

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

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## Pillar 3 Supplement Q3 2020

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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', '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 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 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, general economic and political conditions and the uncertainty surrounding the Covid-19 pandemic and its impact on NatWest Group. These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Group'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 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 Royal Bank of Scotland Group plc or the 'parent company' was renamed NatWest Group plc on 22 July 2020.
- The main risks of NatWest Group plc and its subsidiaries (NatWest Group) are described in the Capital and risk management and the Risk Factors sections of the NatWest Group plc (formerly The Royal Bank of Scotland Group plc) 2019 Annual Report and Accounts (ARA) and in the 2019 Pillar 3 Report. For definitions of terms, refer to the glossary available on natwestgroup.com.
- The disclosures complement those in NatWest Group's Q3 Interim Management Statement (IMS): Capital and risk management.
- For the basis of preparation and disclosure framework, refer to NatWest Group plc's (formerly The Royal Bank of Scotland Group plc) 2019 Pillar 3 Report.
- The Pillar 3 disclosures made by NatWest Group are designed to comply with the Capital Requirements Regulation (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 30 September 2020, its large subsidiaries were:
  - NatWest Holdings Limited (NWH Ltd)
  - National Westminster Bank Plc (NWB Plc)
  - The Royal Bank of Scotland plc (RBS plc)
  - Ulster Bank Ireland Designated Activity Company (UBI DAC)
  - NatWest Markets Plc (NWM Plc)
  - Coutts & Company (Coutts & Co)
  - The Royal Bank of Scotland International Limited (RBSI)
- Within this supplement, large subsidiary disclosures are presented for NWM Plc, RBSI and - for the sake of completeness - the consolidated NatWest Holdings Group. Refer to the NWH Group Q3 2020 Pillar 3 Supplement for disclosures related to the remaining large subsidiaries, namely NWB Plc, RBS plc, UBI DAC and Coutts & Co.
- Disclosures for RBSI, which was included as a large subsidiary in the NatWest Group plc (formerly The Royal Bank of Scotland Group plc) Pillar 3 report for the first time at 31 March 2020, are not presented with comparatives before this period.
- 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.

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### Capital, liquidity and funding

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

Capital, RWAs and leverage on a PRA transitional basis for NatWest Group and its large subsidiaries are set out below. CRR transition continues to be applied to grandfathered capital instruments and includes the adjustments for the IFRS 9 transitional arrangements. 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 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 rules do not apply to RBSI and therefore only end-point basis values are disclosed for this subsidiary. The capital, RWAs and leverage measures for NatWest Group are also presented on an end-point basis, which includes IFRS 9 on a fully loaded basis.

	30 September 2020				31 December 2019		
	NatWest Group %	NWH Group %	NWM Plc %	RBSI %	NatWest Group %	NWH Group %	NWM Plc %
<b>Capital adequacy ratios - transitional (1)</b>							
CET1	18.2	17.0	22.3	20.1	16.2	15.7	17.3
Tier 1	20.9	19.8	25.5	24.5	19.3	18.5	19.9
Total	25.0	23.8	30.9	24.7	22.8	21.9	24.2

#### Capital adequacy ratios - end point

CET1	17.2	16.2
Tier 1	19.5	18.5
Total	22.8	21.2

#### Capital - transitional

	£m	£m	£m	£m	£m	£m	£m
CET1	31,592	23,265	6,293	1,381	29,054	21,097	6,097
Tier 1	36,422	26,999	7,189	1,681	34,611	24,861	7,003
Total	43,415	32,480	8,715	1,695	40,823	29,515	8,501

#### Capital - end point

CET1	29,873	29,054
Tier 1	33,863	33,105
Total	39,573	38,005

#### RWAs - transitional (2)

Credit risk	132,387	116,017	8,581	5,986	131,012	113,980	9,825
Counterparty credit risk	10,170	1,523	9,133	24	12,631	980	11,060
Market risk	9,399	138	8,075	13	12,930	125	11,229
Operational risk	21,930	18,866	2,382	842	22,599	19,590	3,039
Total	173,886	136,544	28,171	6,865	179,172	134,675	35,153

#### CRR leverage - transitional

Tier 1 capital	36,422	26,999	7,189	1,681	34,611	24,861	7,003
Exposure	688,287	498,778	133,177	36,383	643,874	447,851	136,505
Leverage ratio (%)	5.3	5.4	5.4	4.6	5.4	5.6	5.1

#### CRR leverage - end point

Tier 1 capital	33,863	33,105
Exposure	686,568	643,874
Leverage ratio (%)	4.9	5.1

#### UK leverage - end point

Tier 1 capital	33,863	33,105
Exposure	575,170	570,330
Leverage ratio (%)	5.9	5.8
Average Tier 1 capital	33,828	33,832
Average exposure (3)	579,081	611,588
Average leverage ratio (%)	5.8	5.5

#### G-SII additional leverage ratio buffer (4)

	—	1,996
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#### Countercyclical leverage ratio buffer (5)

	17	1,692
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#### Notes:

- (1) NatWest Group's total capital requirement (TCR) as set by the PRA is 11.4%. The TCR is the sum of Pillar 1 and Pillar 2A and does not include any capital buffers.
- (2) RWAs for NatWest Group on an end point basis are £173,747 million due to the £139 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) From 1 January 2020, NatWest Group is not designated as a G-SIB by the Financial Stability Board and is therefore not subject to the G-SII additional leverage ratio buffer.
- (5) The PRA minimum leverage ratio requirement is supplemented with a countercyclical leverage ratio buffer of 0.0030% (31 December 2019 – 0.2967%).

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### KM1: BCBS 2 & EBA 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 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	Capital	30 September 2020 £m	30 June 2020 £m	31 March 2020 £m	31 December 2019 £m	30 September 2019 £m
1	1	Common equity tier 1 (CET1)	<b>31,592</b>	31,197	30,767	29,054	29,773
	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	<b>29,873</b>	29,619	30,471	29,054	29,773
2	3	Tier 1 capital	<b>35,582</b>	35,187	34,818	33,105	33,824
	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	<b>33,863</b>	33,609	34,522	33,105	33,824
3	5	Total capital	<b>41,292</b>	40,783	39,701	38,005	38,804
	6	Total capital as if IFRS 9 transitional arrangements had not been applied	<b>39,573</b>	39,205	39,405	38,005	38,804
<b>Risk-weighted assets (amounts)</b>							
4	7	Total risk-weighted assets (RWAs)	<b>173,886</b>	181,458	185,199	179,172	189,482
	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	<b>173,747</b>	181,318	185,137	179,172	189,482
<b>Risk-based capital ratios as a percentage of RWAs</b>			%	%	%	%	%
5	9	Common equity tier 1 ratio	<b>18.2</b>	17.2	16.6	16.2	15.7
	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>17.2</b>	16.3	16.5	16.2	15.7
6	11	Tier 1 ratio	<b>20.5</b>	19.4	18.8	18.5	17.9
	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	<b>19.5</b>	18.5	18.6	18.5	17.9
7	13	Total capital ratio	<b>23.7</b>	22.5	21.4	21.2	20.5
	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	<b>22.8</b>	21.6	21.3	21.2	20.5
<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>	—	0.1	0.8	0.8
10		Bank GSIB and/or DSIB additional requirements (2)	<b>—</b>	—	—	1.0	1.0
11		Total of CET1 specific buffer requirements (8+9+10)	<b>2.5</b>	2.5	2.6	4.3	4.3
12		CET1 available after meeting the bank's minimum capital requirements (3)	<b>13.7</b>	12.7	12.1	11.7	11.2
<b>Leverage ratio</b>			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	<b>688,287</b>	686,736	676,171	643,874	670,059
		UK leverage ratio exposure measure	<b>576,889</b>	585,115	603,070	570,330	589,472
			%	%	%	%	%
14	16	CRR leverage ratio	<b>5.2</b>	5.1	5.1	5.1	5.0
	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	<b>4.9</b>	4.9	5.1	5.1	5.0
		UK leverage ratio	<b>6.2</b>	6.0	5.8	5.8	5.7
<b>Liquidity coverage ratio</b>			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	<b>152,095</b>	144,601	137,730	136,943	137,517
16		Total net cash outflows	<b>97,090</b>	94,160	91,509	90,559	89,712
17		LCR ratio % (4)	<b>156</b>	153	151	151	153
<b>Net stable funding ratio (NSFR)</b>							
18		Total available stable funding	<b>408,118</b>	414,019	388,787	380,251	380,719
19		Total required stable funding	<b>277,235</b>	288,479	282,722	269,792	272,448
20		NSFR % (5)	<b>147</b>	144	138	141	140

#### Notes:

- 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.
- G-SIBs, as designated by the Financial Stability Board (FSB), are subject to an additional capital buffer of between 1.0% and 3.5%. From 1 January 2020, NatWest Group is not designated as a G-SIB by the Financial Stability Board and is therefore not subject to the G-SIB capital buffer.
- This represents the CET1 ratio less the CRR minimum of 4.5%.
- 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. The LCR reported here differs from the period end LCR used for internal monitoring and therefore disclosed in NatWest Group's (formerly The Royal Bank of Scotland Group plc) Annual Results 2019.
- NSFR reported in line with CRR2 regulations finalised in June 2019.

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### Key points

#### Capital and leverage

##### NatWest Group – 30 September 2020 compared with 31 December 2019

- The CET1 ratio increased by 200 basis points to 18.2% primarily due to the release of £1.3 billion following the cancellation of the proposed 2019 dividend payments and associated pension contribution in Q1 2020, as announced by the Board in response to Covid-19. The attributable loss in the period was £644 million however the IFRS 9 transitional arrangements on expected credit losses provided relief of £1,719 million.
- NatWest Group issued £1.0 billion Subordinated Tier 2 Notes in May 2020, \$1.5 billion Additional Tier 1 Notes in June 2020, and \$0.9 billion Subordinated Tier 2 Notes in August 2020. NatWest Group called \$2.0 billion Additional Tier 1 Notes in June 2020 (fully redeemed in August). In September 2020 NatWest Group completed a liability management exercise by partially repurchasing \$0.9 billion Additional Tier 1 Notes and \$1.1 billion Tier 2 legacy instruments.
- Total RWAs decreased by £5.3 billion during the period, mainly reflecting reductions in Market Risk RWAs of £3.5 billion and Counterparty Credit Risk RWAs of £2.5 billion. Operational Risk RWAs reduced by £0.7 billion following the annual recalculation in Q1 2020. The reduction in Market Risk RWAs was due to movements in Risks-not-in-VaR (RNiV) and Incremental Risk Charge (IRC) as well as a reduction in non-modelled market risk. The reduction in Counterparty Credit Risk RWAs was mainly driven by trade novations and hedging activity. There were increases in Credit Risk RWAs of £1.4 billion mainly attributed to foreign exchange movements and model changes, which were partially offset by the beneficial CRR changes to SME and Infrastructure factors which have reduced RWAs by approximately £1.8 billion.
- The CRR end point leverage ratio increased to 5.2% from 5.1% driven by an increase in Tier 1 capital. The CRR Covid-19 amendment accelerated a change in CRR2 to allow the netting of regular-way purchase and sales settlement balances. NatWest Group has applied this, and it has reduced the CRR leverage exposure by circa. £9.8 billion.
- The UK leverage ratio increased to 6.2% from 5.8% driven by an increase in tier 1 capital. In addition, The PRA announced the ability for firms to apply for a modification by consent to permit the netting of regular-way purchase and sales settlement balances. The PRA also offered a further modification that gave an exclusion from the UK Leverage Exposure for Bounce Back Loans and other 100% guaranteed government Covid-19 lending schemes. NatWest Group has received permission to apply these and it has reduced the UK leverage exposure by circa. £9.8 billion and £7.5 billion respectively.
- The average UK leverage ratio increased to 5.8% from 5.5% driven by a decrease in the average leverage exposure.

##### 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 decreased to 5.4% as a result of increased balance sheet exposures.

##### NWM Plc - 30 September 2020 compared with 31 December 2019

- The CET1 ratio increased from 17.3% to 22.3%, principally reflecting reserve movements in the period and the reduction in RWAs.
- NWM Plc fully redeemed \$0.1 billion external Subordinated Tier 2 Notes in September 2020.
- Total RWAs reduced by £7.0 billion, mainly reflecting reductions in Market Risk RWAs of £3.2 billion due to movement in Risks-not-in-VaR (RNiV) and Incremental Risk Charge (IRC) as well as reduction in non-modelled market risk. There were further reductions in Counterparty Credit Risk RWAs of £1.9 billion and Credit Risk RWAs of £1.2 billion, mainly reflecting reduced exposures and exit activity. Operational risk also decreased by £0.7 billion following the annual recalculation in Q1 2020.
- The leverage ratio increased to 5.4%, driven by an increase in Tier 1 capital and a decrease in the leverage exposure due to netting of settlement balances.

##### RBSI - 30 September 2020

- RBSI had a CET1 ratio of 20.1% at 30 September 2020 based on CET1 of £1.4 billion and RWAs of £6.9 billion.
- RBSI leverage exposure is presented on the CRR basis. The primary driver of RBSI's 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 7.4%.

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### 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 NatWest Group and its large subsidiaries. Capital measures are on a CRR transitional basis. 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 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.

		30 September 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
<b>Available capital (amounts) - transitional</b>					
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	41,696	30,804	8,707	1,695
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
		%	%	%	%
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	24.0	22.6	30.9	24.7
<b>Leverage ratio</b>					
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
<b>Available capital (amounts) - transitional</b>					
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
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
		%	%	%	%
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
<b>Leverage ratio</b>					
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

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

		31 March 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI (1) £m
<b>Available capital (amounts) - transitional</b>					
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
<b>Risk-weighted assets (amounts)</b>					
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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
		%	%	%	%
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
<b>Leverage ratio</b>					
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

		31 December 2019		
		NatWest Group £m	NWH Group £m	NWM Plc £m
<b>Available capital (amounts) - transitional</b>				
1	Common equity tier 1	29,054	21,097	6,097
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,054	21,097	6,097
3	Tier 1 capital	34,611	24,861	7,003
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	34,611	24,861	7,003
5	Total capital	40,823	29,515	8,501
6	Total capital as if IFRS 9 transitional arrangements had not been applied	40,823	29,515	8,501
<b>Risk-weighted assets (amounts)</b>				
7	Total risk-weighted assets	179,172	134,675	35,153
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	179,172	134,675	35,153
<b>Risk-based capital ratios as a percentage of RWAs</b>				
		%	%	%
9	Common equity tier 1 ratio	16.2	15.7	17.3
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.2	15.7	17.3
11	Tier 1 ratio	19.3	18.5	19.9
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.3	18.5	19.9
13	Total capital ratio	22.8	21.9	24.2
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.8	21.9	24.2
<b>Leverage ratio</b>				
15	CRR leverage ratio exposure measure (£m)	643,874	447,851	136,505
16	CRR leverage ratio (%)	5.4	5.6	5.1
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.4	5.6	5.1

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

		30 September 2019		
		NatWest Group	NWH Group	NWM Plc
		£m	£m	£m
<b>Available capital (amounts) - transitional</b>				
1	Common equity tier 1	29,773	21,167	5,775
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,773	21,167	5,775
3	Tier 1 capital	35,393	24,931	6,767
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,393	24,931	6,767
5	Total capital	41,774	29,284	8,514
6	Total capital as if IFRS 9 transitional arrangements had not been applied	41,774	29,284	8,514
<b>Risk-weighted assets (amounts)</b>				
7	Total risk-weighted assets	189,482	139,577	39,388
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	189,482	139,577	39,388
<b>Risk-based capital ratios as a percentage of RWAs</b>				
		%	%	%
9	Common equity tier 1 ratio	15.7	15.2	14.7
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.7	15.2	14.7
11	Tier 1 ratio	18.7	17.9	17.2
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.7	17.9	17.2
13	Total capital ratio	22.0	21.0	21.6
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.0	21.0	21.6
<b>Leverage ratio</b>				
15	CRR leverage ratio exposure measure (£m)	670,059	450,318	151,283
16	CRR leverage ratio (%)	5.3	5.5	4.5
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.3	5.5	4.5

Note:

(1) Credit risk comparatives for RBSI have been represented due to a change in model calculation. This is not material for NatWest Group purposes.



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### 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). 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)			
	30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2020	30 June 2020	31 March 2020	31 December 2019
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>152,095</b>	144,601	137,730	136,943
Cash outflows								
2 Retail deposits and deposits from small business customers	<b>221,500</b>	216,728	209,812	208,121	<b>17,631</b>	17,233	16,870	16,708
3 of which: stable deposits	<b>139,947</b>	135,082	131,569	130,273	<b>6,997</b>	6,754	6,578	6,514
4 of which: less stable deposits	<b>81,095</b>	79,247	77,765	77,408	<b>10,176</b>	9,980	9,814	9,754
5 Unsecured wholesale funding	<b>149,703</b>	144,727	138,803	136,504	<b>68,045</b>	66,159	63,796	62,768
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	<b>62,061</b>	60,019	57,205	56,316	<b>15,196</b>	14,687	13,985	13,764
7 Non-operational deposits (all counterparties)	<b>86,259</b>	83,375	80,438	79,264	<b>51,466</b>	50,139	48,651	48,080
8 Unsecured debt	<b>1,383</b>	1,333	1,160	923	<b>1,383</b>	1,333	1,160	923
9 Secured wholesale funding					<b>1,959</b>	2,324	2,854	3,105
10 Additional requirements	<b>73,823</b>	73,758	74,811	75,969	<b>19,256</b>	18,986	18,757	18,909
11 Outflows related to derivative exposures and other collateral requirements	<b>7,421</b>	7,222	6,840	6,581	<b>6,693</b>	6,431	6,000	5,719
12 Outflows related to loss of funding on debt products	<b>256</b>	104	—	—	<b>256</b>	104	—	—
13 Credit and liquidity facilities	<b>66,146</b>	66,432	67,971	69,388	<b>12,307</b>	12,451	12,757	13,191
14 Other contractual funding obligations	<b>21,604</b>	22,194	22,604	22,252	<b>1,981</b>	1,952	1,791	1,828
15 Other contingent funding obligations	<b>49,920</b>	48,505	46,765	46,483	<b>3,675</b>	3,801	3,752	3,665
16 Total cash outflows	<b>112,547</b>	110,455	107,820	106,983	<b>112,547</b>	110,455	107,820	106,983
17 Secured lending (e.g. reverse repos)	<b>60,933</b>	63,453	66,018	67,250	<b>979</b>	1,231	1,441	1,954
18 Inflows from fully performing exposures	<b>11,505</b>	12,601	12,650	12,350	<b>8,914</b>	9,496	9,406	9,031
19 Other cash inflows	<b>13,984</b>	14,112	14,081	14,231	<b>5,564</b>	5,569	5,464	5,439
EU-19a Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
EU-19b Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20 Total cash inflows	<b>86,422</b>	90,166	92,749	93,831	<b>15,457</b>	16,296	16,311	16,424
EU-20a Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c Inflows subject to 75% cap	<b>80,947</b>	83,236	84,635	85,218	<b>15,457</b>	16,296	16,311	16,424
21 Liquidity buffer					<b>152,095</b>	144,601	137,730	136,943
22 Total net cash outflows					<b>97,090</b>	94,160	91,509	90,559
23 Liquidity coverage ratio (%)					<b>156</b>	153	151	151

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

Capital resources based on the relevant local regulatory capital transitional arrangements are set out below. The transitional basis rules do not apply to RBSI.

	30 September 2020				31 December 2019		
	NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m	NatWest Group £m	NWH Group £m	NWM Plc £m
<b>Capital</b>							
Tangible equity	32,093	23,132	8,614	1,523	32,371	22,762	8,727
Expected loss less impairment provisions	—	—	—	—	(167)	(141)	(10)
Prudential valuation adjustment	(341)	(18)	(297)	—	(431)	(26)	(373)
Deferred tax assets	(835)	(835)	—	—	(757)	(757)	—
Own credit adjustments	(154)	—	(53)	—	(118)	—	(39)
Pension fund assets	(590)	(276)	(179)	(135)	(474)	(171)	(171)
Instruments of financial sector entities where the institution has a significant investment	—	—	(1,570)	—	—	—	(1,900)
Cash flow hedging reserve	(300)	(414)	(230)	—	(35)	(202)	(137)
Foreseeable ordinary and special dividends	—	—	—	—	(968)	—	—
Foreseeable charges	—	—	—	—	(365)	(365)	—
Adjustment under IFRS 9 transition arrangements	1,719	1,676	8	—	—	—	—
Other adjustments for regulatory purposes	—	—	—	(7)	(2)	(3)	—
Total regulatory adjustments	(501)	133	(2,321)	(142)	(3,317)	(1,665)	(2,630)
CET1 capital	31,592	23,265	6,293	1,381	29,054	21,097	6,097
AT1 capital before regulatory adjustments	4,830	3,734	1,135	300	5,557	3,764	1,130
Regulatory adjustments to AT1 capital	—	—	(239)	—	—	—	(224)
AT1 capital	4,830	3,734	896	300	5,557	3,764	906
Tier 1 capital	36,422	26,999	7,189	1,681	34,611	24,861	7,003
Tier 2 capital before regulatory adjustments	6,610	5,108	1,933	14	6,212	4,654	1,967
Regulatory adjustments to Tier 2 capital	383	373	(407)	—	—	—	(469)
Tier 2 capital	6,993	5,481	1,526	14	6,212	4,654	1,498
Total regulatory capital	43,415	32,480	8,715	1,695	40,823	29,515	8,501

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

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

	30 September 2020				31 December 2019		
	NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m	NatWest Group £m	NWH Group £m	NWM Plc £m
<b>Leverage exposure</b>							
Cash and balances at central banks	106,388	76,008	13,216	13,748	77,858	54,511	9,953
Trading assets	70,820	—	54,574	—	76,745	—	57,768
Derivatives	164,311	3,423	161,336	48	150,029	2,899	147,458
Financial assets	424,291	384,483	28,168	18,935	399,088	357,543	25,929
Other assets	25,751	12,940	10,177	261	19,319	13,418	6,945
Total assets	791,561	476,854	267,471	32,992	723,039	428,371	248,053
Derivatives							
- netting and variation margin	(172,389)	(4,437)	(168,889)	(48)	(157,778)	(3,761)	(155,147)
- potential future exposures	40,439	1,189	38,161	80	43,004	1,071	39,997
Securities financing transactions gross up	1,193	150	977	—	2,224	516	1,559
Other off balance sheet items	44,650	31,461	6,226	3,501	42,363	29,655	5,986
Regulatory deductions and other adjustments	(17,167)	(6,439)	(9,035)	(142)	(8,978)	(8,001)	(2,815)
Exclusion of core UK-group exposures	—	—	(1,734)	—	—	—	(1,128)
CRR leverage exposure	688,287	498,778	133,177	36,383	643,874	447,851	136,505
Claims on central banks	(103,906)				(73,544)		
Exclusion of bounce back loans	(7,492)				—		
UK leverage exposure	576,889				570,330		



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### 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 NatWest Group and its segments. There were no acquisitions or disposals of subsidiaries during the period.

	a			b
	RWAs			MCR
	IRB	STD	Total RWAs	
	£m	£m	£m	£m
1 At 1 January 2020	113,112	17,900	131,012	10,481
2 Asset size (1)	80	(69)	11	1
3 Asset quality (2)	260	36	296	24
4 Model updates (3)	1,036	(132)	904	72
5 Methodology and policy (4)	(1,350)	(118)	(1,468)	(117)
7 Foreign exchange movements (5)	1,491	141	1,632	130
9 At 30 September 2020	<b>114,629</b>	<b>17,758</b>	<b>132,387</b>	<b>10,591</b>

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

#### Key points

- 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.
- 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 £1.8 billion.
- The uplift in RWAs relating to model updates was largely a result of revisions to Wholesale LGD models.
- The RWA increase relating to asset quality mainly reflected PD deteriorations in Commercial Banking and NatWest Markets, partly offset by an increase in defaults in Commercial Banking. There were further reductions due to improved risk metrics for Retail Banking products.
- RWAs did not move significantly as a result of asset size changes during the period. The H1 2020 increases in Commercial Banking relating to government lending were mainly offset by reduced exposures in NatWest Markets. There were additional reductions in unsecured balances for Retail Banking products, which offset the mortgages growth seen in Q1 2020.

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### EU 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 acquisitions or disposals of subsidiaries during the period.

	RWAs			MCR		
	IMM £m	Non-IMM £m	Total £m	IMM £m	Non-IMM £m	Total £m
1 At 1 January 2020	7,020	3,808	10,828	562	305	866
2 Asset size (1)	(1,068)	(557)	(1,625)	(85)	(45)	(130)
3 Methodology and policy (2)	(12)	(112)	(124)	(1)	(9)	(10)
4 Credit quality of counterparties (3)	15	152	167	1	12	13
5 Foreign exchange movements (4)	147	64	211	12	5	17
6 Other (5)	(781)	(320)	(1,101)	(63)	(25)	(88)
7 At 30 September 2020	5,321	3,035	8,356	426	243	669

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 adoption of the new securitisation framework from 1 January 2020 and the introduction of an infrastructure supporting factor as part of the CRR Covid-19 amendment announced on 26 June 2020.
- (3) Changes in the assessed quality of counterparties.
- (4) Changes arising from foreign currency retranslation movements.
- (5) Reflects the hedging of credit exposure with a portfolio credit default swap in Q3 2020.

#### Key points

- The RWA decrease related to the IMM was mainly driven by a decrease in asset size, chiefly reflecting trade novations. It also reflected the hedging of credit exposure with a portfolio credit default swap.
- The decrease in non-IMM RWAs reflected the hedging of credit exposure with a portfolio credit default swap. It also reflected reduced exposure through maturities and in relation to transactions with special purpose vehicles (SPVs) following a review of the eligibility of financial collateral with such counterparties in Q1 2020. The overall decrease was partly offset by the impact of counterparty downgrades.
- For both IMM and non-IMM exposures, the RWA decrease from asset size reduction was partly offset by the impact of sterling weakening against the US dollar and the euro over the period.

### EU 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)					MCR	RWAs	MCR	RWAs	MCR
	a	b	c	e	f					
	VaR £m	SVaR £m	IRC £m	Other (RNIV) £m	Total £m	£m	£m	£m	£m	£m
1 At 1 January 2020	1,445	3,963	2,265	3,221	10,894	871	2,036	163	12,930	1,034
2 Movement in risk levels (2)	379	(401)	(799)	(496)	(1,317)	(105)	(723)	(58)	(2,040)	(163)
3 Model updates/changes (3)	93	414	—	(735)	(228)	(18)	—	—	(228)	(18)
5 Other (4)	—	—	—	(1,263)	(1,263)	(101)	—	—	(1,263)	(101)
8 At 30 September 2020	1,917	3,976	1,466	727	8,086	647	1,313	105	9,399	752

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) Due to updates to the model to reflect recent experience or changes to model scope.
- (4) As explained in the key points, the RNIV decrease in this row reflects the temporary reduction permitted by the PRA to offset the impact of multiplier increases (included in Movements in risk levels). The offset covers all metrics affected by the multiplier increase, including the regulatory CVA capital charge. Under the De Nederlandsche Bank (DNB) approach, capital multiplier increases resulting from back-testing exceptions in NWM N.V. have been permitted to be excluded.

#### Key points

- Overall, market risk RWAs for NatWest Group decreased. The comments below mainly relate to NWM Plc, NWM N.V. and NWM SI, which accounted for the majority of the exposure.
- During the period, market volatility and illiquidity rose to exceptional levels as a result of the Covid-19 pandemic. This resulted in a steep increase in VaR model back-testing exceptions – and, thus, capital multipliers – across the industry, notably in March 2020.
- On 30 March, the PRA announced a temporary approach to mitigate the impact of these exceptional developments. Under this approach, capital multiplier increases due to new back-testing exceptions can be offset through a commensurate reduction in RNIV capital requirements. This approach was still in force at 30 September 2020.
- The decrease in RNIV-based RWAs chiefly reflected the offsetting reduction permitted by the PRA for NWM Plc. An update of the VaR model – to refine how risk factors relating to sovereign exposures are captured – as well as risk reduction activity also contributed to this movement.
- The decrease in the incremental risk charge reflected a reduction in Asia-Pacific and eurozone bond positions.
- The increase in VaR-based RWAs was driven both by market developments and by the impact of multiplier increases for NWM Plc as the number of back-testing exceptions rose sharply. The VaR model update relating to sovereign exposures also contributed.
- SVaR based RWAs were broadly unchanged over the period. Risk reduction activity, notably in relation to interest rate risk, was offset by the impact of the VaR model update.
- The RWA decrease under the standardised approach primarily reflected a reduction in securitisation and loan positions in the trading book.