) The RWA increase due to foreign exchange movements was a result of sterling weakening against both the euro and the US dollar during the period.
-) The uplift in RWAs relating to model updates was largely a result of revisions to Wholesale LGD models.
-) The RWA decrease relating to asset quality mainly reflected improved risk metrics for Retail Banking products and increased defaults in Commercial Banking. There were offsetting increases due to PD deteriorations in Commercial Banking.

Pillar 3 Supplement Q3 2020

EU 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 2020	500	40
2 Asset size (1)	127	10
3 Methodology and policy (2)	(4)	—
7 Foreign exchange movements (3)	19	2
9 At 30 September 2020	642	52

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new business).
- (2) Changes due to methodological changes in calculations driven by regulatory policy changes. Reflects the introduction of an infrastructure supporting factor as part of the CRR Covid-19 amendment announced on 26 June 2020.
- (3) Changes arising from foreign currency retranslation movements.

Key point

-) The RWA increase reflected intragroup movements of mark-to-market positions and collateral as well as an increased volume of securities financing transactions.

EU 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 2020	125	10
2 Movement in risk levels (1)	13	1
8 At 30 September 2020	138	11

Note:

- (1) Movements due to position changes.

Key points

-) NWH Group's RWA exposure includes the position in NatWest Holdings Limited and its subsidiaries. RWAs relate solely to the foreign exchange banking book charge.
-) The RWA increase was primarily due to an increase in the US dollar and euro positions relating to coupon payments and transfer pricing charges between NWH Group entities.