



NatWest Group H1 2020 Pillar 3 Supplement

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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, 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 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 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), NatWest Group plc's Interim Results for Q1 2020 and NatWest Group plc's Interim Results for H1 2020 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 to NatWest Group plc on 22 July 2020.
- The main risks of NatWest Group plc and its subsidiaries are described in the Capital and risk management and the Risk Factors sections of the NatWest Group plc (formerly RBSG plc) 2019 Annual Report and Accounts (ARA) and in the 2019 Pillar 3 Report. Refer to the glossary for definitions of terms available on natwestgroup.com.
- The disclosures complement those in NatWest Group's H1 2020 Interim Results: Capital and Risk Management.
- For the basis of preparation and disclosure framework, refer to the NatWest Group (formerly RBS) 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 June 2020, its large subsidiaries were:
 - NatWest Holdings Group (NWH Group)
 - National Westminster Bank Plc (NWB Plc)
 - Royal Bank of Scotland plc (RBS plc)
 - Ulster Bank Ireland Designated Activity Company (UBI DAC)
 - NatWest Markets Plc (NWM Plc)
 - Coutts & Company (Coutts & Co)
 - Royal Bank of Scotland International Limited (RBSI)
- Within this document, large subsidiary disclosures are presented for NWM Plc, RBSI and additionally for the consolidated NatWest Holdings Group for the sake of completeness. Refer to the NWH Group H1 2020 Pillar 3 supplement for large subsidiary disclosures for NWB Plc, RBS plc, UBI DAC and Coutts & Co.
- Disclosures for RBSI, which was included as a large subsidiary in the NatWest Group (formerly RBS) 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 PRA has increased the buffer requirements at the consolidated group to ensure an appropriate distribution of capital and leverage.
- Within this document, 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.

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 include IFRS 9 on a fully-loaded basis.

	30 June 2020				31 December 2019		
	NatWest Group %	NWH Group %	NWM Plc %	RBSI %	NatWest Group %	NWH Group %	NWM Plc %
Capital adequacy ratios - transitional (1)							
CET1	17.2	16.2	18.9	20.9	16.2	15.7	17.3
Tier 1	20.3	18.9	21.7	25.5	19.3	18.5	19.9
Total	24.1	22.7	26.5	25.5	22.8	21.9	24.2

Capital adequacy ratios - end point

CET1	16.3	16.2
Tier 1	18.5	18.5
Total	21.6	21.2

Capital - transitional

	£m	£m	£m	£m	£m	£m	£m
CET1	31,197	22,631	6,203	1,368	29,054	21,097	6,097
Tier 1	36,751	26,365	7,110	1,668	34,611	24,861	7,003
Total	43,687	31,670	8,687	1,670	40,823	29,515	8,501

Capital - end point

CET1	29,619	29,054
Tier 1	33,609	33,105
Total	39,205	38,005

RWAs - transitional (2)

Credit risk	135,657	118,881	9,092	5,656	131,012	113,980	9,825
Counterparty credit risk	12,354	1,440	11,134	35	12,631	980	11,060
Market risk	11,517	141	10,153	10	12,930	125	11,229
Operational risk	21,930	18,866	2,382	842	22,599	19,590	3,039
	181,458	139,328	32,761	6,543	179,172	134,675	35,153

CRR leverage - transitional

Tier 1 capital	36,751	26,365	7,110	1,668	34,611	24,861	7,003
Exposure	686,736	493,226	133,897	35,341	643,874	447,851	136,505
Leverage ratio (%)	5.4	5.3	5.3	4.7	5.4	5.6	5.1

CRR leverage - end point

Tier 1 capital	33,609	33,105
Exposure	685,158	643,874
Leverage ratio (%)	4.9	5.1

UK leverage - end point

Tier 1 capital	33,609	33,105
Exposure	583,537	570,330
Leverage ratio (%)	5.8	5.8
Average Tier 1 capital	34,306	33,832
Average exposure (3)	589,962	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)

	19	1,692
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Notes:

- (1) The NatWest Group 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) The RWAs for NatWest Group on an End Point basis are £181,318 million due to the £140 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 0.0032% (31 December 2019 – 0.2967%).

Capital, liquidity and funding

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 June 2020 £m	31 March 2020 £m	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m
1	1	Common equity tier 1 (CET1)	31,197	30,767	29,054	29,773	30,191
	2	Common equity tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	29,619	30,471	29,054	29,773	30,191
2	3	Tier 1 capital	35,187	34,818	33,105	33,824	34,242
	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	33,609	34,522	33,105	33,824	34,242
3	5	Total capital	40,783	39,701	38,005	38,804	39,361
	6	Total capital as if IFRS 9 transitional arrangements had not been applied	39,205	39,405	38,005	38,804	39,361
Risk-weighted assets (amounts)							
4	7	Total risk-weighted assets (RWAs)	181,458	185,199	179,172	189,482	188,463
	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	181,318	185,137	179,172	189,482	188,463
Risk-based capital ratios as a percentage of RWAs			%	%	%	%	%
5	9	Common equity tier 1 ratio	17.2	16.6	16.2	15.7	16.0
	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.3	16.5	16.2	15.7	16.0
6	11	Tier 1 ratio	19.4	18.8	18.5	17.9	18.2
	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.5	18.6	18.5	17.9	18.2
7	13	Total capital ratio	22.5	21.4	21.2	20.5	20.9
	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.6	21.3	21.2	20.5	20.9
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	0.8	0.8	0.7
10		Bank GSIB and/or DSIB additional requirements (2)	—	—	1.0	1.0	1.0
11		Total of CET1 specific buffer requirements (8+9+10)	2.5	2.6	4.3	4.3	4.2
12		CET1 available after meeting the bank's minimum capital requirements (3)	12.7	12.1	11.7	11.2	11.5
Leverage ratio			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	686,736	676,171	643,874	670,059	659,105
		UK leverage ratio exposure measure	585,115	603,070	570,330	589,472	576,636
			%	%	%	%	%
14	16	CRR leverage ratio	5.1	5.1	5.1	5.0	5.2
	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	4.9	5.1	5.1	5.0	5.2
		UK leverage ratio	6.0	5.8	5.8	5.7	5.9
Liquidity coverage ratio			£m	£m	£m	£m	£m
15		Total high-quality liquid asset (HQLA)	144,601	137,730	136,943	137,517	138,355
16		Total net cash outflows	94,160	91,509	90,559	89,712	88,473
17		LCR ratio % (4)	153	151	151	153	156
Net stable funding ratio (NSFR)							
18		Total available stable funding	414,019	388,787	380,251	380,719	379,763
19		Total required stable funding	288,479	282,722	269,792	272,448	271,920
20		NSFR % (5)	144	138	141	140	140

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 recently 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% effective from 1 April 2020.
- (2) 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.
- (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 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 the NatWest Group (formerly RBS) Annual Results 2019.
- (5) NSFR reported in line with CRR2 regulations finalised in June 2019.

Capital, liquidity and funding

Key points

Capital and leverage

(based on 30 June 2020 compared with 31 December 2019)

- The CET1 ratio increased by 100 basis points to 17.2% 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 £705 million however the IFRS 9 transitional arrangements on expected credit losses provided relief of £1,578 million.
- NatWest Group issued £1 billion Subordinated Tier 2 Notes in May 2020 and \$1.5 billion Additional Tier 1 Notes in June 2020. NatWest Group called \$2 billion Additional Tier 1 Notes in June 2020 which have been excluded from capital and will be redeemed in August 2020.
- RWAs increased by £2.3 billion in H1 2020. Credit Risk RWAs increased by £4.7 billion largely due to increased utilisation of existing facilities, new lending under the government lending schemes and revision of risk parameters in Commercial Banking. There were offsetting reductions in credit risk within UK Personal Banking and NatWest Markets segments. Market Risk RWAs decreased by £1.4 billion, primarily reflecting movements in RNIVs and the IRC as well as a reduction in non-modelled market risk during the period.
- The CRR end-point leverage ratio remains at 5.1% with increases in balance sheet exposure being offset by the 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. The NatWest Group has applied this, and it has reduced the CRR leverage exposure by circa. £6.9 billion.
- The UK leverage ratio increased to 6.0% driven by the increase in claim on central bank item exclusion. 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. The NatWest Group has received permission to apply these and it has reduced the UK leverage exposure by circa. £6.9 billion and £5.2 billion respectively.
- The average UK leverage ratio increased to 5.8% driven by an increase in average tier 1 capital in addition to a reduction in the average exposure.

NWH Group

(based on 30 June 2020 compared with 31 December 2019)

- The CET1 ratio increased by 50 basis points to 16.2% 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. The attributable loss in the period was £611 million however the IFRS 9 transitional arrangements on expected credit losses provided relief of £1,555 million.
- NWH Group issued £500 million internal Subordinated Tier 2 Notes in May 2020.
- RWAs increased by £4.7 billion reflecting a £4.9 billion increase in credit risk, partially offset by a decrease in operational risk of £0.7 billion following the annual recalculation. The increase in credit risk was mainly driven by increased utilisation of existing facilities in Commercial Banking as well as new lending under the government lending schemes.
- The leverage ratio decreased to 5.3% driven by an increase in balance sheet assets.

NWM Plc

(based on 30 June 2020 compared with 31 December 2019)

- NWM Plc's CET1 ratio increased to 18.9%, from 17.3% at 31 December 2019, primarily reflecting a £2.4 billion decrease in RWAs.
- RWAs were £32.8 billion at 30 June 2020, compared with £35.2 billion at 31 December 2019, reflecting lower levels of credit risk and market risk which, despite market turbulence, have trended downwards as the business seeks to reduce RWAs. The reduction in credit risk RWAs included £0.3 billion of insurance-related asset transfers to NatWest Bank Plc. The market risk decrease was due to movements in RNIVs and the IRC as well as a reduction in non-modelled market risk during the period. Operational risk also decreased by £0.7 billion following the annual recalculation in Q1 2020.
- The leverage ratio increased to 5.3% driven by a decrease in balance sheet assets and the 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. NWM Plc has applied this and it has reduced the CRR leverage exposure by circa. £5.1 billion.

RBSI

(based on 30 June 2020 compared with 31 March 2020)

- The CET1 ratio increased to 20.9% from 19.3% driven by a reduction in RWAs of £0.4 billion and a small reduction in capital deductions.
- The RWA reduction was driven by a reduction in bank exposures of £0.2 billion and customer lending of £0.2 billion.
- The leverage ratio has increased to 4.7% from 4.1% driven by a reduction in the leverage exposure by £4.2 billion following a reduction in customer deposits and corresponding placements with Central Banks.
- 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 7.1%.

Capital, liquidity and funding

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 June 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
Available capital (amounts) - transitional					
1	Common equity tier 1	31,197	22,631	6,203	1,368
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	29,619	21,076	6,199	1,368
3	Tier 1 capital	36,751	26,365	7,110	1,668
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,173	24,810	7,106	1,668
5	Total capital	43,687	31,670	8,687	1,670
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,109	30,115	8,683	1,670
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	181,458	139,328	32,761	6,543
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	181,318	139,206	32,757	6,543
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	17.2	16.2	18.9	20.9
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.3	15.1	18.9	20.9
11	Tier 1 ratio	20.3	18.9	21.7	25.5
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.4	17.8	21.7	25.5
13	Total capital ratio	24.1	22.7	26.5	25.5
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.2	21.6	26.5	25.5
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	686,736	493,226	133,897	35,341
16	CRR leverage ratio (%)	5.4	5.3	5.3	4.7
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.1	5.0	5.3	4.7
		31 March 2020			
		NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m
Available capital (amounts) - transitional					
1	Common equity tier 1	30,767	22,272	5,550	1,343
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,471	21,940	5,550	1,343
3	Tier 1 capital	36,377	26,006	6,462	1,643
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,081	25,674	6,462	1,643
5	Total capital	42,604	30,787	8,050	1,657
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,308	30,455	8,050	1,657
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	185,199	139,282	35,313	6,965
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	185,137	139,214	35,313	6,965
Risk-based capital ratios as a percentage of RWAs					
		%	%	%	%
9	Common equity tier 1 ratio	16.6	16.0	15.7	19.3
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	15.8	15.7	19.3
11	Tier 1 ratio	19.6	18.7	18.3	23.6
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.5	18.4	18.3	23.6
13	Total capital ratio	23.0	22.1	22.8	23.8
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.9	21.9	22.8	23.8
Leverage ratio					
15	CRR leverage ratio exposure measure (£m)	676,171	466,093	151,247	39,544
16	CRR leverage ratio (%)	5.4	5.6	4.3	4.2
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.3	5.5	4.3	4.2

Capital, liquidity and funding

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

		31 December 2019		
		NatWest Group £m	NWH Group £m	NWM Plc £m
Available capital (amounts) - transitional				
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
Risk-weighted assets (amounts)				
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
Risk-based capital ratios as a percentage of RWAs				
		%	%	%
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
Leverage ratio				
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
		30 September 2019		
		NatWest Group £m	NWH Group £m	NWM Plc £m
Available capital (amounts) - transitional				
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
Risk-weighted assets (amounts)				
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
Risk-based capital ratios as a percentage of RWAs				
		%	%	%
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	21	21.6
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22	21	21.6
Leverage ratio				
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

Capital, liquidity and funding

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

		30 June 2019		
		NatWest Group £m	NWH Group £m	NWM Plc £m
Available capital (amounts) - transitional				
1	Common equity tier 1	30,191	21,390	5,870
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,191	21,390	5,870
3	Tier 1 capital	35,780	25,154	6,848
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	35,780	25,154	6,848
5	Total capital	42,332	29,381	8,655
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,332	29,381	8,655
Risk-weighted assets (amounts)				
7	Total risk-weighted assets	188,463	140,571	38,728
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	188,463	140,571	38,728
Risk-based capital ratios as a percentage of RWAs				
		%	%	%
9	Common equity tier 1 ratio	16.0	15.2	15.2
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.0	15.2	15.2
11	Tier 1 ratio	19	17.9	17.7
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19	17.9	17.7
13	Total capital ratio	22.5	20.9	22.3
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.5	20.9	22.3
Leverage ratio				
15	CRR leverage ratio exposure measure (£m)	659,105	448,004	156,996
16	CRR leverage ratio (%)	5.4	5.6	4.4
17	CRR leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	5.4	5.6	4.4

Capital, liquidity and funding

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

The table below sets out 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 NatWest Group only.

		30 June 2020						
		NatWest Group			Source based on reference number/letters of the balance sheet under its regulatory scope on consolidation	NWH Group	NWM Plc	RBSI
		PRA transitional	CRR prescribed residual amounts	CRR end-point		£m	£m	£m
		£m	£m	£m				
CET1 capital: instruments and reserves								
1	Capital instruments and the related share premium accounts <i>Of which: ordinary shares</i>	13,235	—	13,235	(a) & (k)	3,263	2,158	97
		12,125	—	12,125	(a)	3,263	400	97
2	Retained earnings	13,151	—	13,151	(b)	36,854	6,719	1,431
3	Accumulated other comprehensive income (and other reserves)	12,927	—	12,927	(c)	(10,577)	(157)	—
4	Public sector capital injections grandfathered until 1 January 2018	—	—	—		—	—	—
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	—	—	—		—	—	—
6	CET1 capital before regulatory adjustments	39,313	—	39,313		29,540	8,720	1,528
7	Additional value adjustments	(370)	—	(370)		(16)	(332)	—
8	(-) Intangible assets (net of related tax liability)	(6,602)	—	(6,602)	(d)	(6,293)	—	(7)
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(844)	—	(844)	(e)	(844)	—	—
11	Fair value reserves related to gains or losses on cash flow hedges	(341)	—	(341)	(i)	(424)	(246)	—
12	(-) Negative amounts resulting from the calculation of expected loss amounts	—	—	—		—	—	(19)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(244)	—	(244)		(1)	(107)	—
15	(-) Defined-benefit pension fund assets	(588)	—	(588)	(f) & (g)	(275)	(179)	(134)
18	(-) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (above the 10% threshold and net of eligible short positions)	—	—	—		—	—	—
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—	(1,597)	—
22	(-) Amount exceeding the 17.65% threshold	—	—	—		—	—	—
23	(-) <i>Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	—	—	—		—	—	—
25	(-) <i>Of which: deferred tax assets arising from temporary differences</i>	—	—	—		—	—	—
25a	(-) Losses for the current financial period	(705)	—	(705)	(b)	(611)	(60)	—
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	1,578	(1,578)	—		1,555	4	—
26a	<i>Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468</i>	—	—	—		—	—	—
26b	<i>Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR</i>	1,578	(1,578)	—		1,555	4	—
27	(-) Qualifying Additional Tier 1 (AT1) deductions that exceed the AT1 capital of the institution	—	—	—		—	—	—
28	Total regulatory adjustments to CET1	(8,116)	(1,578)	(9,694)		(6,909)	(2,517)	(160)
29	CET1 capital	31,197	(1,578)	29,619		22,631	6,203	1,368

Capital, liquidity and funding

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

		30 June 2020			Source based on reference number/letters of the balance sheet under its regulatory scope on consolidation			
		NatWest Group			NWH Group	NWM Plc	RBSI	
		PRA transitional £m	CRR prescribed residual amounts £m	CRR end-point £m	£m	£m	£m	
AT1 capital: instruments								
30	Capital instruments and the related share premium accounts	3,990	—	3,990	(h)	3,676	904	300
31	Of which: classified as equity under applicable accounting standards	3,990	—	3,990		3,676	904	300
32	Of which: classified as debt under applicable accounting standards	—	—	—		—	—	—
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	1,424	(1,424)	—	(j)	—	—	—
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	140	(140)	—	(j)	58	242	—
35	Of which: instruments issued by subsidiaries subject to phase out	140	(140)	—		58	242	—
36	AT1 capital before regulatory adjustments	5,554	(1,564)	3,990		3,734	1,146	300
AT1 capital: regulatory adjustments								
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—	(239)	—
41	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—	—
41b	Residual amounts deducted from AT1 capital with regard to deduction from Tier 2 (T2) capital during the transitional period of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities	—	—	—		—	—	—
43	Total regulatory adjustments to AT1 capital	—	—	—		—	(239)	—
44	AT1 capital	5,554	(1,564)	3,990		3,734	907	300
45	Tier 1 capital (T1 = CET1 + AT1)	36,751	(3,142)	33,609		26,365	7,110	1,668
T2 capital: instruments and provisions								
46	Capital instruments and the related share premium accounts	5,501	—	5,501	(j)	5,038	1,922	—
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	87	(87)	—	(j)	—	90	—
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests phase out from T2 and AT1 instruments not included in CET1 or AT1) issued by subsidiaries	1,348	(1,253)	95	(j)	267	—	—
49	Of which: instruments issued by subsidiaries subject to phase out	1,253	(1,253)	—		267	—	—
50	Credit risk adjustments	—	—	—		—	—	2
51	T2 capital before regulatory adjustments	6,936	(1,340)	5,596		5,305	2,012	2
T2 capital: regulatory adjustments								
54	(-)Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)	—	—	—		—	—	—
55	(-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	—	—	—		—	(435)	—
56a	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—	—
56b	(-) Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period	—	—	—		—	—	—
56c	(-) Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR	—	—	—		—	—	—
T2 capital: before regulatory adjustments								
57	Total regulatory adjustments to T2 capital	—	—	—		—	(435)	—

Capital, liquidity and funding

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

		30 June 2020					
		NatWest Group			Source based on reference number/letters of the balance sheet under its regulatory scope on consolidation		
		PRA transitional £m	CRR prescribed residual amounts £m	Final CRD IV £m	NWH Group £m	NWM Plc £m	RBSI £m
T2 capital before regulatory adjustments							
58	T2 capital	6,936	(1,340)	5,596	5,305	1,577	2
59	Total capital (TC= T1 + T2)	43,687	(4,482)	39,205	31,670	8,687	1,670
60	Total risk-weighted assets	181,458	(140)	181,318	139,328	32,761	6,543
Capital ratios and buffers							
61	CET1 (as a percentage of risk exposure amount)	17.2%		16.3%	16.2%	18.9%	20.9%
62	T1 (as a percentage of risk exposure amount)	20.3%		18.5%	18.9%	21.7%	25.5%
63	Total capital (as a percentage of risk exposure amount)	24.1%		21.6%	22.7%	26.5%	25.5%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	7.0%		7.0%	8.5%	7.0%	6.3%
65	<i>Of which: capital conservation buffer requirement</i>	2.5%		2.5%	2.5%	2.5%	—
66	<i>Of which: counter cyclical buffer requirement</i>	—		—	—	—	—
67	<i>Of which: systemic risk buffer requirement</i>	—		—	1.5%	—	—
67a	<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	—		—	—	—	—
68	CET1 available to meet buffers (1)	12.7%		11.8%	11.7%	14.4%	12.4%
Amounts below the threshold deduction							
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	831	—	831	6	548	—
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	662	—	662	1	780	—
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	142	—	142	473	—	6
Available caps on the inclusion of provisions in T2							
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	—	—	—	—	—
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	222	—	222	189	46	18
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	—	—	—	—	—	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	708	—	708	623	33	25
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)							
82	Current cap on AT1 instruments subject to phase out arrangements	1,920	(1,920)	—	58	1,001	—
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	—	82	—	—
84	Current cap on T2 instruments subject to phase out arrangements	1,345	(1,345)	—	267	556	—
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—	—	794	—	—

Notes:

(1) This represents the CET1 ratio less the CRR minimum of 4.5% (8.5% for RBSI under Jersey Financial Services Commission regulations).

(2) The references (a) to (k) identify balance sheet components in table CC2 that are used in the calculation of regulatory capital table CAP2. Amounts between the CC2 and CAP2 are not always directly comparable due to differences in definitions and application of CRD IV for the calculation of regulatory capital.

Capital, liquidity and funding

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

31 December 2019

	NatWest Group			Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	NWH		
	PRA transitional	CRR prescribed residual amounts	Final CRD IV		Group	NWM Plc	
	£m	£m	£m		£m	£m	
CET1 capital: instruments and reserves							
1	Capital instruments and the related share premium accounts	13,188	—	13,188	(a) & (k)	3,263	2,158
	<i>Of which: ordinary shares</i>	12,094	—	12,094	(a)	3,263	400
2	Retained earnings	12,008	—	12,008	(b)	36,305	7,077
3	Accumulated other comprehensive income (and other reserves)	12,355	—	12,355	(c)	(10,861)	(179)
4	Public sector capital injections grandfathered until 1 January 2018	—	—	—		—	—
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	107	—	107	(b)	—	—
6	CET1 capital before regulatory adjustments	37,658	—	37,658		28,707	9,056
7	Additional value adjustments	(431)	—	(431)		(26)	(373)
8	Intangible assets (net of related tax liability)	(6,622)	—	(6,622)	(d)	(6,313)	—
10	(-) Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(757)	—	(757)	(e)	(757)	—
11	Fair value reserves related to gains or losses on cash flow hedges	(35)	—	(35)	(i)	(202)	(137)
12	(-) Negative amounts resulting from the calculation of expected loss amounts	(167)	—	(167)		(141)	(10)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(118)	—	(118)		—	(39)
15	(-) Defined-benefit pension fund assets	(474)	—	(474)	(f) & (g)	(171)	(171)
18	(-) Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	—	—	—		—	—
19	(-) Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector where the institution has a significant investment in those entities	—	—	—		—	(1,900)
22	(-) Amount exceeding the 17.65% threshold	—	—	—		—	—
23	(-) Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	—	—	—		—	—
25	(-) Of which: deferred tax assets arising from temporary differences	—	—	—		—	—
25a	(-) Losses for the current financial period	—	—	—		—	(329)
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	—	—	—		—	—
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	—	—	—		—	—
26b	Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR	—	—	—		—	—
27	(-) Qualifying AT1 deductions that exceed the AT1 capital of the institution	—	—	—		—	—
28	Total regulatory adjustments to CET1	(8,604)	—	(8,604)		(7,610)	(2,959)
29	CET1 capital	29,054	—	29,054		21,097	6,097

Capital, liquidity and funding

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

31 December 2019

	NatWest Group			Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	NWH		
	PRA transitional	CRR prescribed residual amounts	Final CRD IV		Group	NWM Plc	
	£m	£m	£m		£m	£m	
AT1 capital: instruments							
30	Capital instruments and the related share premium accounts	4,051	—	4,051	(h)	3,676	904
31	<i>Of which: classified as equity under applicable accounting standards</i>	4,051	—	4,051		3,676	904
32	<i>Of which: classified as debt under applicable accounting standards</i>	—	—	—		—	—
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	1,366	(1,366)	—	(j)	—	226
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	140	(140)	—	(j)	88	—
35	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	140	(140)	—		88	—
36	AT1 capital before regulatory adjustments	5,557	(1,506)	4,051		3,764	1,130
AT1 capital: regulatory adjustments							
40	(-) Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—	—		—	(224)
41	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—
41b	Residual amounts deducted from AT1 capital with regard to deduction from T2 capital during the transitional period <i>Of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities</i>	—	—	—		—	—
43	Total regulatory adjustments to AT1 capital	—	—	—		—	(224)
44	AT1 capital	5,557	(1,506)	4,051		3,764	906
45	Tier 1 capital (T1 = CET1 + AT1)	34,611	(1,506)	33,105		24,861	7,003
T2 capital: instruments and provisions							
46	Capital instruments and the related share premium accounts	4,785	—	4,785	(j)	4,254	1,877
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	82	(82)	—	(j)	—	90
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	1,345	(1,230)	115	(j)	400	—
49	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	1,230	(1,230)	—		400	—
50	Credit risk adjustments	—	—	—		—	—
51	T2 capital before regulatory adjustments	6,212	(1,312)	4,900		4,654	1,967
T2 capital: regulatory adjustments							
54	(-) Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	—	—	—		—	—
55	(-) Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	—	—	—		—	(469)
56a	(-) Actual or contingent obligations to purchase own AT1 instruments	—	—	—		—	—
56b	(-) Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period	—	—	—		—	—
56c	(-) Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required	—	—	—		—	—
T2 capital before regulatory adjustments							
57	Total regulatory adjustments to T2 capital	—	—	—		—	(469)
58	T2 capital	6,212	(1,312)	4,900		4,654	1,498
59	Total capital (TC = T1 + T2)	40,823	(2,818)	38,005		29,515	8,501
60	Total risk-weighted assets	179,172	—	179,172		134,675	35,153

Capital, liquidity and funding

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

31 December 2019

		NatWest Group			Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	NWH	
		PRA transitional	CRR prescribed residual amounts	Final CRD IV		Group	NWM Plc
		£m	£m	£m		£m	£m
Capital ratios and buffers							
61	CET1 (as a percentage of risk exposure amount)	16.2%	—	16.2%		15.7%	17.3%
62	T1 (as a percentage of risk exposure amount)	19.3%	—	18.5%		18.5%	19.9%
63	Total capital (as a percentage of risk exposure amount)	22.8%	—	21.2%		21.9%	24.2%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	8.8%	—	8.8%		9.4%	7.5%
65	<i>Of which: capital conservation buffer requirement</i>	2.5%	—	2.5%		2.5%	2.5%
66	<i>Of which: counter cyclical buffer requirement</i>	0.8%	—	0.8%		0.9%	0.5%
67	<i>Of which: systemic risk buffer requirement</i>	—	—	—		1.5%	—
67a	<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	1.0%	—	1.0%		—	—
68	CET1 available to meet buffers	11.7%	—	11.7%		11.2%	12.8%
Amounts below the threshold deduction							
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	972	—	972		6	746
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	632	—	632		1	800
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	127	—	127		475	—
Available caps on the inclusion of provisions in T2							
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	—	—		—	—
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	224	—	224		190	46
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach (prior to the application of the cap)	—	—	—		—	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	679	—	679		593	37
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)							
82	Current cap on AT1 instruments subject to phase out arrangements	2,880	(2,880)	—		88	1,501
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	—		52	—
84	Current cap on T2 instruments subject to phase out arrangements	2,018	(2,018)	—		401	835
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—	—		610	—

Capital, liquidity and funding

CC2: Reconciliation of regulatory capital to balance sheet

The table below sets out the reconciliation between the accounting and regulatory consolidation with references showing the linkage between this table and CAP 2.

	a Balance sheet as in published financial statements as at period end £m	b Under regulatory scope of consolidation as at period end £m	References
Assets			
Cash and balances at central banks	100,281	100,281	
Trading assets	72,402	72,402	
Derivative financial instruments	183,419	183,419	
Settlement balances	7,806	7,806	
Loans and advances to banks - amortised cost	12,972	12,972	
Loans and advances to customers - amortised cost	352,341	352,291	
Other financial assets	62,727	62,180	
Intangible assets	6,602	6,602	(d)
Property, plant and equipment	4,592	4,592	
Current and deferred tax assets	1,395	1,395	
<i>of which: DTAs that rely on future profitability and do not arise from temporary differences</i>	844	844	(e)
Prepayments, accrued income and other assets	2,239	2,319	
<i>of which: defined benefit pension fund assets</i>	734	734	(f)
Assets of disposal groups	111	111	
Total assets	806,887	806,370	
Liabilities			
Bank deposits	21,119	21,119	
Customer deposits	408,268	408,539	
Settlement balances	6,895	6,895	
Trading liabilities	75,540	75,540	
Derivatives	179,859	179,859	
Other financial liabilities	49,681	50,790	
Provisions, deferred income and other liabilities	8,314	6,437	
Retirement benefit liabilities	121	121	
Current and deferred tax liabilities	471	451	
<i>of which: defined benefit pension scheme assets</i>	146	146	(g)
Subordinated liabilities	13,558	13,558	(j)
Total liabilities	763,826	763,309	
Shareholders' Equity			
Non-controlling interests	(42)	(42)	
Owners' equity			
Called up share capital	12,125	12,125	(a)
Reserves	30,978	30,978	
<i>of which: amount eligible for retained earnings</i>	12,940	12,940	(b)
<i>of which: amount eligible for accumulated OCI and other reserves</i>	12,927	12,927	(c) & (i)
<i>of which: amount of other equity instruments</i>	4,001	4,001	(h)
<i>of which: share premium accounts</i>	1,110	1,110	(k)
Total shareholders' equity	43,061	43,061	

Capital, liquidity and funding

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

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

	NatWest Group		NWH Group		NWM Plc		RBSI	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
30 June 2020								
1 Credit risk (excluding counterparty credit risk)	131,301	10,504	116,397	9,312	6,096	488	5,641	564
2 <i>Standardised (STD) approach</i>	15,719	1,258	13,923	1,114	1,720	138	1,434	143
4 <i>Advanced IRB approach (1)</i>	114,578	9,166	102,474	8,198	4,370	350	4,207	421
5 <i>Equity IRB under the simple risk-weight or the internal model approach (IMA)</i>	1,004	80	—	—	6	—	—	—
6 Counterparty credit risk	11,856	948	1,440	115	10,636	851	35	3
6a <i>of which: securities financing transactions</i>	878	70	181	14	426	34	24	2
7 <i>of which: marked-to-market</i>	2,210	177	379	30	1,906	152	11	1
10 <i>of which: internal model method (IMM)</i>	6,436	514	—	—	6,194	496	—	—
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	69	6	47	4	16	1	—	—
12 <i>of which: credit valuation adjustment (CVA)</i>	2,263	181	833	67	2,094	168	—	—
13 Settlement risk	—	—	—	—	—	—	—	—
14 Securitisation exposures in banking book (2)	2,845	228	1,300	104	1,545	123	—	—
15 <i>Internal rating-based approach (SEC-IRBA)</i>	919	74	919	73	—	—	—	—
17 <i>Standardised approach</i>	963	77	182	15	781	62	—	—
18 <i>External ratings-based approach (SEC_ERBA) (3)</i>	814	65	199	16	615	49	—	—
	149	12	—	—	149	12	—	—
19 Market risk	11,517	922	141	11	10,153	812	10	1
20 <i>STD approach</i>	1,418	114	141	11	590	47	10	1
21 <i>IMA</i>	10,099	808	—	—	9,563	765	—	—
23 Operational risk - STD approach	21,930	1,754	18,866	1,509	2,382	191	842	84
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	2,009	161	1,184	95	1,949	156	15	2
29 Total	181,458	14,517	139,328	11,146	32,761	2,621	6,543	654

	NatWest Group		NWH Group		NWM Plc	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
31 December 2019						
1 Credit risk (excluding counterparty credit risk)	126,735	10,138	111,281	8,903	6,980	559
2 <i>Standardised (STD) approach</i>	16,002	1,280	14,033	1,123	1,648	132
4 <i>Advanced IRB approach (1)</i>	109,719	8,777	97,248	7,780	5,326	427
5 <i>Equity IRB under the simple risk-weight or the internal model approach (IMA)</i>	1,014	81	—	—	6	—
6 Counterparty credit risk	12,126	971	980	78	10,738	859
6a <i>of which: securities financing transactions</i>	1,121	90	145	12	742	59
7 <i>of which: marked-to-market</i>	2,146	172	239	19	1,905	152
10 <i>of which: internal model method (IMM)</i>	6,909	553	—	—	6,425	515
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	147	12	116	9	22	2
12 <i>of which: credit valuation adjustment (CVA)</i>	1,803	144	480	38	1,644	131
13 Settlement risk	18	1	—	—	3	—
14 Securitisation exposures in banking book (2)	2,866	230	1,509	121	1,165	93
15 <i>Internal rating-based approach (SEC-IRBA)</i>	2,438	196	1,509	121	737	59
17 <i>Internal assessment approach</i>	6	—	—	—	6	—
18 <i>Standardised approach</i>	422	34	—	—	422	34
19 Market risk	12,930	1,034	125	10	11,229	898
20 <i>STD approach</i>	2,036	163	125	10	1,102	88
21 <i>IMA</i>	10,894	871	—	—	10,127	810
23 Operational risk - STD approach	22,599	1,808	19,590	1,567	3,039	243
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,898	152	1,190	95	1,999	160
29 Total	179,172	14,334	134,675	10,774	35,153	2,812

Notes:

(1) Of which £1,495 million RWAs (31 December 2019 - £1,599 million) relate to equity IRB under the PD/LGD approach.

(2) From 1 January 2020 the new securitisation framework has been fully implemented and all positions have moved to the new framework.

(3) Includes Internal Assessment Approach (IAA).

Capital, liquidity and funding

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 during the period.

	a			b
	RWAs			MCR
	IRB £m	STD £m	Total RWAs £m	£m
1 At 1 January 2020	113,112	17,900	131,012	10,481
2 Asset size (1)	2,998	(208)	2,790	224
3 Asset quality (2)	(563)	—	(563)	(45)
4 Model updates (3)	192	(133)	59	5
5 Methodology and policy	268	—	268	21
7 Foreign exchange movements (4)	1,922	169	2,091	167
9 At 30 June 2020	117,929	17,728	135,657	10,853

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new businesses 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 methodological changes in calculation driven by regulatory policy changes.
- (4) Changes arising from foreign currency translation movements.

Key points

- The RWA uplift in asset size was largely due to increased utilisation of existing facilities in Commercial Banking as well as new lending under the government lending schemes. This was offset by reductions in Ulster Bank RoI reflecting the sale of non-performing loans in Q1 2020 as well as decreases in NatWest Markets, in line with business strategy.
- The increase in RWAs in foreign exchange movements was mainly a result of sterling weakening against the euro and the US dollar during the period.
- The RWA increase in methodology reflected the adoption of the new securitisation framework from 1 January 2020.
- The RWA decrease in asset quality was mainly due to an increase in defaults in Commercial Banking in Q2 2020.

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.

	a			b		
	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)	(665)	(410)	(1,075)	(53)	(33)	(86)
5 Methodology and policy (2)	21	(41)	(20)	2	(3)	(1)
7 Foreign exchange movements (3)	258	100	358	21	8	29
9 At 30 June 2020	6,634	3,457	10,091	531	277	808

Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new business).
- (2) Changes due to methodological changes in calculation driven by regulatory policy changes. Reflects the adoption of the new securitisation framework from 1 January 2020.
- (3) Changes arising from foreign currency retranslation movements.

Key points

- The RWA decrease related to the IMM was mainly driven by a decrease in asset size, chiefly reflecting trade novations.
- The decrease in non-IMM RWAs was primarily due to reduced exposure. This was partly the result of maturities as well as in relation to transactions with special purpose vehicles (SPVs) following a review of the eligibility of financial collateral with such counterparties in Q1 2020.
- 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.

Capital, liquidity and funding

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)									
		a	b	c	e	f	g				
		VaR	SVaR	IRC	Other (RNIV)	Total	MCR	RWAs	MCR	RWAs	MCR
		£m	£m	£m	£m	£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)	975	1,282	(471)	(70)	1,716	137	(618)	(49)	1,098	88
3	Model updates/changes (3)	68	511	—	(735)	(156)	(12)	—	—	(156)	(12)
5	Other (4)	—	—	—	(2,355)	(2,355)	(188)	—	—	(2,355)	(188)
8	At 30 June 2020	2,488	5,756	1,794	61	10,099	808	1,418	114	11,517	922

Notes:

- (1) NatWest Group does not use the comprehensive risk measure to calculate market risk RWAs.
- (2) Movement in risk levels represents 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 in NWM Plc RWAs 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 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. Refer to table EU MR1 for comments relating to other subsidiaries.
- 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.
- 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. The PRA is due to review this industry-wide approach in 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, also contributed to this movement.
- The RWA decrease under the standardised approach primarily reflected a reduction in securitisation and loan positions in the trading book.
- The decrease in the incremental risk charge reflected a reduction in Asia-Pacific and eurozone bond positions.
- The increases in VaR and SVaR-based RWAs were 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.

Capital, liquidity and funding

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

The tables below set out the leverage exposures in the prescribed template on a CRR transitional basis as relevant for the jurisdiction.

		30 June 2020				31 December 2019		
		NatWest Group	NWH Group	NWM Plc	RBSI	NatWest Group	NWH Group	NWM Plc
		£m	£m	£m	£m	£m	£m	£m
LRSum: Summary reconciliation of accounting assets and leverage ratio exposure								
1	Total assets as per published financial statements	806,887	472,827	286,406	31,922	723,039	428,371	248,053
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(517)	(416)	—	—	(492)	(391)	—
4	Adjustment for derivative financial instruments	(150,368)	(3,453)	(150,022)	—	(114,774)	(2,690)	(115,150)
5	Adjustments for securities financing transactions (SFTs)	1,312	115	1,034	39	2,224	516	1,559
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	43,484	30,451	5,989	3,521	42,363	29,655	5,986
EU-6a	Adjustment for Intra-Group exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	—	—	(1,788)	—	—	—	(1,128)
7	Other adjustments	(14,062)	(6,298)	(7,722)	(141)	(8,486)	(7,610)	(2,815)
8	Total leverage ratio exposure	686,736	493,226	133,897	35,341	643,874	447,851	136,505
LRCOM: Leverage ratio common disclosure								
On-balance sheet exposures (excluding derivatives and SFTs)								
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	579,066	451,710	90,289	31,532	537,608	414,281	86,141
2	Asset amounts deducted in determining Tier 1 capital	(7,167)	(6,298)	(2,590)	(141)	(8,486)	(7,610)	(2,815)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	571,899	445,412	87,699	31,391	529,122	406,671	83,326
Derivative exposures								
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	11,654	441	11,092	28	10,464	252	9,879
5	Add-on amounts for PFE associated with all derivatives transactions (mtm method)	44,560	1,234	41,450	43	43,337	1,071	40,022
7	Deductions of receivable assets for cash variation margin provided in derivatives transactions	(23,433)	(1,519)	(22,979)	—	(19,075)	(1,114)	(18,432)
8	Exempted CCP leg of client-cleared trade exposures	(562)	—	(89)	—	(335)	—	(25)
9	Adjusted effective notional amount of written credit derivatives	5,157	—	5,818	—	5,411	—	5,411
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(4,325)	—	(5,008)	—	(4,546)	—	(4,546)
11	Total derivative exposures	33,051	156	30,284	71	35,256	209	32,309

Capital, liquidity and funding

CAP 3: LR: Leverage exposures (CRR Delegated Act Template) – NatWest Group and large subsidiaries continued

	30 June 2020				31 December 2019		
	NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m	NatWest Group £m	NWH Group £m	NWM Plc £m
Securities financing transaction exposures							
12	80,186	27,645	24,708	1,380	74,156	20,682	29,613
13	(43,196)	(10,553)	(14,029)	(1,022)	(39,247)	(9,882)	(15,160)
14	1,312	115	1,034	—	2,224	516	1,559
16	38,302	17,207	11,713	358	37,133	11,316	16,012
Other off-balance sheet exposures							
17	134,783	109,831	10,947	9,282	130,524	105,875	11,656
18	(91,299)	(79,380)	(4,958)	(5,761)	(88,161)	(76,220)	(5,670)
19	43,484	30,451	5,989	3,521	42,363	29,655	5,986
EU-19a							
Exemption of Intra-Group exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off-balance sheet)	—	—	(1,788)	—	—	—	(1,128)
Capital and total exposures							
20	36,751	26,365	7,110	1,668	34,611	24,861	7,003
21	686,736	493,226	133,897	35,341	643,874	447,851	136,505
Leverage ratio	5.4%	5.3%	5.3%	4.7%	5.4%	5.6%	5.1%

	30 June 2020				31 December 2019		
	NatWest Group £m	NWH Group £m	NWM Plc £m	RBSI £m	NatWest Group £m	NWH Group £m	NWM Plc £m
Leverage ratio exposures							
LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)							
EU-1	571,899	445,412	86,995	31,391	529,122	406,671	83,970
EU-2	61,723	—	50,485	—	56,623	—	47,778
EU-3	510,176	445,412	36,510	31,391	472,499	406,671	36,192
EU-4	2,527	2,400	—	—	1,678	1,678	—
EU-5	155,206	114,786	20,932	16,502	130,268	95,026	16,491
EU-6	5,870	5,017	138	243	5,168	4,840	138
EU-7	6,447	4,628	4,109	2,223	6,759	4,885	3,957
EU-8	216,761	211,836	83	2,580	205,675	201,064	91
EU-9	25,227	25,588	—	242	22,126	22,040	—
EU-10	79,137	63,262	6,375	9,141	76,107	59,321	6,573
EU-11	3,956	3,779	31	262	3,693	3,536	41
EU-12	15,045	14,116	4,842	198	21,025	14,281	8,901

Capital, liquidity and funding

CAP 4: CAP: Capital instruments – NatWest Group and significant subsidiaries

The following table sets out the main terms and conditions of NatWest Group's Tier 1 and Tier 2 capital instruments that will be treated as non-end point CRR compliant, for instance because they are legacy Tier 1 instruments or because they are Tier 2 instruments that include an incentive for the issuer to redeem. The balances are the IFRS balance sheet carrying amounts, which may differ from the amount which the instrument contributes to regulatory capital. Regulatory balances exclude, for example, issuance costs and fair value movements, while dated capital is required to be amortised on a straight-line basis over the final five years of maturity. For accounting purposes the capital instruments in the following table are included within equity or subordinated liabilities, details of which are included in Note 19 Subordinated Liabilities of the NatWest Group (formerly RBS) 2019 ARA. Refer to natwestgroup.com for more details on these and other instruments issued to third parties on an instrument-by-instrument basis.

		30 June 2020	31 December 2019
	Step-up coupon	£m	£m
Pillar 1 treatment - Additional Tier 1			
NatWest Group - undated loan capital			
US780097AH44 US\$1,200 million 7.648% perpetual regulatory (callable quarterly from September 2031)	3 month US\$ LIBOR plus 2.5%	624	585
NWB Plc - debt preference shares			
GB0006227051 Series A £140 million 9% (not callable)		143	143
NatWest Group US Capital Trusts - debt trust preferred securities			
US74927PAA75 US\$650 million 6.425% 2043 (callable quarterly from January 2034)	3 month US\$ LIBOR plus 1.9425%	514	427
NatWest Group - equity preference shares			
US780097AU54 Series U US\$1,500 million 7.64% (callable every ten years from September 2017)	3 month US\$ LIBOR plus 2.32%	494	494
Tier 2 capital securities which contain an incentive for the issuer to redeem			
Pillar 1 treatment Tier 2			
NWM Plc - undated loan capital			
XSS0144810529 £500 million 6.2% undated subordinated notes (callable every five years from March 2022)	Aggregate of 2.05% and the 5 year UK Gilts yield	23	23
XS0154144132 £900 million 5.625% undated subordinated notes (callable every five years from September 2026)	Aggregate of 2.10% and the 5 year UK Gilts yield	23	24
XS0138939854 £500 million 5.625% undated subordinated notes (callable every five years from June 2032)	Aggregate of 2.41% and the 5 year UK Gilts yield	19	18
NWB Plc - undated loan capital			
XS0102480786 €100 million floating rate undated step-up notes (callable quarterly)	3 month EURIBOR plus 2.15%	10	9
XS0102480869 €400 million floating rate undated subordinated notes (callable quarterly)	3 month EURIBOR plus 2.15%	162	152
XS0102493680 £200 million 7.125% undated subordinated step-up notes (callable every five years from October 2022)	5 year UK Gilts yield plus 3.08%	57	55

Capital, liquidity and funding

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 below 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 (ILAAP) and maintains appropriate levels of liquidity.

	Total unweighted value (average)				Total weighted value (average)			
	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2020	31 March 2020	31 December 2019	30 September 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)					144,601	137,730	136,943	137,517
Cash outflows								
2 Retail deposits and deposits from small business customers	216,728	209,812	208,121	206,678	17,233	16,870	16,708	16,538
3 of which: stable deposits	135,082	131,569	130,273	129,262	6,754	6,578	6,514	6,463
4 of which: less stable deposits	79,247	77,765	77,408	77,053	9,980	9,814	9,754	9,712
5 Unsecured wholesale funding	144,727	138,803	136,504	135,760	66,159	63,796	62,768	62,259
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	60,019	57,205	56,316	56,380	14,687	13,985	13,764	13,782
7 Non-operational deposits (all counterparties)	83,375	80,438	79,264	78,556	50,139	48,651	48,080	47,652
8 Unsecured debt	1,333	1,160	923	824	1,333	1,160	923	824
9 Secured wholesale funding					2,324	2,854	3,105	3,386
10 Additional requirements	73,758	74,811	75,969	76,884	18,986	18,757	18,909	19,059
11 Outflows related to derivative exposures and other collateral requirements	7,222	6,840	6,581	6,686	6,431	6,000	5,719	5,705
12 Outflows related to loss of funding on debt products	104	—	—	—	104	—	—	—
13 Credit and liquidity facilities	66,432	67,971	69,388	70,198	12,451	12,757	13,191	13,354
14 Other contractual funding obligations	22,194	22,604	22,252	22,284	1,952	1,791	1,828	1,921
15 Other contingent funding obligations	48,505	46,765	46,483	46,318	3,801	3,752	3,665	3,574
16 Total cash outflows	110,455	107,820	106,983	106,736	110,455	107,820	106,983	106,736
17 Secured lending (e.g. reverse repos)	63,453	66,018	67,250	68,473	1,231	1,441	1,954	2,486
18 Inflows from fully performing exposures	12,601	12,650	12,350	12,555	9,496	9,406	9,031	9,201
19 Other cash inflows	14,112	14,081	14,231	14,158	5,569	5,464	5,439	5,337
EU-19a Difference between total weighted inflows and outflows	—	—	—	—	—	—	—	—
EU-19b Excess inflows from a related specialised credit institution	—	—	—	—	—	—	—	—
20 Total cash inflows	90,166	92,749	93,831	95,186	16,296	16,311	16,424	17,025
EU-20a Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c Inflows subject to 75% cap	83,236	84,635	85,218	86,127	16,296	16,311	16,424	17,025
21 Liquidity buffer					144,601	137,730	136,943	137,517
22 Total net cash outflows					94,160	91,509	90,559	89,712
23 Liquidity coverage ratio (%)					153	151	151	153

Capital, liquidity and funding

KM2: Key metrics – MREL requirements

The table below provides a summary of own funds, eligible liabilities, ratios and components for NatWest Group.

	^a Minimum requirement for own funds and eligible liabilities (MREL) 30 June 2020 £m
Own funds and eligible liabilities, ratios and components	
1 Own funds and eligible liabilities	66,347
EU-1a Of which own funds and subordinated liabilities	66,347
2 Total risk exposure amount of the resolution group (TREA)	181,458
3 Own funds and eligible liabilities as a percentage of TREA (row1/row2)	36.6%
EU-3a Of which own funds and subordinated liabilities	36.6%
4 Total exposure measure of the resolution group	585,114
5 Own funds and eligible liabilities as percentage of the total exposure measure	11.3%
EU-5a Of which own funds or subordinated liabilities	11.3%
6a Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)	n/a
6b Does the subordination exemption in Article 72(b)(4) of the CRR apply? (5% exemption)	n/a
6c Pro-memo item: If a capped subordination exemption applies under Article 72(b)(3) or (4), the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1 0110, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised under row 1 0110 if no cap was applied (%)	n/a
Minimum requirement for own funds and eligible liabilities (MREL)	
EU-7 MREL requirement expressed as percentage of the total risk exposure amount	21.9%
EU-9 MREL requirement expressed as percentage of the total exposure measure	6.5%

Notes:

- (1) NatWest Group is no longer recognised as a G-SII from 1 January 2020 and is therefore not subject to the CRR MREL requirement as of this date which references CRR2 leverage exposure. Therefore for the sake of consistency the leverage exposure, and resulting ratio, is disclosed according to the BoE leverage framework for all time periods.
- (2) As NatWest Group is a single point of entry resolution firm, the resolution group is equal to the prudential consolidation group. Therefore, information on differences between the own funds amounts disclosed and the IFRS 9 fully loaded amount at the resolution group level is disclosed in template KM1: BCBS 2 & EBA IFRS 9-FL: Key metrics.
- (3) Row EU-7 –“MREL requirement expressed as percentage of the total risk exposure amount” is based on interim 2020 BoE MREL requirement i.e. (2 x Pillar 1) plus (1 x Pillar 2A) + CRDIV combined buffer requirements.

Credit risk

CR1: IRB and STD: RWA density by NatWest Group sector cluster

The table below summarises NatWest Group's total credit risk profile (incorporating counterparty credit risk and securitisations) by customer type. This reflects the basis on which customers are managed internally. Wholesale customers are managed on an individual basis and grouped by sector. Personal customers are managed on a portfolio basis and grouped into portfolios of similar risk. The table shows EAD post CRM, RWAs and RWA density, each split by regulatory approach, i.e. internal ratings based (IRB) and standardised (STD).

30 June 2020	EAD post CRM			RWAs			RWA density		
	IRB £m	STD £m	Total £m	IRB £m	STD £m	Total £m	IRB %	STD %	Total %
Sector cluster									
Sovereign									
Central banks	25,722	81,349	107,071	741	355	1,096	3	—	1
Central governments	21,082	26,412	47,494	2,011	—	2,011	10	—	4
Other sovereign	2,583	640	3,223	485	11	496	19	2	15
Total sovereign	49,387	108,401	157,788	3,237	366	3,603	7	—	2
Financial institutions (FIs)									
Banks	19,310	653	19,963	7,571	160	7,731	39	24	39
Non-bank FIs (1)	34,116	6,093	40,209	13,404	2,713	16,117	39	45	40
SSPEs (2)	8,768	466	9,234	2,071	423	2,494	24	91	27
Total FIs	62,194	7,212	69,406	23,046	3,296	26,342	37	46	38
Corporates									
Property									
- UK	41,161	3,229	44,390	18,314	2,924	21,238	44	91	48
- RoI	1,465	185	1,650	911	183	1,094	62	99	66
- Western Europe	1,731	179	1,910	921	162	1,083	53	90	57
- US	348	2	350	141	3	144	41	100	41
- RoW	462	219	681	298	177	475	64	81	70
Total property	45,167	3,814	48,981	20,585	3,449	24,034	46	90	49
Natural resources	15,231	362	15,593	6,569	340	6,909	43	94	44
Transport	19,989	859	20,848	9,022	652	9,674	45	76	46
Manufacturing	16,342	907	17,249	7,009	644	7,653	43	71	44
Retail and leisure	19,593	1,233	20,826	10,848	1,097	11,945	55	89	57
Services	19,494	1,516	21,010	9,682	1,191	10,873	50	79	52
TMT (3)	8,144	235	8,379	4,795	196	4,991	59	83	60
Total corporates	143,960	8,926	152,886	68,510	7,569	76,079	48	85	50
Personal									
Mortgages									
- UK	164,716	10,910	175,626	13,100	3,969	17,069	8	36	10
- RoI	14,471	27	14,498	4,908	10	4,918	34	38	34
- Western Europe	—	264	264	—	98	98	—	37	37
- US	—	288	288	—	106	106	—	37	37
- RoW	—	1,386	1,386	—	548	548	—	39	39
Total mortgages	179,187	12,875	192,062	18,008	4,731	22,739	10	37	12
Other personal	29,556	2,565	32,121	13,121	1,732	14,853	44	68	46
Total personal	208,743	15,440	224,183	31,129	6,463	37,592	15	42	17
Other items	4,623	933	5,556	3,868	527	4,395	84	57	79
Total	468,907	140,912	609,819	129,790	18,221	148,011	28	13	24

For the notes to this table refer to the following page.

Credit risk

CR1: IRB and STD: RWA density by NatWest Group sector cluster continued

31 December 2019	EAD post CRM			RWAs			RWA density		
	IRB £m	STD £m	Total £m	IRB £m	STD £m	Total £m	IRB %	STD %	Total %
Sector cluster									
Sovereign									
Central banks	26,889	55,021	81,910	495	317	812	2	1	1
Central governments	21,158	26,475	47,633	2,098	—	2,098	10	—	4
Other sovereign	1,983	606	2,589	392	15	407	20	2	16
Total sovereign	50,030	82,102	132,132	2,985	332	3,317	6	—	3
Financial institutions (FIs)									
Banks	20,675	365	21,040	7,560	184	7,744	37	50	37
Non-bank FIs (1)	34,132	5,454	39,586	13,197	2,711	15,908	39	50	40
SSPEs (2)	8,990	646	9,636	1,658	604	2,262	18	93	23
Total FIs	63,797	6,465	70,262	22,415	3,499	25,914	35	54	37
Corporates									
Property									
- UK	37,756	2,907	40,663	17,609	2,675	20,284	47	92	50
- RoI	1,437	172	1,609	897	171	1,068	62	99	66
- Western Europe	1,775	163	1,938	1,069	153	1,222	60	94	63
- US	242	3	245	108	3	111	45	100	45
- RoW	415	225	640	262	195	457	63	87	71
Total property	41,625	3,470	45,095	19,945	3,197	23,142	48	92	51
Natural resources	14,310	261	14,571	5,956	244	6,200	42	94	43
Transport	16,926	875	17,801	6,943	778	7,721	41	89	43
Manufacturing	15,259	883	16,142	7,055	649	7,704	46	74	48
Retail and leisure	16,898	1,214	18,112	9,146	1,188	10,334	54	98	57
Services	17,988	1,433	19,421	9,345	1,221	10,566	52	85	54
TMT (3)	6,761	315	7,076	4,223	304	4,527	62	96	64
Total corporates	129,767	8,451	138,218	62,613	7,581	70,194	48	90	51
Personal									
Mortgages									
- UK	160,479	10,742	171,221	13,070	3,895	16,965	8	36	10
- RoI	14,050	30	14,080	5,869	13	5,882	42	45	42
- Western Europe	—	250	250	—	93	93	—	37	37
- US	—	255	255	—	94	94	—	37	37
- RoW	—	1,362	1,362	—	491	491	—	36	36
Total mortgages	174,529	12,639	187,168	18,939	4,586	23,525	11	36	13
Other personal	30,573	2,838	33,411	13,997	1,932	15,929	46	68	48
Total personal	205,102	15,477	220,579	32,936	6,518	39,454	16	42	18
Other items	5,331	1,233	6,564	4,100	664	4,764	77	54	73
Total	454,027	113,728	567,755	125,049	18,594	143,643	28	16	25

Notes:

- (1) Comprises US agencies, insurance companies, pension funds, hedge and leverage funds, broker-dealers and non-bank subsidiaries of banks.
- (2) Securitisation special purpose entities (SSPEs) primarily relate to securitisation-related vehicles.
- (3) Telecommunications, media and technology.

Key points

- **EAD post CRM** – Total credit risk exposures increased during H1 2020 primarily due to increased cash placements with central banks. The increase in exposures to corporates was mainly due to increased drawdowns in Commercial Banking as well as new lending under the government lending schemes. Government lending scheme products are originated by NatWest Group but are covered by government guarantees. These are to be set against the outstanding balance of a defaulted facility after the proceeds of the business assets have been applied. The government guarantee is 80% for CBILS and CLBILS and 100% for BBLs. NatWest Group recognises lower LGDs for these lending products as a result, with 0% applied to the government-guaranteed part of the exposure. The increase in UK Personal Banking in mortgages mainly reflected lending growth during Q1 2020 and was offset by a reduction in unsecured balances in Q2 2020.
- **RWAs** – The overall uplift in RWAs was primarily due to increased lending in Commercial Banking through the CBILS scheme as well as foreign exchange movements. There were offsetting decreases in UK Personal Banking and Ulster Bank RoI, mainly reflecting a reduction in exposures and revision of LGD metrics during the period. Additional decreases were driven by NatWest Markets reflecting the exit of specific positions.
- **Sovereign** – The EAD increases reflected an increase in cash placements with central banks during Q2 2020.
- **Corporates** – The increases in RWAs mainly reflected increased utilisation of existing facilities in Commercial Banking as well as new lending through government lending schemes, partially offset by reductions due to increased defaults.
- **Mortgages** – The reduction in RoI mortgages was due to the sale of a portfolio of non-performing exposures as well as decreases due to PD calibration. The increase in UK mortgages reflected lending growth in UK Personal Banking during Q1 2020.
- **Other personal** – The decrease in EAD and RWAs was due to decreases in unsecured balances during the period.

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: NatWest Group and large subsidiaries

The table below shows credit risk (including securitisations) and counterparty credit risk separately for NatWest Group and large subsidiaries (including intra-Group exposures). It presents EAD pre and post CRM, RWAs and minimum capital requirements (MCR), split by regulatory approach and exposure class.

Credit risk	NatWest Group				NWH Group				NWM Plc				RBSI			
	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m
30 June 2020																
IRB																
Central governments and central banks	52,134	52,088	3,537	283	33,220	33,173	2,864	229	10,460	10,460	534	43	4,615	4,615	19	2
Institutions	11,532	9,575	2,504	200	8,208	6,250	1,642	131	351	351	134	11	1,763	1,763	451	45
Corporates	150,716	139,924	67,226	5,379	124,425	113,657	58,369	4,670	8,421	8,421	2,944	234	13,890	13,882	3,735	374
<i>Specialised lending</i>	18,523	18,497	12,310	985	15,626	15,601	10,601	848	434	434	256	20	2,351	2,350	1,366	137
<i>SME</i>	21,518	21,093	9,204	736	21,250	20,827	9,057	725	5	5	10	1	263	261	137	14
<i>Other corporate</i>	110,675	100,334	45,712	3,658	87,549	77,229	38,711	3,097	7,982	7,982	2,678	213	11,276	11,271	2,232	223
Retail	224,509	224,509	35,674	2,854	224,509	224,509	35,674	2,854	—	—	—	—	—	—	—	—
<i>Secured by real estate property - SME</i>	1,253	1,253	447	36	1,253	1,253	447	36	—	—	—	—	—	—	—	—
<i>- non-SME</i>	179,187	179,187	18,008	1,441	179,188	179,188	18,008	1,441	—	—	—	—	—	—	—	—
<i>Qualifying revolving</i>	22,151	22,151	5,235	419	22,151	22,151	5,235	419	—	—	—	—	—	—	—	—
<i>Other retail - SME</i>	14,722	14,722	4,255	340	14,721	14,721	4,255	340	—	—	—	—	—	—	—	—
<i>- non-SME</i>	7,196	7,196	7,729	618	7,196	7,196	7,729	618	—	—	—	—	—	—	—	—
Equities	1,242	1,242	2,499	200	—	—	—	—	430	430	667	53	1	1	2	—
Securitisation	13,241	13,241	2,347	188	6,918	6,918	1,300	104	6,323	6,323	1,047	84	—	—	—	—
Non-credit obligation assets	5,515	5,515	4,142	331	5,153	5,153	3,925	314	97	97	97	8	—	—	—	—
Total IRB	458,889	446,094	117,929	9,435	402,433	389,660	103,774	8,302	26,082	26,082	5,423	433	20,269	20,261	4,207	421
STD																
Central governments and central banks	107,506	107,505	361	29	85,229	85,296	1,188	95	10,659	10,659	—	—	12,047	12,047	15	2
Regional governments and local authorities	52	4	2	—	52	3	2	—	—	—	—	—	—	—	—	—
Multilateral development banks	249	249	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	217	265	89	7	732	732	309	25	5,800	5,800	961	77	1,053	694	139	14
Corporates	7,105	6,391	5,472	438	6,005	5,520	4,753	380	1,363	1,345	738	59	41	17	17	2
Retail	2,294	2,190	1,323	106	2,199	2,106	1,261	101	—	—	—	—	499	359	164	16
Secured by mortgages on:																
immovable property - residential	13,801	13,800	5,025	402	11,232	11,231	4,126	330	—	—	—	—	2,580	2,580	956	96
- commercial	2,635	2,592	2,602	208	2,608	2,566	2,577	206	—	—	—	—	—	—	—	—
Exposures in default	488	486	573	46	412	411	490	39	5	5	7	1	54	54	55	6
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	129	129	26	2	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	686	686	1,679	134	14	14	15	1	790	790	1,960	157	—	—	—	—
Other exposures	1,045	1,045	576	46	842	842	386	31	16	16	3	—	191	191	103	10
Total STD	136,207	135,342	17,728	1,418	109,325	108,721	15,107	1,208	18,633	18,615	3,669	294	16,465	15,942	1,449	145
Total IRB and STD	595,096	581,436	135,657	10,853	511,758	498,381	118,881	9,510	44,715	44,697	9,092	727	36,734	36,203	5,656	566

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: NatWest Group and large subsidiaries continued

	NatWest Group			NWH Group			NWM Plc			RBSI		
	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m
Counterparty credit risk												
30 June 2020												
IRB												
Central governments and central banks	999	110	9	164	4	—	644	85	7	—	—	—
Institutions	5,961	4,628	370	299	121	10	5,373	4,180	334	—	—	—
Corporates	15,006	6,625	530	1,142	187	15	11,912	5,831	467	—	—	—
<i>Specialised lending</i>	1,046	761	61	31	22	2	955	698	56	—	—	—
<i>SME</i>	64	33	3	1	1	—	62	31	3	—	—	—
<i>Other corporate</i>	13,896	5,831	466	1,110	164	13	10,895	5,102	408	—	—	—
Securitisation positions	847	498	40	—	—	—	846	498	40	—	—	—
Total IRB	22,813	11,861	949	1,605	312	25	18,775	10,594	848	—	—	—
STD												
Central governments and central banks	939	—	—	327	—	—	612	—	—	—	—	—
Regional governments and local authorities	18	1	—	—	—	—	5	1	—	—	—	—
Institutions	4,235	226	18	1,247	786	63	6,898	325	26	53	11	1
Corporates	378	266	21	221	342	27	447	214	17	27	24	2
Total STD	5,570	493	39	1,795	1,128	90	7,962	540	43	80	35	3
Total IRB and STD	28,383	12,354	988	3,400	1,440	115	26,737	11,134	891	80	35	3

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: NatWest Group and large subsidiaries continued

Credit risk	NatWest Group				NWH Group				NWM Plc			
	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m	EAD pre CRM £m	EAD post CRM £m	RWAs £m	MCR £m
31 December 2019												
IRB												
Central governments and central banks	52,839	52,712	2,987	239	34,581	34,522	2,353	188	10,791	10,790	535	43
Institutions	11,716	9,753	2,410	193	8,261	6,299	1,582	127	332	332	171	14
Corporates	140,230	130,448	61,208	4,897	113,640	103,882	52,011	4,161	9,322	9,319	3,541	283
<i>Specialised lending</i>	16,772	16,702	11,178	894	13,931	13,862	9,426	754	330	330	189	15
<i>SME</i>	20,800	20,368	8,762	701	20,451	20,021	8,570	686	3	3	—	—
<i>Other corporate</i>	102,658	93,378	41,268	3,302	79,258	69,999	34,015	2,721	8,989	8,986	3,352	268
Retail	215,130	215,130	37,150	2,972	215,130	215,130	37,150	2,972	—	—	—	—
<i>Secured by real estate property - SME</i>	1,291	1,291	523	42	1,291	1,291	523	42	—	—	—	—
<i>- non-SME</i>	174,529	174,529	18,939	1,516	174,529	174,529	18,939	1,516	—	—	—	—
<i>Qualifying revolving</i>	23,138	23,138	5,991	479	23,138	23,138	5,991	479	—	—	—	—
<i>Other retail - SME</i>	8,940	8,940	3,856	308	8,940	8,940	3,856	308	—	—	—	—
<i>- non-SME</i>	7,232	7,232	7,841	627	7,232	7,232	7,841	627	—	—	—	—
Equities	1,366	1,366	2,613	209	—	—	—	—	612	612	946	75
Securitisation	13,833	13,833	2,379	190	7,329	7,329	1,509	121	6,500	6,500	846	68
Non-credit obligation assets	6,204	6,204	4,365	349	5,847	5,847	4,152	332	139	139	139	11
Total IRB	441,318	429,446	113,112	9,049	384,788	373,009	98,757	7,901	27,696	27,692	6,178	494
STD												
Central governments and central banks	81,335	81,339	323	26	63,983	63,983	1,193	95	5,891	5,894	—	—
Regional governments and local authorities	20	20	6	—	20	20	5	—	—	—	—	—
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	307	353	85	7	653	653	236	19	5,688	5,688	948	76
Corporates	8,747	8,212	7,691	615	7,567	7,230	6,928	554	1,238	1,184	685	55
Retail	2,445	2,380	1,433	115	2,332	2,276	1,356	109	—	—	—	—
Secured by mortgages on:												
immovable property - residential	13,507	13,507	4,849	388	10,909	10,909	3,942	315	—	—	—	—
- commercial	697	678	692	55	681	663	677	54	—	—	—	—
Exposures in default	468	406	489	39	303	302	359	29	1	1	2	—
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	671	671	1,619	130	25	25	27	2	810	810	2,010	161
Other exposures	1,345	1,345	713	57	1,123	1,123	500	40	11	11	2	—
Total STD	109,542	108,911	17,900	1,432	87,596	87,184	15,223	1,217	13,639	13,588	3,647	292
Total IRB and STD	550,860	538,357	131,012	10,481	472,384	460,193	113,980	9,118	41,335	41,280	9,825	786

Credit risk

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class: NatWest Group and large subsidiaries continued

	NatWest Group			NWH Group			NWM Plc		
	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m	EAD post CRM £m	RWAs £m	MCR £m
Counterparty credit risk									
31 December 2019									
IRB									
Central governments and central banks	1,322	475	38	209	3	—	1,039	198	16
Institutions	6,915	4,649	372	265	94	8	6,203	4,205	336
Corporates	15,599	6,326	506	479	120	9	12,986	5,632	451
<i>Specialised lending</i>	868	638	51	28	19	2	793	586	47
<i>SME</i>	81	42	3	1	1	—	79	41	3
<i>Other corporate</i>	14,650	5,646	452	450	100	7	12,114	5,005	401
Securitisation positions	745	487	39	—	—	—	613	319	26
Total IRB	24,581	11,937	955	953	217	17	20,841	10,354	829
STD									
Central governments and central banks	724	—	—	332	—	—	392	—	—
Regional governments and local authorities	20	2	—	—	—	—	8	2	—
Institutions	3,585	300	24	1,174	528	42	5,417	329	26
Corporates	488	392	32	132	235	19	653	375	30
Retail	—	—	—	—	—	—	—	—	—
Total STD	4,817	694	56	1,638	763	61	6,470	706	56
Total IRB and STD	29,398	12,631	1,011	2,591	980	78	27,311	11,060	885

Key points

- **NWM Plc** – The overall increase in EAD reflected increased exposures to central banks. The decrease in RWAs reflected the exit of specific positions as the business seeks to reduce RWAs. There were also insurance-related asset transfers to NatWest Bank Plc.
- The overall increase in counterparty risk RWAs was mainly due to an increase in credit valuation adjustments, partially offset by reduced exposures and trade maturities.

Credit risk

Risk profile by credit quality

EU CR1_A: IRB and STD: Credit risk exposures by exposure class - Defaulted and non-defaulted split

The table below shows gross carrying values of credit risk exposures and specific credit risk adjustments (SCRA) analysed by credit quality, split by regulatory approach and exposure class. It excludes counterparty credit risk and securitisations. Gross carrying value comprises both on and off-balance sheet exposures including SCRA. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

Exposure class	30 June 2020					31 December 2019				
	Gross carrying values of		SCRA (2)	Year-to-date accumulated write-offs	Net value	Gross carrying values of		SCRA (2)	Year-to-date accumulated write-offs	Net value
	Defaulted exposures (1)	Non-defaulted exposures				Defaulted exposures (1)	Non-defaulted exposures			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
IRB										
1 Central governments and central banks	3	52,250	4	—	52,249	3	52,943	3	—	52,943
2 Institutions	—	11,893	30	—	11,863	—	12,443	22	—	12,421
3 Corporates	2,975	190,926	3,152	84	190,749	2,337	178,337	1,348	394	179,326
4 <i>Specialised lending</i>	645	20,023	549	7	20,119	600	18,375	296	183	18,679
5 <i>SME</i>	731	24,155	864	23	24,022	681	22,744	367	74	23,058
<i>Other corporate</i>	1,599	146,748	1,739	54	146,608	1,056	137,218	685	137	137,589
6 Retail	3,685	230,355	2,880	318	231,160	3,870	219,807	2,310	383	221,367
8 <i>Secured by real estate property - SME</i>	27	1,275	19	1	1,283	26	1,302	13	1	1,315
9 <i>- non-SME</i>	2,225	177,367	1,005	168	178,587	2,531	172,413	927	76	174,017
10 <i>Qualifying revolving</i>	633	31,390	731	84	31,292	606	31,315	552	187	31,369
12 <i>Other retail - SME</i>	288	13,749	281	22	13,756	269	8,145	236	79	8,178
13 <i>- non-SME</i>	512	6,574	844	43	6,242	438	6,632	582	40	6,488
14 Equities	—	1,242	—	—	1,242	—	1,366	—	—	1,366
Non-credit obligation assets	—	4,607	—	—	4,607	—	5,329	—	—	5,329
15 Total IRB	6,663	491,273	6,066	402	491,870	6,210	470,225	3,683	777	472,752
<i>Of which: Loans</i>	6,024	311,941	5,740	401	312,225	5,664	291,401	3,539	745	293,526
<i>Debt securities</i>	—	28,820	8	1	28,812	—	27,765	3	—	27,762
<i>Other assets</i>	33	27,165	29	—	27,169	8	30,890	11	—	30,887
<i>Off-balance sheet exposures</i>	606	123,347	289	—	123,664	538	120,169	130	32	120,577

For the notes to the table refer to the following page.

Credit risk

EU CR1_A: IRB and STD: Credit risk exposures by exposure class - Defaulted and non-defaulted split continued

	30 June 2020					31 December 2019				
	Gross carrying values of		SCRA (2) £m	Year-to-date accumulated write-offs £m	Net value £m	Gross carrying values of		SCRA (2) £m	Year-to-date accumulated write-offs £m	Net value £m
	Defaulted exposures (1) £m	Non-defaulted exposures £m				Defaulted exposures (1) £m	Non-defaulted exposures £m			
STD										
16 Central governments and central banks	—	108,086	6	—	108,080	—	81,965	5	—	81,960
17 Regional governments and local authorities	—	584	—	—	584	—	222	—	—	222
19 Multilateral development banks	—	249	—	—	249	—	—	—	—	—
21 Institutions	—	274	—	—	274	—	385	—	—	385
22 Corporates	159	9,137	217	3	9,079	249	10,276	86	12	10,439
24 Retail	102	6,650	41	1	6,711	91	6,367	21	1	6,437
Secured by mortgages on immovable property:										
26 - residential	288	14,657	12	2	14,933	233	14,498	14	2	14,717
27 - commercial	20	2,857	40	—	2,837	10	892	2	—	900
28 Exposures in default (3)	569	—	79	5	490	583	—	59	15	524
29 Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—
30 Covered bonds	—	127	—	—	127	—	—	—	—	—
33 Equity exposures	—	686	—	—	686	—	671	—	—	671
34 Other exposures	—	933	—	—	933	—	1,232	—	—	1,232
35 Total STD	569	144,240	316	6	144,493	583	116,508	128	15	116,963
<i>Of which: Loans</i>	534	27,259	288	6	27,505	479	25,853	118	6	26,214
<i>Debt securities</i>	—	26,974	3	—	26,971	—	26,726	2	—	26,724
<i>Other assets</i>	3	80,385	4	—	80,384	1	55,314	4	—	55,311
<i>Off-balance sheet exposures</i>	32	9,622	21	—	9,633	103	8,615	4	9	8,714
37 Total: Loans	6,558	339,200	6,028	407	339,730	6,143	317,254	3,657	751	319,740
38 Debt securities	—	55,794	11	1	55,783	—	54,491	5	—	54,486
Other assets	36	107,550	33	—	107,553	9	86,204	15	—	86,198
39 Off-balance sheet exposures	638	132,969	310	—	133,297	641	128,784	134	41	129,291
36 Total IRB and STD	7,232	635,513	6,382	408	636,363	6,793	586,733	3,811	792	589,715

Notes:

- (1) Defaulted exposures are those with a PD of one and past due exposures of one day or more on the payment of a credit obligation.
- (2) SCRA includes ECL for defaulted and non-defaulted customers.
- (3) The breakdown of the standardised exposures in default is reported by the exposure class that corresponded to the exposure before default.

Credit risk

This section contains disclosures on non-performing exposures (NPEs), forborne exposures (FBEs) and foreclosed assets. The aim of these tables is to facilitate effective management of NPEs and achieve a sustainable reduction in NPEs in credit institutions' balance sheets.

In line with EBA guidelines, only templates mandatory for all institutions are disclosed. NatWest Group monitors its gross non-performing loan (NPL) ratio to ensure that it is not required to disclose the additional templates for institutions with an NPL ratio above 5%.

The EBA and PRA have issued guidance on the treatment of payment holidays and covenant breaches during the Covid-19 pandemic when applying IFRS 9 and the classification of exposures as non-performing. It is not expected that using payment holidays would automatically trigger a move to stage 2 or stage 3 for the calculation of ECL, nor classification as non-performing in the tables below. NatWest Group assesses each customer individually, taking into consideration a range of factors in deciding the correct stage for the calculation of ECL.

Template 1: Credit quality of forborne exposures

The table below provides a breakdown of gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collateral and financial guarantees received by portfolio and exposure class.

	a	b	c	d	e		f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				
	Performing forborne £m	Non-performing forborne £m	Of which defaulted £m	Of which impaired £m	On performing forborne exposures £m	On non-performing forborne exposures £m		Collateral received and financial guarantees received on forborne exposures £m	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures £m
30 June 2020									
1 Loans and advances	4,372	3,546	3,042	3,027	(266)	(1,114)		5,474	2,304
2 Central banks	—	—	—	—	—	—		—	—
3 General governments	—	—	—	—	—	—		—	—
4 Credit institutions	—	—	—	—	—	—		—	—
5 Other financial corporations	101	6	—	—	(3)	—		24	5
6 Non-financial corporations	3,023	1,375	1,237	1,238	(218)	(539)		2,723	726
7 Households	1,248	2,165	1,805	1,789	(45)	(575)		2,727	1,573
8 Debt Securities	—	—	—	—	—	—		—	—
9 Loan commitments given	427	69	49	49	(1)	—		184	18
10 Total	4,799	3,615	3,091	3,076	(267)	(1,114)		5,658	2,322

Credit risk

Template 1: Credit quality of forborne exposures continued

	a	b	c	d	e		f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral received and financial guarantees received on forborne exposures	Of which collateral and financial guarantees received on non-performing exposure with forbearance measures
	Performing forborne £m	Non-performing forborne £m	Of which defaulted £m	Of which impaired £m	On performing forborne exposures £m	On non-performing forborne exposures £m		£m	£m
31 December 2019									
1 Loans and advances	3,305	3,438	2,954	2,936	(76)	(982)		4,674	2,290
2 <i>Central banks</i>	—	—	—	—	—	—		—	—
3 <i>General governments</i>	—	—	—	—	—	—		—	—
4 <i>Credit institutions</i>	—	—	—	—	—	—		—	—
5 <i>Other financial corporations</i>	33	2	2	2	—	—		3	1
6 <i>Non-financial corporations</i>	2,116	884	757	757	(54)	(318)		1,716	424
7 <i>Households</i>	1,156	2,552	2,195	2,177	(22)	(664)		2,955	1,865
8 Debt Securities	—	—	—	—	—	—		—	—
9 Loan commitments given	332	36	28	28	—	—		124	14
10 Total	3,637	3,474	2,982	2,964	(76)	(982)		4,798	2,304

Credit risk

Template 3: Credit quality of performing and non-performing exposures by past due days

The table below provides a breakdown of performing and non-performing exposures by portfolio, exposure class and days past due buckets.

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures £m	Of which: Not past due or past due ≤ 30 days £m	Of which: Past due > 30 days ≤ 90 days £m	Non- performing exposures £m	Unlikely to pay that are not past due or are past due ≤ 90 days £m	Of which: Past due > 90 days ≤ 180 days £m	Of which: Past due > 180 days ≤ 1 year £m	Of which: Past due > 1 year ≤ 2 years £m	Of which: Past due > 2 years ≤ 5 years £m	Of which: Past due > 5 years ≤ 7 years £m	Of which: Past due > 7 years £m	Of which : defaulted £m
30 June 2020												
1 Loans and advances	366,281	364,830	1,451	7,570	3,958	719	794	746	850	185	318	6,995
2 Central banks	7,519	7,519	—	—	—	—	—	—	—	—	—	—
3 General governments	3,411	3,406	5	3	3	—	—	—	—	—	—	3
4 Credit institutions	2,059	2,059	—	—	—	—	—	—	—	—	—	—
5 Other financial corporations	40,527	40,452	75	14	8	—	—	3	2	—	1	9
6 Non-financial corporations	112,439	111,685	754	2,982	2,075	93	175	166	275	57	141	2,828
7 Of which SMEs	28,246	28,092	154	974	516	57	66	118	132	34	51	893
8 Households	200,326	199,709	617	4,571	1,872	626	619	577	573	128	176	4,155
9 Debt securities	60,580	60,580	—	—	—	—	—	—	—	—	—	—
10 Central banks	176	176	—	—	—	—	—	—	—	—	—	—
11 General governments	47,142	47,142	—	—	—	—	—	—	—	—	—	—
12 Credit institutions	6,143	6,143	—	—	—	—	—	—	—	—	—	—
13 Other financial corporations	6,966	6,966	—	—	—	—	—	—	—	—	—	—
14 Non-financial corporations	153	153	—	—	—	—	—	—	—	—	—	—
15 Off-balance-sheet exposures	133,570	—	—	961	—	—	—	—	—	—	—	631
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—
17 General governments	2,158	—	—	—	—	—	—	—	—	—	—	—
18 Credit institutions	1,532	—	—	—	—	—	—	—	—	—	—	—
19 Other financial corporations	16,971	—	—	37	—	—	—	—	—	—	—	4
20 Non-financial corporations	70,453	—	—	587	—	—	—	—	—	—	—	311
21 Households	42,456	—	—	337	—	—	—	—	—	—	—	316
22 Total	560,431	425,410	1,451	8,531	3,958	719	794	746	850	185	318	7,626

Note:

(1) The gross NPL ratio for NatWest Group is 2.02% (Loans and advances classified as held for sale, cash balances at central banks and other demand deposits are excluded from this calculation).

Credit risk

Template 3: Credit quality of performing and non-performing exposures by past due days continued

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures £m	Of which: Not past due or past due ≤ 30 days £m	Of which: Past due > 30 days ≤ 90 days £m	Non- performing exposures £m	Unlikely to pay that are not past due or are past due ≤ 90 days £m	Of which: Past due > 90 days ≤ 180 days £m	Of which: Past due > 180 days ≤ 1 year £m	Of which: Past due > 1 year ≤ 2 years £m	Of which: Past due > 2 years ≤ 5 years £m	Of which: Past due > 5 years ≤ 7 years £m	Of which: Past due > 7 years £m	Of which : defaulted £m
31 December 2019												
1 Loans and advances	333,240	332,487	753	7,176	3,408	772	762	842	816	242	334	6,491
2 <i>Central banks</i>	4,317	4,317	—	—	—	—	—	—	—	—	—	—
3 <i>General governments</i>	3,428	3,428	—	3	3	—	—	—	—	—	—	3
4 <i>Credit institutions</i>	2,302	2,302	—	—	—	—	—	—	—	—	—	—
5 <i>Other financial corporations</i>	31,890	31,883	7	12	3	—	3	4	1	—	1	12
6 <i>Non-financial corporations</i>	100,168	99,916	252	2,326	1,394	164	135	237	188	71	137	2,093
7 <i>Of which SMEs</i>	24,811	24,759	52	896	426	49	75	113	136	41	56	837
8 <i>Households</i>	191,135	190,641	494	4,835	2,008	608	624	601	627	171	196	4,383
9 Debt securities	59,305	59,305	—	3	3	—	—	—	—	—	—	—
10 <i>Central banks</i>	133	133	—	—	—	—	—	—	—	—	—	—
11 <i>General governments</i>	46,992	46,992	—	—	—	—	—	—	—	—	—	—
12 <i>Credit institutions</i>	5,565	5,565	—	—	—	—	—	—	—	—	—	—
13 <i>Other financial corporations</i>	6,505	6,505	—	3	3	—	—	—	—	—	—	—
14 <i>Non-financial corporations</i>	110	110	—	—	—	—	—	—	—	—	—	—
15 Off-balance-sheet exposures	129,937	—	—	587	—	—	—	—	—	—	—	562
16 <i>Central banks</i>	—	—	—	—	—	—	—	—	—	—	—	—
17 <i>General governments</i>	1,702	—	—	—	—	—	—	—	—	—	—	—
18 <i>Credit institutions</i>	2,237	—	—	—	—	—	—	—	—	—	—	—
19 <i>Other financial corporations</i>	14,813	—	—	1	—	—	—	—	—	—	—	—
20 <i>Non-financial corporations</i>	66,842	—	—	265	—	—	—	—	—	—	—	258
21 <i>Households</i>	44,343	—	—	321	—	—	—	—	—	—	—	304
22 Total	522,482	391,792	753	7,766	3,411	772	762	842	816	242	334	7,053

Credit risk

Template 4: Performing and non-performing exposures and related provisions.

The table below provides a breakdown of gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off and collateral and financial guarantees received by portfolio and exposure class.

	a	b	c	d	e	f	g	h	i	j	k	l	n	o	
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral and financial guarantees received		
	Total £m	Of which stage 1 £m	Of which stage 2 £m	Total £m	Of which stage 2 £m	Of which stage 3 £m	Total £m	Of which stage 1 £m	Of which stage 2 £m	Total £m	Of which stage 2 £m	Of which stage 3 £m	On performing exposures £m	On non- performing exposures £m	
30 June 2020															
1 Loans and advances	366,281	270,235	96,046	7,570	628	6,934	(3,248)	(429)	(2,819)	(2,872)	(54)	(2,818)	264,748	4,122	
2 Central banks	7,519	7,519	—	—	—	—	(1)	(1)	—	—	—	—	—	—	
3 General governments	3,411	3,363	48	3	—	3	(1)	—	(1)	—	—	—	1,748	3	
4 Credit institutions	2,059	1,932	127	—	—	—	(8)	(2)	(6)	—	—	—	512	—	
5 Other financial corporations	40,527	37,176	3,351	14	5	9	(65)	(11)	(54)	(4)	—	(4)	19,420	9	
6 Non-financial corporations	112,439	52,935	59,504	2,982	138	2,842	(1,932)	(225)	(1,707)	(1,299)	(9)	(1,290)	59,782	1,430	
7 Of which SMEs	28,246	13,358	14,888	974	74	900	(612)	(56)	(556)	(404)	(5)	(399)	13,757	408	
8 Households	200,326	167,310	33,016	4,571	485	4,080	(1,241)	(190)	(1,051)	(1,569)	(45)	(1,524)	183,286	2,680	
9 Debt securities	60,580	59,246	1,334	—	—	—	(12)	(9)	(3)	—	—	—	—	—	
10 Central banks	176	176	—	—	—	—	—	—	—	—	—	—	—	—	
11 General governments	47,142	47,142	—	—	—	—	(2)	(2)	—	—	—	—	—	—	
12 Credit institutions	6,143	5,008	1,135	—	—	—	(5)	(2)	(3)	—	—	—	—	—	
13 Other financial corporations	6,966	6,767	199	—	—	—	(4)	(4)	—	—	—	—	—	—	
14 Non-financial corporations	153	153	—	—	—	—	(1)	(1)	—	—	—	—	—	—	
15 Off-balance-sheet exposures	133,570	88,146	45,424	961	38	619	(176)	(28)	(148)	(43)	(1)	(42)	17,434	136	
16 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
17 General governments	2,158	2,115	43	—	—	—	—	—	—	—	—	—	332	—	
18 Credit institutions	1,532	711	821	—	—	—	(1)	—	(1)	—	—	—	574	—	
19 Other financial corporations	16,971	15,089	1,882	37	—	4	(6)	(2)	(4)	—	—	—	361	11	
20 Non-financial corporations	70,453	32,122	38,331	587	18	311	(115)	(18)	(97)	(19)	—	(19)	11,742	109	
21 Households	42,456	38,109	4,347	337	20	304	(54)	(8)	(46)	(24)	(1)	(23)	4,425	16	
22 Total	560,431	417,627	142,804	8,531	666	7,553	(3,436)	(466)	(2,970)	(2,915)	(55)	(2,860)	282,182	4,258	

Credit risk

Template 4: Performing and non-performing exposures and related provisions continued

	a						b						c		d	
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions									
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral and financial guarantees received			
	Total £m	Of which stage 1 £m	Of which stage 2 £m	Total £m	Of which stage 2 £m	Of which stage 3 £m	Total £m	Of which stage 1 £m	Of which stage 2 £m	Total £m	Of which stage 2 £m	Of which stage 3 £m	On performing exposures £m	On non-performing exposures £m		
31 December 2019																
1 Loans and advances	333,240	306,045	27,195	7,176	663	6,503	(983)	(298)	(685)	(2,702)	(33)	(2,669)	248,338	3,859		
2 <i>Central banks</i>	4,317	4,317	—	—	—	—	(1)	(1)	—	—	—	—	—	—		
3 <i>General governments</i>	3,428	3,427	1	3	—	3	—	—	—	—	—	—	2,244	2		
4 <i>Credit institutions</i>	2,302	2,237	65	—	—	—	(2)	(2)	—	—	—	—	252	—		
5 <i>Other financial corporations</i>	31,890	31,411	479	12	—	12	(12)	(9)	(3)	(7)	—	(7)	13,604	5		
6 <i>Non-financial corporations</i>	100,168	88,837	11,331	2,326	127	2,198	(351)	(147)	(204)	(1,105)	(2)	(1,103)	60,104	927		
7 <i>Of which SMEs</i>	24,810	21,193	3,617	896	59	837	(133)	(48)	(85)	(379)	(1)	(378)	14,249	343		
8 <i>Households</i>	191,135	175,816	15,319	4,835	536	4,290	(617)	(139)	(478)	(1,590)	(31)	(1,559)	172,134	2,925		
9 Debt securities	59,305	59,295	10	3	—	3	(8)	(7)	(1)	(3)	—	(3)	—	—		
10 <i>Central banks</i>	133	133	—	—	—	—	—	—	—	—	—	—	—	—		
11 <i>General governments</i>	46,992	46,992	—	—	—	—	(3)	(3)	—	—	—	—	—	—		
12 <i>Credit institutions</i>	5,565	5,565	—	—	—	—	(1)	(1)	—	—	—	—	—	—		
13 <i>Other financial corporations</i>	6,505	6,495	10	3	—	3	(4)	(3)	(1)	(3)	—	(3)	—	—		
14 <i>Non-financial corporations</i>	110	110	—	—	—	—	—	—	—	—	—	—	—	—		
15 Off-balance-sheet exposures	129,937	124,346	5,591	587	21	554	(46)	(15)	(31)	(49)	—	(48)	17,522	62		
16 <i>Central banks</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
17 <i>General governments</i>	1,702	1,702	—	—	—	—	—	—	—	—	—	—	369	—		
18 <i>Credit institutions</i>	2,237	2,231	6	—	—	—	—	—	—	—	—	—	848	—		
19 <i>Other financial corporations</i>	14,813	14,654	159	1	—	1	(1)	(1)	—	—	—	—	278	—		
20 <i>Non-financial corporations</i>	66,842	64,059	2,783	266	7	259	(16)	(8)	(8)	(26)	—	(25)	11,503	46		
21 <i>Households</i>	44,343	41,700	2,643	320	14	294	(29)	(6)	(23)	(23)	—	(23)	4,524	16		
22 Total	522,482	489,686	32,796	7,766	684	7,060	(1,037)	(320)	(717)	(2,754)	(33)	(2,720)	265,860	3,921		

Credit risk

EU CR2_A: Changes in the stock of general and specific credit risk adjustments

The table below shows the drivers of movements in SCRA held against defaulted or impaired loans, debt securities and contingent liabilities. There is no general credit risk adjustment under NatWest Group's IFRS 9 framework. The table has been prepared on an accounting basis adjusted for regulatory consolidation.

	Accumulated specific credit risk adjustment £m
1 At 1 January 2020	2,718
2 Increases due to amounts set aside for estimated loan losses during the period	786
3 Decreases due to amounts reversed for estimated loan losses during the period	(238)
4 Decreases due to amounts taken against accumulated credit risk adjustments	(407)
5 Transfers between credit risk adjustments	—
6 Impact of exchange rate differences	48
7 Business combinations, including acquisitions and disposals of subsidiaries	—
8 Other adjustments	(47)
9 At 30 June 2020	2,860
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	—
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	—

EU CR2_B: Changes in the stock of defaulted and impaired loans and debt securities

The table below shows the drivers in movements in gross carrying value defaulted exposure held against loans and debt securities. It has been prepared on an accounting basis adjusted for regulatory consolidation.

	Gross carrying value defaulted exposure £m
At 1 January 2020	6,598
Loans and debt securities that have defaulted or impaired since the last reporting period	2,206
Returned to non-defaulted status	(969)
Amounts written-off	(406)
Other changes	(395)
At 30 June 2020	7,034

Credit risk

EU CR3: IRB: Credit risk mitigation techniques by exposure class

The table below shows net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques, split by regulatory approach, balance sheet caption and exposure class, as required by the CRR. It excludes counterparty credit risk and securitisations.

The EBA guidelines require net carrying values to be analysed by exposure values of the secured assets, irrespective of the level of collateralisation. Unsecured exposure represents loans that have no security or collateral attached.

30 June 2020	a	c			d	e	Total secured £m	Total £m
	Unsecured net carrying value £m	Collateral £m	Guarantees £m	Credit derivatives £m	Net carrying values secured by			
IRB								
Central governments and central banks	52,155	92	2	—	—	94	52,249	
Institutions	9,189	1,996	605	73	—	2,674	11,863	
Corporates	108,779	76,548	3,518	1,904	—	81,970	190,749	
<i>Specialised lending</i>	2,520	17,080	519	—	—	17,599	20,119	
<i>SME</i>	5,241	17,308	1,473	—	—	18,781	24,022	
<i>Other corporate</i>	101,018	42,160	1,526	1,904	—	45,590	146,608	
Retail	45,610	179,870	5,680	—	—	185,550	231,160	
<i>Secured by real estate property - SME</i>	—	1,283	—	—	—	1,283	1,283	
<i>- non-SME</i>	—	178,587	—	—	—	178,587	178,587	
<i>Qualifying revolving</i>	31,292	—	—	—	—	—	31,292	
<i>Other retail - SME</i>	8,076	—	5,680	—	—	5,680	13,756	
<i>- non-SME</i>	6,242	—	—	—	—	—	6,242	
Equities	1,242	—	—	—	—	—	1,242	
Non-credit obligation assets	4,607	—	—	—	—	—	4,607	
Total IRB	221,582	258,506	9,805	1,977	—	270,288	491,870	
<i>Of which: Loans</i>	74,092	229,237	8,367	529	—	238,133	312,225	
<i>Debt securities</i>	28,812	—	—	—	—	—	28,812	
<i>Other assets</i>	26,407	759	3	—	—	762	27,169	
<i>Off-balance sheet exposures</i>	92,271	28,510	1,435	1,448	—	31,393	123,664	
<i>Defaulted</i>	1,116	2,706	47	—	—	2,753	3,869	
STD								
Central governments and central banks	108,080	—	—	—	—	—	108,080	
Regional governments and local authorities	584	—	—	—	—	—	584	
Multilateral development banks	249	—	—	—	—	—	249	
Institutions	274	—	—	—	—	—	274	
Corporates	7,956	870	149	—	—	1,019	8,975	
Retail	6,294	325	—	—	—	325	6,619	
Secured by mortgages on immovable property:								
<i>- residential</i>	—	14,653	—	—	—	14,653	14,653	
<i>- commercial</i>	—	2,796	27	—	—	2,823	2,823	
Exposures in default	487	3	—	—	—	3	490	
Items associated with particularly high risk	—	—	—	—	—	—	—	
Covered bonds	127	—	—	—	—	—	127	
Equity exposures	686	—	—	—	—	—	686	
Other exposures	933	—	—	—	—	—	933	
Total STD	125,670	18,647	176	—	—	18,823	144,493	
<i>Of which: Loans</i>	10,580	16,804	121	—	—	16,925	27,505	
<i>Debt securities</i>	26,971	—	—	—	—	—	26,971	
<i>Other assets</i>	80,265	116	3	—	—	119	80,384	
<i>Off-balance sheet exposures</i>	7,854	1,727	52	—	—	1,779	9,633	
<i>Defaulted</i>	487	3	—	—	—	3	490	
Total IRB and STD	347,252	277,153	9,981	1,977	—	289,111	636,363	
<i>Total: Loans</i>	84,672	246,041	8,488	529	—	255,058	339,730	
<i>Debt securities</i>	55,783	—	—	—	—	—	55,783	
<i>Other assets</i>	106,672	875	6	—	—	881	107,553	
<i>Off-balance sheet exposures</i>	100,125	30,237	1,487	1,448	—	33,172	133,297	
<i>Defaulted</i>	1,603	2,709	47	—	—	2,756	4,359	

Credit risk

EU CR3: IRB: Credit risk mitigation techniques by exposure class continued

	a	c	d	e	Total secured £m	Total £m
	Unsecured net carrying value £m	Collateral £m	Guarantees £m	Credit derivatives £m		
31 December 2019						
IRB						
Central governments and central banks	52,756	184	3	—	187	52,943
Institutions	9,455	2,009	889	68	2,966	12,421
Corporates	101,517	74,946	1,806	1,057	77,809	179,326
<i>Specialised lending</i>	1,066	17,164	449	—	17,613	18,679
<i>SME</i>	5,184	17,730	144	—	17,874	23,058
<i>Other corporate</i>	95,267	40,052	1,213	1,057	42,322	137,589
Retail	46,035	175,332	—	—	175,332	221,367
<i>Secured by real estate property - SME</i>	—	1,315	—	—	1,315	1,315
<i>- non-SME</i>	—	174,017	—	—	174,017	174,017
<i>Qualifying revolving</i>	31,369	—	—	—	—	31,369
<i>Other retail - SME</i>	8,178	—	—	—	—	8,178
<i>- non-SME</i>	6,488	—	—	—	—	6,488
Equities	1,366	—	—	—	—	1,366
Non-credit obligation assets	5,329	—	—	—	—	5,329
Total IRB	216,458	252,471	2,698	1,125	256,294	472,752
<i>Of which: Loans</i>	70,805	221,631	990	100	222,721	293,526
<i>Debt securities</i>	27,762	—	—	—	—	27,762
<i>Other assets</i>	30,126	758	3	—	761	30,887
<i>Off-balance sheet exposures</i>	87,765	30,082	1,705	1,025	32,812	120,577
<i>Defaulted</i>	922	2,593	37	—	2,630	3,552
STD						
Central governments and central banks	81,960	—	—	—	—	81,960
Regional governments and local authorities	222	—	—	—	—	222
Multilateral development banks	—	—	—	—	—	—
Institutions	385	—	—	—	—	385
Corporates	9,434	731	62	—	793	10,227
Retail	6,070	286	—	—	286	6,356
<i>Secured by mortgages on immovable property:</i>						
<i>- residential</i>	—	14,496	—	—	14,496	14,496
<i>- commercial</i>	—	887	3	—	890	890
<i>Exposures in default</i>	385	139	—	—	139	524
<i>Items associated with particularly high risk</i>	—	—	—	—	—	—
<i>Covered bonds</i>	—	—	—	—	—	—
<i>Equity exposures</i>	671	—	—	—	—	671
<i>Other exposures</i>	1,232	—	—	—	—	1,232
Total STD	100,359	16,539	65	—	16,604	116,963
<i>Of which: Loans</i>	11,611	14,558	45	—	14,603	26,214
<i>Debt securities</i>	26,724	—	—	—	—	26,724
<i>Other assets</i>	55,226	82	3	—	85	55,311
<i>Off-balance sheet exposures</i>	6,798	1,899	17	—	1,916	8,714
<i>Defaulted</i>	386	138	—	—	138	524
Total IRB and STD	316,817	269,010	2,763	1,125	272,898	589,715
Total: Loans	82,416	236,189	1,035	100	237,324	319,740
<i>Debt securities</i>	54,486	—	—	—	—	54,486
<i>Other assets</i>	85,352	840	6	—	846	86,198
<i>Off-balance sheet exposures</i>	94,563	31,981	1,722	1,025	34,728	129,291
<i>Defaulted</i>	1,308	2,731	37	—	2,768	4,076

Credit risk

EU CR7: IRB: Effect on the RWAs of credit derivatives used as CRM techniques

The table below shows the effect of credit derivatives on the calculation of IRB approach capital requirements by IRB exposure class. The table excludes counterparty credit risk and securitisations.

	a		b	
	30 June 2020		31 December 2019	
	Pre-credit derivatives RWAs	Actual RWAs	Pre-credit derivatives RWAs	Actual RWAs
	£m	£m	£m	£m
Exposures under IRB				
Central governments and central banks	3,537	3,537	2,987	2,987
Institutions	2,504	2,504	2,410	2,410
Corporates - SMEs	9,204	9,204	8,762	8,762
Corporates - Specialised lending	12,310	12,310	11,178	11,178
Corporates - Other	45,764	45,712	41,300	41,268
Retail - Secured by real estate SMEs	447	447	523	523
Retail - Secured by real estate non-SMEs	18,008	18,008	18,939	18,939
Retail - Qualifying revolving	5,235	5,235	5,991	5,991
Retail - Other SMEs	4,255	4,255	3,856	3,856
Retail - Other non-SMEs	7,729	7,729	7,841	7,841
Equity IRB	2,499	2,499	2,613	2,613
Other non-credit obligation assets	4,142	4,142	4,365	4,365
Total	115,634	115,582	110,765	110,733

Credit risk

NatWest Group profile by RWA calculation approach

NatWest Group uses the PD/LGD slotting and standardised approaches to calculate RWAs for credit risk exposures.

IRB approach: PD/LGD

EU CR6_a: IRB: Exposures by exposure class and PD range – Retail

The table below shows the key parameters used to calculate minimum capital requirements for credit risk exposures in Retail exposure classes under the IRB approach, split by PD range. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty credit risk and securitisations. A maturity adjustment is not a component of the IRB RWA formula for retail exposures and is therefore not reported in this table. Original on-balance sheet gross exposure includes specific credit risk adjustments.

In accordance with regulatory requirements, for defaulted exposures RWAs are calculated as the difference between the LGD for an economic downturn and the best estimate LGD. This is the unexpected loss amount for which capital must be held. Retail EAD models estimate EAD directly, so credit conversion factors (CCF) are not reported in this table for retail exposure classes.

		a	b	d	e	f	g	i	j	k	l
	PD Range	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	RWAs	RWA density	Expected loss	IFRS 9 ECL Provisions
	%	£m	£m	£m	%		%	£m	%	£m	£m
30 June 2020											
Retail - Secured by real estate SME	0.00 to <0.15	—	83	54	0.12	5,521	63	8	15	—	—
Retail - Secured by real estate SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Secured by real estate SME	0.25 to <0.50	—	18	13	0.31	1,617	67	4	29	—	—
Retail - Secured by real estate SME	0.50 to <0.75	53	2	55	0.65	1,145	41	15	28	—	—
Retail - Secured by real estate SME	0.75 to <2.50	661	25	675	1.25	8,840	41	242	36	3	2
Retail - Secured by real estate SME	2.50 to <10.0	292	22	308	4.64	4,270	36	131	42	5	3
Retail - Secured by real estate SME	10.0 to <100.00	118	1	119	24.12	1,392	11	24	20	3	5
Retail - Secured by real estate SME	100.00 (default)	28	—	29	100.00	574	53	23	80	14	9
Total - Retail - Secured by real estate SME		1,152	151	1,253	6.45	23,359	38	447	36	25	19
Retail - Secured by real estate non-SME	0.00 to <0.15	46,772	3,737	50,587	0.13	384,398	11	1,749	3	8	11
Retail - Secured by real estate non-SME	0.15 to <0.25	4,257	1	4,262	0.15	55,455	9	136	3	1	3
Retail - Secured by real estate non-SME	0.25 to <0.50	69,377	6,877	75,661	0.32	568,939	11	5,166	7	29	39
Retail - Secured by real estate non-SME	0.50 to <0.75	35,906	119	36,113	0.59	240,862	14	4,855	13	33	74
Retail - Secured by real estate non-SME	0.75 to <2.50	6,023	96	6,136	1.16	44,934	13	1,146	19	10	22
Retail - Secured by real estate non-SME	2.50 to <10.0	1,437	18	1,460	6.19	11,862	12	669	46	12	23
Retail - Secured by real estate non-SME	10.0 to <100.00	2,743	4	2,764	26.22	22,068	15	2,369	86	109	161
Retail - Secured by real estate non-SME	100.00 (default)	2,216	9	2,204	100.00	19,822	22	1,918	87	338	672
Total - Retail - Secured by real estate non-SME		168,731	10,861	179,187	2.02	1,348,340	12	18,008	10	540	1,005
Retail - Qualifying revolving	0.00 to <0.15	33	8,113	11,538	0.04	9,084,784	53	190	2	3	9
Retail - Qualifying revolving	0.15 to <0.25	8	16	38	0.19	61,445	59	2	6	—	—
Retail - Qualifying revolving	0.25 to <0.50	762	6,333	2,676	0.37	2,409,022	64	315	12	6	25
Retail - Qualifying revolving	0.50 to <0.75	341	4,080	1,249	0.61	1,394,091	63	219	18	5	22
Retail - Qualifying revolving	0.75 to <2.50	1,452	7,403	3,456	1.34	3,155,405	69	1,194	35	32	108
Retail - Qualifying revolving	2.50 to <10.0	1,751	732	2,436	4.70	1,357,375	74	2,185	90	85	208
Retail - Qualifying revolving	10.0 to <100.00	304	61	398	23.08	227,677	73	765	192	67	86
Retail - Qualifying revolving	100.00 (default)	356	277	360	100.00	402,857	84	365	101	273	273
Total - Retail - Qualifying revolving		5,007	27,015	22,151	2.87	18,092,656	60	5,235	24	471	731

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range – Retail continued

		a	b	d	e	f	g	i	j	k	l
	PD Range	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL Provisions £m
30 June 2020											
Retail - Other SME	0.00 to <0.15	—	800	741	0.12	277,728	63	109	15	1	3
Retail - Other SME	0.15 to <0.25	—	58	95	0.16	11,974	72	19	20	—	—
Retail - Other SME	0.25 to <0.50	23	303	438	0.32	234,033	65	127	29	1	3
Retail - Other SME	0.50 to <0.75	560	53	685	0.65	96,993	46	209	31	2	2
Retail - Other SME	0.75 to <2.50	3,212	197	3,583	1.32	315,970	45	1,439	40	22	18
Retail - Other SME	2.50 to <10.0	4,473	219	4,888	6.10	253,590	22	1,241	25	49	29
Retail - Other SME	10.0 to <100.00	3,826	25	3,996	25.20	152,899	12	924	23	120	56
Retail - Other SME	100.00 (default)	288	—	296	100.00	23,330	63	187	63	172	170
Total - Retail - Other SME		12,382	1,655	14,722	11.25	1,366,517	30	4,255	29	367	281
Retail - Other non-SME	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—
Retail - Other non-SME	0.15 to <0.25	64	—	65	0.24	9,345	75	23	36	—	—
Retail - Other non-SME	0.25 to <0.50	15	—	15	0.47	854	74	8	54	—	—
Retail - Other non-SME	0.50 to <0.75	105	—	107	0.67	20,126	68	67	63	1	1
Retail - Other non-SME	0.75 to <2.50	4,378	—	4,456	1.44	598,288	73	4,175	94	55	142
Retail - Other non-SME	2.50 to <10.0	1,428	—	1,447	5.02	150,185	77	1,834	127	65	136
Retail - Other non-SME	10.0 to <100.00	584	—	575	29.32	75,782	79	1,159	202	156	124
Retail - Other non-SME	100.00 (default)	512	—	531	100.00	81,067	85	463	87	414	441
Total - Retail - Other non-SME		7,086	—	7,196	11.64	935,647	75	7,729	107	691	844
Total - Retail all portfolios		194,358	39,682	224,509	3.04	21,766,519	20	35,674	16	2,094	2,880

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range – Retail continued

		a	b	d	e	f	g	i	j	k	l
	PD Range	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	RWAs	RWA density	Expected loss	IFRS 9 ECL provisions
31 December 2019	%	£m	£m	£m	%		%	£m	%	£m	£m
Retail - Secured by real estate SME	0.00 to <0.15	—	55	38	0.12	4,700	60	5	14	—	—
Retail - Secured by real estate SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Secured by real estate SME	0.25 to <0.50	8	11	17	0.41	1,548	51	4	25	—	—
Retail - Secured by real estate SME	0.50 to <0.75	50	2	51	0.62	1,055	41	14	27	—	—
Retail - Secured by real estate SME	0.75 to <2.50	835	41	861	1.17	12,360	42	312	36	4	1
Retail - Secured by real estate SME	2.50 to <10.0	238	11	245	4.43	3,461	43	125	51	5	2
Retail - Secured by real estate SME	10.0 to <100.00	50	1	51	25.21	802	44	41	80	6	2
Retail - Secured by real estate SME	100.00 (default)	26	—	28	100.00	538	56	22	79	14	8
Total - Retail - Secured by real estate SME		1,207	121	1,291	4.79	24,464	43	523	41	29	13
Retail - Secured by real estate non-SME	0.00 to <0.15	37,762	3,622	41,488	0.13	334,287	10	1,271	3	6	2
Retail - Secured by real estate non-SME	0.15 to <0.25	7,103	138	7,217	0.16	71,084	18	457	6	2	4
Retail - Secured by real estate non-SME	0.25 to <0.50	66,239	10,045	75,486	0.32	569,376	11	4,937	7	28	18
Retail - Secured by real estate non-SME	0.50 to <0.75	35,455	102	35,687	0.59	251,623	14	4,934	14	34	22
Retail - Secured by real estate non-SME	0.75 to <2.50	7,770	106	7,936	1.15	58,866	14	1,615	20	13	14
Retail - Secured by real estate non-SME	2.50 to <10.0	1,599	18	1,622	6.03	13,579	12	752	46	13	17
Retail - Secured by real estate non-SME	10.0 to <100.00	2,449	5	2,472	26.86	20,641	15	2,201	89	102	70
Retail - Secured by real estate non-SME	100.00 (default)	2,522	9	2,621	100.00	21,898	24	2,772	106	418	780
Total - Retail - Secured by real estate non-SME		160,899	14,045	174,529	2.29	1,341,354	12	18,939	11	616	927
Retail - Qualifying revolving	0.00 to <0.15	48	7,349	10,839	0.04	8,298,308	53	179	2	3	3
Retail - Qualifying revolving	0.15 to <0.25	269	461	751	0.23	441,969	66	63	8	1	2
Retail - Qualifying revolving	0.25 to <0.50	901	7,089	2,851	0.37	2,613,442	65	347	12	7	12
Retail - Qualifying revolving	0.50 to <0.75	429	4,998	1,609	0.65	1,676,653	67	310	19	7	12
Retail - Qualifying revolving	0.75 to <2.50	1,698	4,883	3,418	1.41	2,735,188	70	1,245	36	34	48
Retail - Qualifying revolving	2.50 to <10.0	2,031	763	2,857	4.74	1,606,319	74	2,597	91	101	132
Retail - Qualifying revolving	10.0 to <100.00	346	51	469	22.36	296,434	74	915	195	76	81
Retail - Qualifying revolving	100.00 (default)	341	265	344	100.00	397,125	86	335	97	268	262
Total - Retail - Qualifying revolving		6,063	25,859	23,138	2.85	18,065,438	62	5,991	26	497	552

Credit risk

EU CR6_a: IRB: Exposures by exposure class and PD range – Retail continued

31 December 2019		a	b	d	e	f	g	i	j	k	l
	PD Range %	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
Retail - Other SME	0.00 to <0.15	—	639	740	0.12	293,487	62	105	14	1	1
Retail - Other SME	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—
Retail - Other SME	0.25 to <0.50	166	186	498	0.35	234,540	55	125	25	1	1
Retail - Other SME	0.50 to <0.75	576	35	675	0.63	88,638	44	196	29	2	1
Retail - Other SME	0.75 to <2.50	4,223	401	4,716	1.29	336,525	46	1,972	42	30	14
Retail - Other SME	2.50 to <10.0	1,505	98	1,695	4.22	166,961	47	939	55	35	16
Retail - Other SME	10.0 to <100.00	298	17	337	23.47	50,839	56	334	99	44	26
Retail - Other SME	100.00 (default)	269	—	279	100.00	23,851	68	185	66	175	177
Total - Retail - Other SME		7,037	1,376	8,940	5.57	1,194,841	49	3,856	43	288	236
Retail - Other non-SME	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—
Retail - Other non-SME	0.15 to <0.25	2	—	2	0.17	235	75	1	29	—	—
Retail - Other non-SME	0.25 to <0.50	68	—	68	0.35	10,009	70	29	43	—	—
Retail - Other non-SME	0.50 to <0.75	281	—	285	0.64	37,491	68	174	61	1	1
Retail - Other non-SME	0.75 to <2.50	3,970	—	4,049	1.40	538,438	74	3,823	94	50	58
Retail - Other non-SME	2.50 to <10.0	1,751	—	1,799	4.98	191,060	79	2,341	130	83	79
Retail - Other non-SME	10.0 to <100.00	560	—	577	26.04	74,412	81	1,140	197	142	59
Retail - Other non-SME	100.00 (default)	438	—	452	100.00	69,982	85	333	74	360	385
Total - Retail - Other non-SME		7,070	—	7,232	10.39	921,627	76	7,841	108	636	582
Total - Retail all portfolios		182,276	41,401	215,130	2.77	21,547,724	21	37,150	17	2,066	2,310

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range – Wholesale

The table below shows the key parameters used to calculate minimum capital requirements for credit risk exposures in Wholesale exposure classes under the IRB approach, split by PD range. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty risk and securitisations. The average maturity used in the RWA calculation is capped at five years in accordance with regulatory requirements. The corporates – specialised lending exposure class includes only exposures modelled under the PD/LGD method (relating to shipping). For specialised lending exposures under the supervisory slotting approach, refer to EU CR10. Original on-balance sheet gross exposure includes specific credit risk adjustments.

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity years	RWAs	RWA density	Expected loss	IFRS 9 ECL provisions
30 June 2020	%	£m	£m	%	£m	%		%		£m	%	£m	£m
Central governments and central banks	0.00 to <0.15	51,588	342	57	51,811	0.01	63	45	1.75	3,394	7	4	4
Central governments and central banks	0.15 to <0.25	—	—	—	—	0.23	2	15	1.00	—	—	—	—
Central governments and central banks	0.25 to <0.50	274	—	—	274	0.32	2	53	1.12	143	52	—	—
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.0	—	—	—	—	2.50	1	50	4.98	—	—	—	—
Central governments and central banks	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	100.00 (default)	3	—	—	3	100.00	1	7	1.00	—	—	—	—
Total - Central governments and central banks		51,865	342	57	52,088	0.02	69	45	1.75	3,537	7	4	4
Institutions	0.00 to <0.15	5,032	941	80	5,727	0.10	256	41	1.33	1,222	21	3	19
Institutions	0.15 to <0.25	2,767	853	63	3,316	0.18	110	36	1.33	986	30	3	4
Institutions	0.25 to <0.50	414	35	45	429	0.43	41	20	4.14	188	44	—	6
Institutions	0.50 to <0.75	7	45	37	24	0.64	15	57	1.53	27	111	—	—
Institutions	0.75 to <2.50	44	17	36	50	1.30	32	45	1.40	48	97	—	1
Institutions	2.50 to <10.0	27	—	95	29	2.80	38	45	1.05	33	117	—	—
Institutions	10.0 to <100.00	—	—	73	—	40.96	72	52	4.99	—	—	—	—
Institutions	100.00 (default)	—	—	—	—	100.00	1	50	1.00	—	—	—	—
Total - Institutions		8,291	1,891	70	9,575	0.16	565	38	1.46	2,504	26	6	30
Corporates - Specialised lending	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.75 to <2.50	—	—	100	—	1.81	2	1	5.00	—	—	—	—
Corporates - Specialised lending	2.50 to <10.0	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	100.00 (default)	4	—	—	4	100.00	2	37	1.00	—	—	1	1
Total - Corporates - Specialised lending		4	—	100	4	96.99	4	36	1.12	—	—	1	1

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range – Wholesale continued

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity years	RWAs	RWA density	Expected loss	IFRS 9 ECL provisions
30 June 2020	%	£m	£m	%	£m	%		%		£m	%	£m	£m
Corporates - SME	0.00 to <0.15	31	9	87	39	0.10	54	30	2.87	6	16	—	—
Corporates - SME	0.15 to <0.25	503	229	60	642	0.21	1,596	29	3.41	175	27	—	22
Corporates - SME	0.25 to <0.50	3,047	1,005	53	3,585	0.41	7,163	23	3.22	999	28	3	45
Corporates - SME	0.50 to <0.75	2,657	902	48	3,093	0.64	5,266	22	3.03	981	32	4	57
Corporates - SME	0.75 to <2.50	7,653	3,018	43	8,985	1.28	13,917	24	2.90	4,103	46	28	248
Corporates - SME	2.50 to <10.0	3,036	1,121	42	3,530	3.43	5,905	24	2.63	1,913	54	30	151
Corporates - SME	10.0 to <100.00	492	98	50	546	15.84	945	24	2.57	888	163	21	51
Corporates - SME	100.00 (default)	652	69	21	673	100.00	1,395	40	2.45	139	21	274	290
Total - Corporates - SME		18,071	6,451	46	21,093	4.89	36,241	24	2.92	9,204	44	360	864
Corporates - Other	0.00 to <0.15	30,331	44,903	45	50,615	0.05	2,366	43	2.84	11,756	23	12	59
Corporates - Other	0.15 to <0.25	8,174	9,668	43	12,284	0.19	1,192	43	2.66	5,416	44	9	56
Corporates - Other	0.25 to <0.50	8,173	7,319	43	11,207	0.38	1,602	43	2.58	7,000	62	17	134
Corporates - Other	0.50 to <0.75	3,536	2,028	46	4,438	0.64	1,299	39	2.42	3,153	71	11	98
Corporates - Other	0.75 to <2.50	11,795	5,440	50	14,405	1.31	9,047	34	2.71	12,102	84	64	460
Corporates - Other	2.50 to <10.0	4,583	2,506	42	5,570	3.61	6,118	30	2.11	5,145	92	59	247
Corporates - Other	10.0 to <100.00	448	171	59	545	13.47	569	34	2.18	1,122	206	26	58
Corporates - Other	100.00 (default)	1,192	235	36	1,270	100.00	701	43	1.97	18	1	555	627
Total - Corporates - Other		68,232	72,270	45	100,334	1.85	22,894	41	2.70	45,712	46	753	1,739
Equities	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.15 to <0.25	417	—	—	417	0.23	1	90	5.00	626	150	1	—
Equities	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.75 to <2.50	249	—	—	248	1.26	10	90	5.00	696	280	3	—
Equities	2.50 to <10.0	49	4	100	53	2.50	16	90	5.00	173	329	1	—
Equities	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Equities	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Equities		715	4	100	718	0.75	27	90	5.00	1,495	208	5	—
Total - Wholesale all portfolios		147,178	80,958	46	183,812	1.59	59,800	40	2.40	62,452	34	1,129	2,638

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range – Wholesale continued

	PD Range %	a	b	c	d	e	f	g	h	i	j	k	l
		Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL provisions £m
31 December 2019													
Central governments and central banks	0.00 to <0.15	52,337	206	32	52,435	0.01	57	45	1.63	2,865	5	3	3
Central governments and central banks	0.15 to <0.25	275	—	100	275	0.23	5	56	1.14	122	44	—	—
Central governments and central banks	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.0	—	—	—	—	2.50	—	50	4.99	—	—	—	—
Central governments and central banks	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Central governments and central banks	100.00 (default)	2	—	—	2	100.00	1	7	1.00	—	—	—	—
Total - Central governments and central banks		52,614	206	32	52,712	0.02	63	45	1.63	2,987	6	3	3
Institutions	0.00 to <0.15	4,681	1,186	85	5,588	0.10	263	38	1.59	1,108	20	2	21
Institutions	0.15 to <0.25	3,345	1,170	42	3,893	0.17	121	40	0.95	1,139	29	3	1
Institutions	0.25 to <0.50	182	28	36	174	0.38	38	23	2.93	46	27	—	—
Institutions	0.50 to <0.75	2	15	37	8	0.64	18	68	0.78	8	107	—	—
Institutions	0.75 to <2.50	58	26	29	65	1.50	24	51	1.35	79	122	1	—
Institutions	2.50 to <10.0	24	3	42	25	2.65	37	45	1.09	30	117	—	—
Institutions	10.0 to <100.00	—	—	65	—	40.96	78	52	4.99	—	—	—	—
Institutions	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Institutions		8,292	2,428	63	9,753	0.15	579	38	1.35	2,410	25	6	22
Corporates - Specialised lending	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	0.75 to <2.50	1	—	100	—	1.81	14	1	5.00	—	—	—	—
Corporates - Specialised lending	2.50 to <10.0	—	—	—	—	—	—	—	—	—	—	—	—
Corporates - Specialised lending	10.0 to <100.00	8	—	—	9	14.48	3	36	1.00	16	185	—	1
Corporates - Specialised lending	100.00 (default)	2	1	102	3	100.00	1	30	4.99	—	—	1	—
Total - Corporates - Specialised lending		11	1	102	12	34.95	18	34	2.00	16	138	1	1

Credit risk

EU CR6_b: IRB: Exposures by exposure class and PD range – Wholesale continued

		a	b	c	d	e	f	g	h	i	j	k	l
	PD Range %	Original on-balance sheet gross exposure £m	Off-balance sheet exposures pre CCF £m	Average CCF %	EAD post CRM and post CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWAs £m	RWA density %	Expected loss £m	IFRS 9 ECL Provisions £m
31 December 2019													
Corporates - SME	0.00 to <0.15	27	10	75	35	0.10	43	32	2.48	7	20	—	—
Corporates - SME	0.15 to <0.25	434	196	55	544	0.22	1,208	36	3.12	181	33	—	2
Corporates - SME	0.25 to <0.50	2,154	742	56	2,578	0.41	6,452	25	3.09	740	29	3	5
Corporates - SME	0.50 to <0.75	2,564	834	49	2,979	0.64	5,204	23	2.79	987	33	4	6
Corporates - SME	0.75 to <2.50	8,038	2,618	47	9,301	1.31	14,857	24	2.67	4,063	44	29	34
Corporates - SME	2.50 to <10.0	3,301	885	44	3,728	3.52	6,645	23	2.32	1,872	50	30	31
Corporates - SME	10.0 to <100.00	517	69	50	558	15.76	1,038	26	2.38	738	132	22	17
Corporates - SME	100.00 (default)	627	45	28	645	100.00	1,482	40	2.65	174	27	263	272
Total - Corporates - SME		17,662	5,399	48	20,368	4.99	36,929	24	2.68	8,762	43	351	367
Corporates - Other	0.00 to <0.15	29,612	40,640	44	47,519	0.05	2,335	43	2.84	10,791	23	11	8
Corporates - Other	0.15 to <0.25	7,717	11,559	41	12,354	0.19	1,221	43	2.77	5,737	46	10	7
Corporates - Other	0.25 to <0.50	7,155	6,342	45	9,881	0.39	1,574	40	2.44	5,825	59	16	20
Corporates - Other	0.50 to <0.75	3,935	2,037	46	4,900	0.64	1,343	36	2.71	3,403	69	11	19
Corporates - Other	0.75 to <2.50	9,356	5,298	54	12,083	1.32	8,367	34	2.61	9,966	82	54	55
Corporates - Other	2.50 to <10.0	4,653	2,102	49	5,634	3.35	6,278	28	2.20	4,885	87	52	45
Corporates - Other	10.0 to <100.00	245	110	48	292	14.88	570	29	2.26	634	217	14	8
Corporates - Other	100.00 (default)	646	200	36	715	100.00	723	48	1.86	27	4	342	523
Total - Corporates - Other		63,319	68,288	45	93,378	1.31	22,411	40	2.70	41,268	44	510	685
Equities	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.15 to <0.25	596	—	—	595	0.23	1	90	5.00	894	150	1	—
Equities	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
Equities	0.75 to <2.50	183	—	—	182	1.27	10	90	5.00	511	280	2	—
Equities	2.50 to <10.0	55	3	100	59	2.50	15	90	5.00	194	328	1	—
Equities	10.0 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
Equities	100.00 (default)	—	—	—	—	—	—	—	—	—	—	—	—
Total - Equities		834	3	100	836	0.61	26	90	5.00	1,599	191	4	—
Total - Wholesale all portfolios		142,732	76,325	46	177,059	1.28	60,026	40	2.32	57,042	32	875	1,078

Credit risk

EU CR6_c: IRB: Geographical split of PD and LGD

The table below shows weighted-average PD and LGD for credit risk, analysed by geography, split by exposure class. It excludes exposures calculated under the supervisory slotting approach, equities under the simple risk-weight approach and non-credit assets. It also excludes counterparty credit risk and securitisations.

	Total		UK		RoI		Other Western Europe		US		Rest of World	
	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %	PD %	LGD %
30 June 2020												
Central governments and central banks	0.02	45	0.01	47	0.06	45	0.01	45	0.01	45	0.10	46
Institutions	0.16	38	0.23	25	0.14	45	0.12	30	0.15	44	0.17	49
Corporates	2.38	38	2.74	36	3.50	36	1.32	43	0.32	46	2.44	47
<i>Specialised lending</i>	96.99	36	—	—	—	—	—	—	—	—	96.99	36
<i>SME</i>	4.89	24	4.79	24	5.49	28	77.77	35	2.49	10	21.11	35
<i>Other corporate</i>	1.85	41	2.14	39	2.61	40	1.28	43	0.32	46	2.23	47
Retail	3.04	20	2.67	19	8.01	30	3.88	58	2.70	56	3.45	58
<i>Secured by real estate property - SME</i>	6.45	38	6.43	38	9.62	28	9.04	28	6.08	35	15.10	38
<i>- non SME</i>	2.02	12	1.48	11	8.17	27	—	—	—	—	—	—
<i>Qualifying revolving</i>	2.87	60	2.87	60	3.33	72	2.28	58	1.77	57	2.37	58
<i>Other retail - SME</i>	11.25	30	11.43	29	6.72	72	7.54	42	10.21	36	7.95	40
<i>- non-SME</i>	11.64	75	11.72	75	7.90	73	34.85	76	36.63	80	21.40	76
Equities	0.75	90	1.45	90	1.28	90	1.80	90	1.70	90	0.25	90
Total	2.39	29	2.67	24	5.56	34	0.50	44	0.14	45	0.92	48
31 December 2019												
Central governments and central banks	0.02	45	0.01	47	0.06	45	0.01	45	0.01	45	0.10	46
Institutions	0.15	38	0.18	27	0.15	45	0.13	30	0.13	45	0.24	49
Corporates	1.97	37	2.10	35	3.52	36	1.48	44	0.31	47	2.46	46
<i>Specialised lending</i>	34.95	34	—	—	—	—	1.28	50	—	—	34.95	34
<i>SME</i>	4.99	24	4.90	24	5.60	26	44.58	19	2.35	8	10.79	35
<i>Other corporate</i>	1.31	40	1.29	38	2.55	40	1.43	44	0.31	47	2.21	46
Retail	2.77	21	2.19	21	10.50	31	3.53	60	2.65	58	3.22	59
<i>Secured by real estate property - SME</i>	4.79	43	4.77	43	11.79	43	11.91	39	28.52	42	9.53	40
<i>- non SME</i>	2.29	12	1.54	11	10.88	28	—	—	—	—	—	—
<i>Qualifying revolving</i>	2.85	62	2.84	62	3.95	72	2.22	60	1.69	58	2.32	59
<i>Other retail - SME</i>	5.57	49	5.56	48	5.68	72	3.63	53	8.63	48	5.66	48
<i>- non-SME</i>	10.39	76	10.42	76	8.21	72	32.54	75	32.44	80	21.33	77
Equities	0.61	90	1.56	90	1.28	90	1.80	90	1.68	90	0.24	90
Total	2.10	30	2.15	25	7.63	34	0.49	44	0.12	46	0.82	49

Credit risk

EU CR10: IRB: Specialised lending and equities

The table below shows EAD post CRM (exposure amount) for IRB specialised lending exposures subject to the supervisory slotting approach (income-producing real estate and project finance portfolios), analysed by type of lending and regulatory category. It excludes counterparty credit risk and securitisations. For specialised lending exposures under the PD/LGD method (relating to shipping), refer to EU CR6_b.

		On-balance sheet amount	Off-balance sheet amount	Risk-weight	Exposure amount	RWAs	Expected loss
30 June 2020	Remaining maturity	£m	£m	%	£m	£m	£m
Regulatory categories							
1 - Strong	Less than 2.5 years	3,611	1,178	50	4,387	2,193	—
	Equal to or more than 2.5 years	6,011	1,368	70	7,098	4,968	28
2 - Good	Less than 2.5 years	3,659	471	70	4,007	2,805	16
	Equal to or more than 2.5 years	1,842	192	90	1,982	1,784	16
3 - Satisfactory	Less than 2.5 years	150	3	115	153	177	4
	Equal to or more than 2.5 years	154	6	115	160	184	4
4 - Weak	Less than 2.5 years	61	1	250	62	155	5
	Equal to or more than 2.5 years	17	—	250	17	44	1
5 - Default	Less than 2.5 years	379	6	—	384	—	195
	Equal to or more than 2.5 years	236	10	—	243	—	122
Total	Less than 2.5 years	7,860	1,659		8,993	5,330	220
	Equal to or more than 2.5 years	8,260	1,576		9,500	6,980	171
31 December 2019							
1 - Strong	Less than 2.5 years	3,688	853	50	4,181	2,090	—
	Equal to or more than 2.5 years	5,073	1,407	70	6,188	4,332	25
2 - Good	Less than 2.5 years	2,984	374	70	3,308	2,316	13
	Equal to or more than 2.5 years	1,823	160	90	1,954	1,759	16
3 - Satisfactory	Less than 2.5 years	218	10	115	227	261	6
	Equal to or more than 2.5 years	136	11	115	147	169	4
4 - Weak	Less than 2.5 years	63	32	250	74	186	6
	Equal to or more than 2.5 years	19	—	250	20	49	2
5 - Default	Less than 2.5 years	334	11	—	344	—	174
	Equal to or more than 2.5 years	242	8	—	247	—	123
Total	Less than 2.5 years	7,287	1,280		8,134	4,853	199
	Equal to or more than 2.5 years	7,293	1,586		8,556	6,309	170

The table below presents EAD post CRM (exposure amount) for IRB equity exposures subject to the simple risk-weight approach. It excludes counterparty credit risk and securitisations.

	On-balance sheet amount	Off-balance sheet amount	Risk- weight	Exposure amount	RWAs	Capital requirements
30 June 2020	£m	£m	%	£m	£m	£m
Exchange-traded equity exposures	—	—	290	—	—	—
Private equity exposures	443	77	190	520	990	79
Other equity exposures	2	2	370	4	14	1
Total	445	79	—	524	1,004	80
31 December 2019						
Exchange-traded equity exposures	—	—	290	—	—	—
Private equity exposures	412	114	190	526	999	80
Other equity exposures	3	1	370	4	15	1
Total	415	115	—	530	1,014	81

Credit risk

EU CR4: STD: Exposures and CRM effects

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and credit conversion factors (CCF) as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

	a		b		c		d	e	f
	Exposures pre CCF and CRM		Exposures post CCF and CRM		Exposures post CCF and CRM			RWA	RWA
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet		£m	density
	£m	£m	£m	£m	£m	£m			%
30 June 2020									
1 Central governments and central banks	107,126	884	107,266	239	361	—			
2 Regional governments and local authorities	3	532	3	1	2	58			
4 Multilateral development banks	249	—	249	—	—	—			
6 Institutions	217	57	265	—	89	34			
7 Corporates	6,302	2,487	5,742	649	5,472	86			
8 Retail	2,260	4,360	2,156	34	1,323	60			
9 Secured by mortgages on immovable property - residential	13,562	1,091	13,563	237	5,025	36			
- commercial	2,585	210	2,498	94	2,602	100			
10 Exposures in default	459	32	485	1	573	118			
11 Items associated with particularly high risk	—	—	—	—	—	—			
12 Covered bonds	127	—	129	—	26	20			
15 Equity exposures	686	—	686	—	1,679	245			
16 Other exposures	933	—	1,045	—	576	55			
17 Total	134,509	9,653	134,087	1,255	17,728	13			
31 December 2019									
1 Central governments and central banks	81,041	919	81,104	235	323	—			
2 Regional governments and local authorities	20	202	19	1	6	27			
4 Multilateral development banks	—	—	—	—	—	—			
6 Institutions	307	77	353	—	85	24			
7 Corporates	8,011	1,979	7,619	593	7,691	94			
8 Retail	2,420	3,937	2,331	49	1,433	60			
9 Secured by mortgages on immovable property - residential	13,250	1,245	13,254	253	4,849	36			
- commercial	616	256	547	131	692	102			
10 Exposures in default	420	103	405	1	489	121			
11 Items associated with particularly high risk	—	—	—	—	—	—			
12 Covered bonds	—	—	—	—	—	—			
15 Equity exposures	671	—	671	—	1,619	241			
16 Other exposures	1,231	—	1,345	—	713	53			
17 Total	107,987	8,718	107,648	1,263	17,900	16			

Credit risk

EU CR5: STD: Credit risk exposure class and risk-weights

The table below shows credit risk EAD post CRM under the standardised approach by risk-weight, split by exposure class. It excludes counterparty credit risk and securitisations. Exposure classes with no exposure are excluded.

	Risk-weight																Of which:		
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150% (1)	250%	370%	1250%	Others	Deducted	Total	Unrated	
EAD post CRM	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
30 June 2020																			
1 Central governments and central banks	107,334	—	—	—	29	—	—	—	—	—	—	142	—	—	—	—	107,505	297	
2 Regional governments and local authorities	—	—	—	—	2	—	—	—	—	2	—	—	—	—	—	—	4	4	
3 Multilateral development banks	249	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	249	—	
4 Institutions	—	—	—	—	196	—	4	—	—	5	13	—	—	—	47	—	265	39	
6 Corporates	539	—	—	—	271	—	244	—	—	5,327	10	—	—	—	—	—	6,391	2,596	
7 Retail	—	—	—	—	266	—	—	—	1,821	1	—	—	—	—	102	—	2,190	—	
Secured by mortgages on																			
8 immovable property - residential	—	—	—	—	—	13,490	—	—	—	310	—	—	—	—	—	—	13,800	13,800	
9 - commercial	—	—	—	—	—	—	—	—	—	2,567	25	—	—	—	—	—	2,592	2,592	
10 Exposures in default	2	—	—	—	—	—	—	—	—	306	178	—	—	—	—	—	486	483	
11 Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
12 Covered bonds	—	—	—	—	129	—	—	—	—	—	—	—	—	—	—	—	129	—	
14 Equity exposures	—	—	—	—	—	—	—	—	—	24	—	662	—	—	—	—	686	662	
15 Other exposures	359	—	—	—	99	—	29	—	—	535	—	—	—	—	23	—	1,045	1,045	
16 Total EAD post CRM	108,483	—	—	—	992	13,490	277	—	1,821	9,077	226	804	—	—	172	—	135,342	21,518	
17 EAD pre CRM	108,484	—	—	—	1,041	13,489	277	—	1,926	9,833	227	804	—	—	126	—	136,207	22,103	
31 December 2019																			
1 Central governments and central banks	81,183	—	—	—	29	—	—	—	—	—	—	127	—	—	—	—	81,339	280	
2 Regional governments and local authorities	—	—	—	—	18	—	—	—	—	2	—	—	—	—	—	—	20	20	
3 Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4 Institutions	—	—	—	—	307	—	—	—	—	—	—	—	—	—	46	—	353	56	
6 Corporates	94	—	—	—	424	—	140	—	—	7,502	52	—	—	—	—	—	8,212	2,645	
7 Retail	—	—	—	—	279	—	—	—	2,014	—	—	—	—	—	87	—	2,380	—	
Secured by mortgages on																			
8 immovable property - residential	—	—	—	—	—	13,310	—	—	—	196	1	—	—	—	—	—	13,507	13,507	
9 - commercial	—	—	—	—	—	—	—	—	—	647	31	—	—	—	—	—	678	678	
10 Exposures in default	—	—	—	—	—	—	—	—	—	239	167	—	—	—	—	—	406	403	
11 Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
12 Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
14 Equity exposures	—	—	—	—	—	—	—	—	—	38	—	633	—	—	—	—	671	632	
15 Other exposures	527	—	—	—	56	—	26	—	—	677	—	—	—	—	59	—	1,345	1,345	
16 Total EAD post CRM	81,804	—	—	—	1,113	13,310	166	—	2,014	9,301	251	760	—	—	192	—	108,911	19,566	
17 EAD pre CRM	81,802	—	—	—	1,113	13,310	166	—	2,079	9,854	312	759	—	—	147	—	109,542	19,897	

Note:

(1) Relates to legacy assets.

Counterparty credit risk

EU CCR1: CCR: Analysis of exposure by EAD calculation approach

The table below shows the methods used to calculate counterparty credit risk exposure and RWAs. It excludes CVA charges, securitisations and exposures cleared through a CCP.

	a	b	c	d	e	f	g	
	Notional	Replacement cost/current market value	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA	
	£m	£m	£m	£m		£m	£m	
30 June 2020								
1	Mark-to-market method	n/a	5,948	3,063	n/a	n/a	3,979	2,155
4	Internal model method (for derivatives)	n/a	n/a	n/a	9,930	1.4	13,901	6,403
6	<i>of which: Derivatives and long settlement transactions</i>	n/a	n/a	n/a	9,930	1.4	13,901	6,403
9	Financial collateral comprehensive method (for SFTs)	n/a	n/a	n/a	n/a	n/a	5,528	838
11	Total	n/a	n/a	n/a	n/a	n/a	23,408	9,396
31 December 2019								
1	Mark-to-market method	n/a	5,135	2,736	n/a	n/a	3,999	2,106
4	Internal model method (for derivatives)	n/a	n/a	n/a	11,048	1.4	15,467	6,869
6	<i>of which: Derivatives and long settlement transactions</i>	n/a	n/a	n/a	11,048	1.4	15,467	6,869
9	Financial collateral comprehensive method (for SFTs)	n/a	n/a	n/a	n/a	n/a	5,701	1,090
11	Total	n/a	n/a	n/a	n/a	n/a	25,167	10,065

Key points

- The RWA decrease related to the IMM was mainly driven by a decrease in asset size, chiefly reflecting trade novations.
- The decrease in non-IMM RWAs was primarily due to reduced exposure. This was partly the result of maturities as well as in relation to transactions with special purpose vehicles (SPVs) following a review of the eligibility of financial collateral with such counterparties in Q1 2020.
- 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.

Counterparty credit risk

IRB Approach PD & LGD approach

EU CCR4: CCR IRB: Exposures by portfolio and PD scale

The table below shows a detailed view of counterparty credit risk positions subject to the IRB approach by exposure class and PD scale. It excludes CVA charges, securitisations and exposures cleared through a CCP. Counterparty credit risk exposures are managed on a portfolio basis. Hence, it is not meaningful to report valuation adjustments and provisions at the regulatory exposure class level.

		a	b	c	d	e	f	g
		EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
30 June 2020	PD scale							
Central governments and central banks	0.00 to <0.15	999	0.01	29	46	2.35	88	9
Central governments and central banks	0.15 to <0.25	—	0.23	1	45	5.00	—	—
Central governments and central banks	0.25 to <0.50	—	0.45	1	45	1.00	—	52
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	—	—	—	—	—	—	—
Central governments and central banks	2.50 to <10.00	—	—	—	—	—	—	—
Central governments and central banks	10.00 to <100.00	—	—	—	—	—	—	—
Central governments and central banks	100.00 (Default)	—	—	—	—	—	—	—
Total - Central governments and central banks		999	0.01	31	46	2.35	88	9
Institutions	0.00 to <0.15	2,780	0.10	133	45	2.51	1,086	39
Institutions	0.15 to <0.25	2,568	0.18	156	47	2.90	1,673	65
Institutions	0.25 to <0.50	431	0.36	91	48	2.35	322	75
Institutions	0.50 to <0.75	38	0.64	24	56	1.50	40	106
Institutions	0.75 to <2.50	91	1.28	47	63	1.90	131	143
Institutions	2.50 to <10.00	54	2.57	19	45	3.17	80	148
Institutions	10.00 to <100.00	—	—	—	—	—	—	—
Institutions	100.00 (Default)	—	—	—	—	—	—	—
Total - Institutions		5,962	0.20	470	46	2.66	3,332	56
Corporates - SME	0.00 to <0.15	—	—	2	45	2.78	—	19
Corporates - SME	0.15 to <0.25	1	0.20	11	49	1.23	—	27
Corporates - SME	0.25 to <0.50	13	0.42	170	38	2.29	6	44
Corporates - SME	0.50 to <0.75	7	0.64	130	34	2.97	4	48
Corporates - SME	0.75 to <2.50	27	1.28	272	30	2.68	15	55
Corporates - SME	2.50 to <10.00	9	2.98	91	34	2.44	8	86
Corporates - SME	10.00 to <100.00	—	24.39	6	13	1.11	—	52
Corporates - SME	100.00 (Default)	6	100.00	12	42	2.30	—	—
Total - Corporates - SME		63	10.74	694	35	2.53	33	50

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

		a	b	c	d	e	f	g
		EAD post CRM and post-CCF	Average PD	Number of	Average LGD	Average maturity	RWAs	RWA density
30 June 2020	PD scale	£m	%	obligors	%	Years	£m	%
Corporates - Specialised lending	Strong	700	—	222	—	3.78	458	65
Corporates - Specialised lending	Good	316	—	101	—	4.26	275	87
Corporates - Specialised lending	Satisfactory	24	—	16	—	4.10	27	115
Corporates - Specialised lending	Weak	—	—	—	—	0.00	—	—
Corporates - Specialised lending	Default	6	—	11	—	2.30	—	—
Total - Corporates - Specialised lending (1)		1,046	—	350	—	3.92	760	73
Corporates - Other	0.00 to <0.15	8,780	0.04	2,991	45	2.31	1,674	19
Corporates - Other	0.15 to <0.25	3,218	0.19	357	44	2.80	1,746	54
Corporates - Other	0.25 to <0.50	917	0.37	319	56	2.28	685	75
Corporates - Other	0.50 to <0.75	256	0.64	122	45	1.19	180	70
Corporates - Other	0.75 to <2.50	636	1.13	271	39	2.05	482	76
Corporates - Other	2.50 to <10.00	78	3.27	206	48	1.43	103	133
Corporates - Other	10.00 to <100.00	17	17.34	12	36	2.11	32	188
Corporates - Other	100.00 (Default)	3	100.00	8	49	1.30	—	—
Total - Corporates - Other		13,905	0.22	4,286	45	2.38	4,902	35
Total - Wholesale all portfolios		21,975	0.24	5,831	45	2.53	9,115	41

Note:

(1) For these specialised lending exposures, the supervisory slotting method is used to calculate RWAs, rather than the PD/LGD method.

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

31 December 2019	PD scale	a	b	c	d	e	f	g
		EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
Central governments and central banks	0.00 to <0.15	1,167	0.01	29	46	2.68	129	11
Central governments and central banks	0.15 to <0.25	—	0.23	1	45	5.00	—	—
Central governments and central banks	0.25 to <0.50	—	0.45	1	45	1.00	—	52
Central governments and central banks	0.50 to <0.75	—	—	—	—	—	—	—
Central governments and central banks	0.75 to <2.50	155	1.81	1	72	3.53	327	211
Central governments and central banks	2.50 to <10.00	—	—	—	—	—	—	—
Central governments and central banks	10.00 to <100.00	—	—	—	—	—	—	—
Central governments and central banks	100.00 (Default)	—	—	—	—	—	—	—
Total - Central governments and central banks		1,322	0.22	32	49	2.78	456	35
Institutions	0.00 to <0.15	2,769	0.10	143	45	2.39	1,044	38
Institutions	0.15 to <0.25	3,446	0.18	177	46	2.45	1,990	58
Institutions	0.25 to <0.50	213	0.38	87	51	2.36	183	86
Institutions	0.50 to <0.75	172	0.64	28	54	1.32	158	92
Institutions	0.75 to <2.50	274	1.62	48	49	0.77	278	102
Institutions	2.50 to <10.00	41	2.63	16	47	4.14	69	168
Institutions	10.00 to <100.00	—	—	1	—	—	—	—
Institutions	100.00 (Default)	—	—	—	—	—	—	—
Total - Institutions		6,915	0.24	500	46	2.34	3,722	54
Corporates - SME	0.00 to <0.15	—	—	1	45	5.00	—	30
Corporates - SME	0.15 to <0.25	1	0.22	19	52	1.02	—	31
Corporates - SME	0.25 to <0.50	13	0.42	164	44	1.73	6	46
Corporates - SME	0.50 to <0.75	8	0.64	172	34	1.60	3	36
Corporates - SME	0.75 to <2.50	38	1.41	413	33	2.18	22	57
Corporates - SME	2.50 to <10.00	14	3.04	163	32	1.84	10	69
Corporates - SME	10.00 to <100.00	—	11.47	12	43	2.60	1	156
Corporates - SME	100.00 (Default)	6	100.00	14	41	2.76	—	—
Total - Corporates - SME		80	8.76	958	35	2.02	42	51

Counterparty credit risk

EU CCR4: CCR IRB: Exposures by portfolio and PD scale continued

31 December 2019	PD scale	a	b	c	d	e	f	g
		EAD post CRM and post-CCF £m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWAs £m	RWA density %
Corporates - Specialised lending	Strong	591	—	239	—	4.00	392	66
Corporates - Specialised lending	Good	256	—	101	—	4.56	228	89
Corporates - Specialised lending	Satisfactory	16	—	16	—	4.98	18	115
Corporates - Specialised lending	Weak	—	—	—	—	—	—	—
Corporates - Specialised lending	Default	5	—	9	—	2.56	—	—
Total - Corporates - Specialised lending (1)		868	—	365	—	4.18	638	74
Corporates - Other	0.00 to <0.15	9,864	0.04	3,517	44	2.29	1,818	18
Corporates - Other	0.15 to <0.25	3,324	0.19	402	46	2.72	1,790	54
Corporates - Other	0.25 to <0.50	543	0.38	312	57	1.77	382	70
Corporates - Other	0.50 to <0.75	171	0.64	135	48	1.56	135	79
Corporates - Other	0.75 to <2.50	683	1.10	261	44	1.90	586	86
Corporates - Other	2.50 to <10.00	58	2.90	206	44	1.33	68	116
Corporates - Other	10.00 to <100.00	6	22.93	15	44	3.47	14	242
Corporates - Other	100.00 (Default)	1	100.00	1	50	—	—	—
Total - Corporates - Other		14,650	0.17	4,849	45	2.34	4,793	33
Total - Wholesale all portfolios		23,836	0.25	6,704	46	2.50	9,651	40

Note:

(1) For these specialised lending exposures, the supervisory slotting method is used to calculate RWAs, rather than the PD/LGD method.

Key point

- By asset class, the RWA decrease mainly reflected trade novations in central governments and central banks and a decrease in asset size in institutions.

Counterparty credit risk

EU CCR3: CCR STD: Exposures by regulatory portfolio and risk-weight

The table below shows risk-weight by exposure class.

Exposure class	Risk-weight						Total £m	Of which: Unrated £m
	0% £m	2% £m	20% £m	50% £m	75% £m	100% £m		
30 June 2020								
1 Central governments and central banks	939	—	—	—	—	—	939	—
2 Regional government and local authorities	14	—	5	—	—	—	19	—
6 Institutions	—	3,475	436	—	—	—	3,911	—
7 Corporates	—	—	123	35	—	220	378	3
8 Retail	—	—	—	—	—	—	—	—
11 Total	953	3,475	564	35	—	220	5,247	3
31 December 2019								
1 Central governments and central banks	724	—	—	—	—	—	724	—
2 Regional government and local authorities	12	—	8	—	—	—	20	—
6 Institutions	—	2,895	375	3	—	—	3,273	—
7 Corporates	—	—	106	26	—	355	488	19
8 Retail	—	—	—	—	—	—	—	—
11 Total	736	2,895	489	29	—	355	4,505	19

Key point

- The rise in EAD mainly reflected an increase in exposure to qualifying CCPs.

EU CCR2: CCR: Credit valuation adjustment capital charge

The table below shows the CVA charge, split by approach.

	a		b	
	30 June 2020		31 December 2019	
	Exposure amount £m	RWAs £m	Exposure amount £m	RWAs £m
Total portfolios subject to the advanced CVA capital charge	6,814	1,881	8,184	1,443
1 (i) VaR component (including the multiplier)	—	555	—	253
2 (ii) Stressed VaR component (including the multiplier)	—	1,326	—	1,190
3 All portfolios subject to the standardised CVA capital charge	1,514	382	1,434	359
4 Total	8,328	2,263	9,618	1,802

Key point

- The RWA increase relating to the advanced charge for RWAs mainly reflected an increase in the CVA multiplier. This was in line with the increase in the market risk capital multiplier for NatWest Markets Plc (refer to Tables EU MR2_B and MR4).

Counterparty credit risk

EU CCR5_A: Impact of netting and collateral held on exposure values

The table below shows the effect of netting and collateral by exposure type.

	a	b	c	d	e
	Gross positive fair value £m	Netting benefits £m	Netted current credit exposure £m	Collateral held £m	Net credit exposure £m
30 June 2020					
1 Derivatives	198,479	162,021	36,458	28,893	7,565
2 SFTs	176,423	—	176,423	172,993	3,431
4 Total	374,903	162,021	212,882	201,886	10,995
31 December 2019					
1 Derivatives	167,554	136,605	30,949	23,903	7,046
2 SFTs	179,444	—	179,444	175,135	4,309
4 Total	346,998	136,605	210,393	199,038	11,355

EU CCR6: CCR: Credit derivatives

As part of its strategy to manage credit risk concentrations, NatWest Group buys credit derivative products. The counterparties from which this protection is bought are subject to standard credit risk analysis. Eligibility criteria apply: credit protection bought from the same counterparty group as the reference entity is not eligible in cases where double default applies under the relevant regulation. The table below shows credit derivatives bought and sold by notional and fair values.

	a		b	
	30 June 2020		31 December 2019	
	Protection bought £m	Protection sold £m	Protection bought £m	Protection sold £m
Notionals				
Single-name credit default swaps	5,023	3,452	5,055	3,523
Index credit default swaps	3,660	658	3,925	867
Total return swaps	150	150	465	204
Other credit derivatives	2,000	—	—	—
Total notionals	10,833	4,260	9,445	4,594
Of which: Own credit portfolio - notionals (1)	57	—	85	—
Fair values				
Positive fair value (asset)	94	32	74	74
Negative fair value (liability)	(149)	(93)	(176)	(77)

Note:

(1) Own credit portfolio consists of trades held in the regulatory banking book used for hedging and credit management. Fair values are not material. Intermediation activities cover all other credit derivatives.

Key point

- The increase in bought protection on Other credit derivatives reflects a portfolio credit default swap.

Counterparty credit risk

EU CCR8: CCR: Exposures (EAD post CRM) to central counterparties

The table below shows counterparty credit risk exposures to CCPs including default fund contributions. A qualifying CCP (QCCP) means a CCP that has been either authorised or recognised in accordance with the relevant regulation.

	a		b	
	30 June 2020		31 December 2019	
	EAD post-CRM £m	RWA £m	EAD post-CRM £m	RWA £m
1 Exposures to QCCPs (total)	n/a	206	n/a	260
2 Exposures for trades at QCCPs (excluding OTC initial margin and default fund contributions)	3,742	135	3,117	112
Of which:				
3 (i) OTC derivatives	1,181	83	1,012	69
4 (ii) Exchange-traded derivatives including initial margin	574	11	543	12
5 (iii) Securities financing transactions	1,987	40	1,562	31
8 Non-segregated initial margin	72	3	57	1
9 Pre-funded default fund contributions	317	69	301	146

Key point

- As noted under EU CCR3, exposure to qualifying CCPs increased during the period.

Market risk

EU MR1: MR IMA and STD: RWAs and MCR – NatWest Group and large subsidiaries

The table below shows market risk RWAs and MCR by calculation method and type of risk for NatWest Group and large subsidiaries. MCR is calculated as 8% of RWAs, with the exception of RBSI where the MCR in accordance with the local jurisdiction is 10% of RWAs.

	NatWest Group		NWH Group		NWM Plc		RBSI	
	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m
30 June 2020								
STD	1,418	114	141	11	590	47	10	1
1 Interest rate position risk (outright products)	812	66	—	—	352	28	—	—
3 Foreign exchange position risk (outright products)	440	35	141	11	77	6	10	1
4 Commodity position risk (outright products)	5	—	—	—	—	—	—	—
8 Securitisation positions	161	13	—	—	161	13	—	—
Internal model approach	10,099	808	—	—	9,563	765	—	—
VaR	2,488	199	—	—	2,339	187	—	—
SVaR	5,756	461	—	—	5,457	437	—	—
Incremental risk charge	1,794	143	—	—	1,767	141	—	—
Other (RNIV)	61	5	—	—	—	—	—	—
<i>Of which: VaR-based RNIV</i>	—	—	—	—	—	—	—	—
<i>Of which: SVaR-based RNIV</i>	—	—	—	—	—	—	—	—
<i>Of which: Stress RNIV</i>	61	5	—	—	—	—	—	—
Total	11,517	922	141	11	10,153	812	10	1
	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m		
31 December 2019								
STD	2,036	163	125	10	1,102	88		
1 Interest rate position risk (outright products)	1,171	94	—	—	617	49		
3 Foreign exchange position risk (outright products)	392	31	125	10	19	2		
4 Commodity position risk (outright products)	7	1	—	—	—	—		
8 Securitisation positions	466	37	—	—	466	37		
Internal model approach	10,894	871	—	—	10,127	810		
VaR	1,445	115	—	—	1,358	109		
SVaR	3,963	317	—	—	3,551	284		
Incremental risk charge	2,265	181	—	—	2,093	167		
Other (RNIV)	3,221	258	—	—	3,125	250		
<i>Of which: VaR-based RNIV</i>	399	32	—	—	399	32		
<i>Of which: SVaR-based RNIV</i>	1,124	90	—	—	1,114	89		
<i>Of which: Stress RNIV</i>	1,698	136	—	—	1,612	129		
Total	12,930	1,034	125	10	11,229	898		

Key points

NatWest Group

- Total RWAs decreased over the period. The majority of the exposure related to NatWest Markets Plc.

NWH Group

- The increase over the period primarily reflected changes in US dollar positions relating to coupon payments and transfer pricing charges between NWH Group entities.
- RWAs relate solely to the banking book foreign exchange charge.

NWM Plc

- The decrease in RWAs primarily related to the decrease in RNIVs and the incremental risk charge, as well as a reduction under the standardised approach during the period. Refer to EU MR2_B for additional commentary.

RBSI

- RWAs relate solely to the banking book foreign exchange charge.

Market risk

EU MR2_A: MR IMA: RWAs and MCR

The table below shows market risk RWAs and MCR by component under the internal model approach.

	30 June 2020		31 December 2019	
	a RWAs £m	b MCR £m	a RWAs £m	b MCR £m
1 VaR (higher of a and b)	2,488	199	1,445	115
a Period end VaR	545	44	515	41
b Average of the daily VaR for preceding 60 business days x multiplication factor	2,488	199	1,445	115
2 SVaR (higher of a and b)	5,756	461	3,963	317
a Period end SVaR	1,206	97	1,006	80
b Average of the SVaR for preceding 60 business days x multiplication factor	5,756	461	3,963	317
3 Incremental risk charge (higher of a and b) (1)	1,794	143	2,265	181
a Period end IRC value	1,703	136	1,887	151
b Average IRC over preceding 60 business days	1,793	143	2,265	181
5 Other (RNIV at period end)	61	5	3,221	258
6 Total	10,099	808	10,894	871

Note:

- (1) The NatWest Group incremental risk charge (IRC) is calculated by aggregating the IRC of legal entities that have IMA permission. For these legal entities, the IRC is based on the higher of the spot or the 60-day average IRC. Therefore, the NatWest Group IRC reported may not necessarily be the higher of the NatWest Group equivalents in rows a or b.

Key point

- Refer to the commentary below Table EU MR2_B.

EU MR3: MR IMA: IMA values for trading portfolios – NatWest Group and large subsidiaries

The table below shows the minimum, maximum, average and period end values, over the reporting period, derived from the models approved under the IMA for use in calculating market risk capital requirements and RWAs. The reported values do not include any capital multipliers or other additional capital charges that may be applied at the supervisor's discretion.

	30 June 2020		31 December 2019	
	NatWest Group £m	NWM Plc £m	NatWest Group £m	NWM Plc £m
VaR (10 day 99%)				
1 Maximum value	72	70	61	59
2 Average value	46	44	46	44
3 Minimum value	38	36	33	31
4 Period end	44	41	41	40
SVaR (10 day 99%)				
5 Maximum value	141	135	291	286
6 Average value	121	115	124	118
7 Minimum value	97	91	80	73
8 Period end	97	91	80	73
IRC (99.9%)				
9 Maximum value	183	177	208	208
10 Average value	151	147	176	166
11 Minimum value	127	124	133	133
12 Period end	136	134	151	140

Key point

- The movements in VaR, SVaR and IRC values for NatWest Group and NWM Plc were broadly in line with the trends in market risk capital requirements under the internal model approach, as presented in Table EU MR2_B.

Market risk

VaR back-testing

The main approach employed to assess the VaR model's ongoing performance is back-testing, which counts the number of days when a loss exceeds the corresponding daily VaR estimate, measured at a 99% confidence level.

Two types of profit and loss (P&L) are used in back-testing comparisons: Actual P&L and Hypothetical (Hypo) P&L.

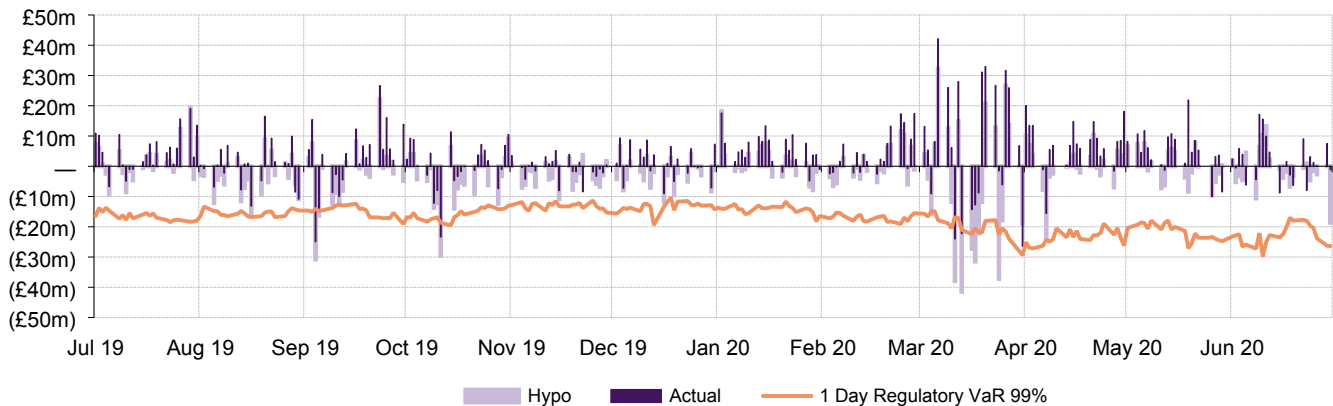
The Actual P&L for a particular business day is the firm's actual P&L in respect of the trading activities, including intraday activities, adjusted by stripping out fees and commissions, brokerage, and additions to and releases from reserves that are not directly related to market risk.

The Hypo P&L reflects the firm's Actual P&L excluding any intra-day activities.

A portfolio is said to produce a back-testing exception when the Actual or Hypo P&L exceeds the VaR level on a given day. Such an event may be caused by a large market movement or may highlight issues such as missing risk factors or inappropriate time series. Any such issues identified are analysed and addressed through appropriate remediation or development action. Both Actual and Hypo back-testing exceptions are monitored.

EU MR4: 1-day 99% regulatory VaR vs. Actual and Hypo P&L

The graph below shows one-day 99% regulatory VaR compared with Actual and Hypo P&L for NatWest Markets Plc, NatWest Group's largest legal entity by market risk RWAs and positions, for the 250-business-day period to 30 June 2020.



Key points

- There were two Actual and seven Hypo VaR model back-testing exceptions during H1 2020. All of these occurred in March 2020, when market volatility and illiquidity rose to exceptional levels as a result of the Covid-19 global outbreak.
- These exceptions were driven by adverse moves in long-end sterling swap and inflation rates, foreign exchange volatilities and credit spreads.
- An increase in VaR model back-testing exceptions – and, thus, capital multipliers – was observed across the industry.
- On 30 March, the PRA announced a temporary approach to mitigate the impact of increased capital multipliers through a commensurate reduction in RNIV capital requirements. The PRA is due to review this industry-wide approach in September 2020.
- This temporary approach mitigates the possibility of excessively pro-cyclical market risk capital requirements during periods of market stress.
- The earlier exceptions, in September and October 2019, were mainly driven by an increase in long-end sterling real rates.