

**Q1 2020  
Pillar 3 Supplement  
NatWest Holdings Group**

## Pillar 3 Supplement Q1 2020

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### Forward-looking statements

This document contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NatWest Holdings Limited (NWH Ltd) and its parent The Royal Bank of Scotland Group plc's (RBSG) future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWH Ltd (or RBSG) in respect of, but not limited to: its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital and operational targets), its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, the transition of LIBOR and IBOR rates to alternative risk free rates and NWH Ltd's (or RBSG's) exposure to economic and political risks (including with respect to terms surrounding Brexit and climate change), operational risk, conduct risk, cyber and IT risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the final number of PPI claims and their amounts, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations and general economic and political conditions and the uncertainty surrounding the Covid-19 pandemic and its impact on NWH and RBSG. These and other factors, risks and uncertainties that may impact any forward-looking statement or NWH Ltd's or RBSG's actual results are discussed in RBSG's UK 2019 Annual Report and Accounts (ARA) and materials filed with, or furnished to, the US Securities and Exchange Commission, including, but not limited to, RBSG's most recent Annual Report on Form 20-F and Reports on Form 6-K. The forward-looking statements contained in this document speak only as of the date of this document and NWH Ltd and RBSG do not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

### Presentation of information

- The Pillar 3 disclosures made by NWH Group are designed to comply with the Capital Requirements Regulation (CRR). Based on the criteria set out in the CRR, NWH Group primarily defines its large subsidiaries as those designated as an O-SII by the national competent authority or with a value of total assets equal to or greater than €30 billion. At 31 March 2020, those subsidiaries were:
  - National Westminster Bank Plc (NWB Plc)
  - Royal Bank of Scotland plc (RBS plc)
  - Ulster Bank Ireland Designated Activity Company (UBI DAC)
  - Coutts & Company (Coutts & Co)
- Disclosures for Coutts & Co, which is included as a large subsidiary in the NWH Group Pillar 3 report for the first time at 31 March 2020, are not presented with comparatives before this period.
- For the basis of preparation and disclosure framework, refer to NWH Group's 2019 Pillar 3 Report. For definitions of terms, refer to the glossary available on RBS.com.
- RBS 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 supplement the row and column references are based on those prescribed in the EBA templates. Any tables, rows or columns which are not applicable or do not have a value are not shown.

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### Capital, liquidity and funding

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

Capital, RWAs and leverage on a PRA transitional basis for NWH Group and its large subsidiaries (Central Bank of Ireland basis for UBI DAC) are set out below. CRR transition continues to be applied to grandfathered capital instruments and includes the adjustments for the IFRS 9 transitional arrangements with the exception of UBIDAC. Following the adoption of IFRS 9 from 1 January 2018 the transitional rules reduce the full CET1 effect over a 5 year period by 95%, 85%, 70%, 50% and 25%. We are now in the third year of transition applying a 70% add-back. The capital, RWAs and leverage measures for NWH Group are also presented on an end-point basis and also include the adjustments for the IFRS 9 transitional arrangements.

Capital adequacy ratios – transitional (1)	31 March 2020					31 December 2019			
	NWH Group %	NWB Plc %	RBS plc %	UBI DAC %	Coutts & Co %	NWH Group %	NWB Plc %	RBS plc %	UBI DAC %
CET1	16.0	15.9	14.6	28.0	12.2	15.7	15.9	13.2	26.5
Tier 1	18.7	18.4	18.1	28.0	14.3	18.5	18.6	16.6	26.5
Total	22.1	21.6	23.5	30.3	17.1	21.9	22.0	21.4	28.9

#### Capital adequacy ratios – end point

CET1	16.0	15.7
Tier 1	18.6	18.4
Total	21.9	21.6

#### Capital – transitional

	£m	£m	£m	£m	£m	£m	£m	£m	£m
CET1	22,272	13,790	4,070	3,519	1,160	21,097	12,851	3,828	3,389
Tier 1	26,006	15,956	5,039	3,519	1,362	24,861	15,047	4,797	3,389
Total	30,787	18,746	6,526	3,814	1,628	29,515	17,801	6,199	3,694

#### Capital – end point

CET1	22,272	21,097
Tier 1	25,948	24,773
Total	30,462	29,027

#### RWAs

Credit risk	119,154	73,247	23,014	11,462	8,367	113,980	67,778	23,191	11,680
Counterparty credit risk	1,151	710	—	129	66	980	605	—	127
Market risk	111	25	12	58	8	125	17	15	77
Operational risk	18,866	12,843	4,778	920	1,068	19,590	12,669	5,714	897
	139,282	86,825	27,804	12,569	9,509	134,675	81,069	28,920	12,781

#### CRR leverage – transitional

Tier 1 capital	26,006	15,956	5,039	3,519	1,362	24,861	15,047	4,797	3,389
Exposure	466,093	325,127	83,425	27,871	15,809	447,851	300,438	90,981	26,893
Leverage ratio (%)	5.6	4.9	6.0	12.6	8.6	5.6	5.0	5.3	12.6

#### CRR leverage – end point

Tier 1 capital	25,948	24,773
Exposure	466,093	447,851
Leverage ratio (%)	5.6	5.5

#### UK leverage – end point

Tier 1 capital	25,948	24,773
Exposure	417,997	397,649
Leverage ratio (%)	6.2	6.2
Average Tier 1 capital	25,134	24,994
Average exposure (2)	403,600	404,081
Average leverage ratio (%)	6.2	6.2

Systemic risk leverage buffer (3)	2,194	2,088
Countercyclical leverage ratio buffer (4)	148	1,292

#### Notes:

- (1) The NWH Group total capital requirement (TCR) as set by the PRA is 11.2%. The TCR is the sum of Pillar 1 and Pillar 2A and does not include any capital buffers.
- (2) Based on the daily average of on-balance sheet items and three month-end average of off-balance sheet items.
- (3) The PRA minimum leverage ratio requirement is supplemented with a Systemic Risk Buffer additional leverage ratio buffer rate, currently 0.525% (31 December 2019 – 0.525%)
- (4) The PRA minimum leverage ratio requirement is supplemented with a countercyclical leverage ratio buffer of 0.035% (31 December 2019 - 0.3250%).

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### KM1: BCBS 2 & EBA IFRS 9-FL: Key metrics – NWH Group

The table below reflects the key metrics template in the BCBS consolidated Pillar 3 framework and the EBA's IFRS 9 template. Capital and leverage ratios presented are based on end point CRR rules. NWH Group (with the exception of UBI DAC) has elected to take advantage of the transitional capital rules in respect of expected credit losses. Following the adoption of IFRS 9 from 1 January 2018 the transitional rules reduce the full CET1 effect over a 5 year period by 95%, 85%, 70%, 50% and 25%. We are now in the third year of transition applying a 70% add-back.

BCBS2 KM1	EBA IFRS 9 - FL		31 March 2020 £m	31 December 2019 £m	30 September 2019 £m	30 June 2019 £m	31 March 2019 £m
<b>Capital</b>							
1	1	Common equity tier 1 (CET 1)	22,272	21,097	21,167	21,390	22,269
1a	2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,940	21,097	21,167	21,390	22,269
2	3	Tier 1 capital	25,948	24,773	24,843	25,066	25,945
2a	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,616	24,773	24,843	25,066	25,945
3	5	Total capital	30,462	29,027	28,796	28,892	29,679
3a	6	Total capital as if IFRS 9 transitional arrangements had not been applied	30,130	29,027	28,796	28,892	29,679
<b>Risk-weighted assets (amounts)</b>							
4	7	Total risk-weighted assets (RWAs)	139,282	134,675	139,577	140,571	140,029
4a	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	139,214	134,675	139,577	140,571	140,029
<b>Risk-based capital ratios as a percentage of RWAs</b>							
			%	%	%	%	%
5	9	Common equity tier 1 ratio	16.0	15.7	15.2	15.2	15.9
5a	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.8	15.7	15.2	15.2	15.9
6	11	Tier 1 ratio	18.6	18.4	17.8	17.8	18.5
6a	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.4	18.4	17.8	17.8	18.5
7	13	Total capital ratio	21.9	21.6	20.6	20.6	21.2
7a	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.6	21.6	20.6	20.6	21.2
<b>Additional CET1 buffer requirements as a percentage of RWAs</b>							
8		Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9		Countercyclical buffer requirement (1)	0.1	0.9	0.9	0.8	0.8
10		Bank G-SIB and/or D-SIB additional requirements (2)	1.5	1.5	1.5	—	—
11		Total of CET1 specific buffer requirements (8 + 9 + 10)	4.1	4.9	4.9	3.3	3.3
12		CET1 available after meeting the bank's minimum capital requirements (3)	11.5	11.2	10.7	10.7	11.4
<b>Leverage ratio</b>							
			£m	£m	£m	£m	£m
13	15	CRR leverage ratio exposure measure	466,093	447,851	450,318	448,004	445,810
		UK leverage ratio exposure measure	417,997	397,649	393,992	390,028	387,768
			%	%	%	%	%
14	16	CRR leverage ratio	5.6	5.5	5.5	5.6	5.8
14a	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.5	5.5	5.5	5.6	5.8
		UK leverage ratio	6.2	6.2	6.3	6.4	6.7
<b>Liquidity coverage ratio</b>							
			£m	£m	£m	£m	£m
15		Total high-quality liquid assets (HQLA)	99,750	99,950	100,457	99,472	98,543
16		Total net cash outflows	71,427	71,188	71,326	70,953	71,563
17		LCR ratio (%) (4)	140	140	141	140	138
<b>Net stable funding ratio (NSFR)</b>							
18		Total available stable funding	320,612	314,250	314,935	313,007	303,479
19		Total required stable funding	242,811	231,098	229,402	226,121	227,385
20		NSFR (%) (5)	132	136	137	138	133

#### 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 RBS, the Financial Policy Committee reduced the UK rate from 1% to 0% effective from 11 March 2020. The CBI also announced a reduction of the Republic of Ireland rate from 1% to 0% which will be effective from 1 April 2020.
- (2) NWH Group has been subject to a Systemic Risk Buffer of 1.5% since 1 August 2019.
- (3) This represents the CET1 ratio less the CRR minimum of 4.5%.
- (4) The Liquidity coverage ratio (LCR) uses the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table which will incrementally increase each quarter as history builds.
- (5) NSFR reported in line with CRR2 regulations finalised in June 2019.

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### Key points

#### Capital and leverage

##### NWH Group – 31 March 2020 compared with 31 December 2019

- The CET1 ratio increased to 16.0% from 15.7% due to a £1.2 billion increase in CET1 and a £4.6 billion increase in RWAs.
- The CET1 increase reflects a quarterly attributable profit of £0.3 billion and the cancellation of the December foreseeable charge of £0.4 billion in line with recent announcements on Covid-19. Additionally, there was a capital increase of £0.1 billion as an increase in the impairment provisions under Covid-19 reduced the capital deduction calculated as expected loss less impairment provisions and transitional arrangements on expected credit losses of £0.3 billion.
- The RWA increase mainly reflects an increase in credit risk of £5.2 billion partially offset by a decrease in operational risk following the annual recalculation. The increase in credit risk was mainly attributed to increased drawdowns in Commercial Banking as well as increases due to foreign exchange movements. Those were partially offset by the sale of a portfolio of non-performing loans in UBI DAC.
- The leverage ratio remains unchanged at 5.6% due to the increase in Tier 1 capital offset by increased balance sheet exposures.
- The UK average leverage ratio is 6.2%.

##### NWB Plc – 31 March 2020 compared with 31 December 2019

- The CET1 ratio remained at 15.9% with an increase in CET1 of £0.9 billion offset by an increase in RWAs of £5.8 billion.
- The CET1 increase reflects a quarterly attributable profit of £0.4 billion, and the cancellation of the December foreseeable charge of £0.4 billion in line with recent announcements on Covid-19. Additionally, there was a £0.1 billion increase in capital in relation to a reduction in expected loss less impairment provisions due to an increase in provisions under Covid-19 and transitional arrangements on expected credit losses of £0.1 billion.
- The RWA increase mainly reflects increases in credit risk of £5.5 billion and operational risk of £0.2 billion following the annual recalculation. The increase in credit risk reflected increased drawdowns in Commercial Banking and lending growth in UK Personal Banking. There were further increases due to foreign exchange movements in the quarter.
- The leverage ratio decreased to 4.9% as a result of increased balance sheet exposures.

##### RBS plc – 31 March 2020 compared with 31 December 2019

- The CET1 ratio increased to 14.6% from 13.2% reflecting an increase in CET1 and a decrease in RWAs.
- The CET1 increase reflected the transitional arrangements on expected credit losses of £0.1 billion, a decrease in deferred tax assets capital deduction and the underlying Q1 profit excluding the £800 million dividend paid in Q1 which was accrued in December 2019.
- The RWA decrease of £1.1 billion in the quarter reflected a decrease in operational risk of £0.9 billion following the annual recalculation as well as a decrease in credit risk of £0.2 billion.
- The leverage ratio increased to 6.0% as a result of a decrease in cash and balances at central banks.

##### UBI DAC – 31 March 2020 compared with 31 December 2019

- The CET1 ratio increased to 28.0% from 26.5% mainly driven by a decrease in RWAs. CET1 remained flat, reflecting losses in the period offset by a reduction in expected loss less impairment provisions due to an increase in provisions under Covid-19.
- RWAs decreased by £0.2 billion in the quarter, driven by a decrease in credit risk due to the sale of a portfolio of non-performing loans and the revision of PD/LGD metrics. These were partially offset by increased customer lending, placements with the CBI and bond purchases along with material movements due to foreign exchange.
- The leverage ratio remained unchanged at 12.6%.

##### Coutts & Co – 31 March 2020

- The CET1 ratio is 12.2%.
- The CRR leverage ratio is 8.6%.

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

The table below shows key metrics as required by the EBA relating to IFRS 9 for NWH Group and its large subsidiaries. Capital measures are on a CRR transitional basis. NWH Group (with the exception of UBI DAC) has elected to take advantage of the transitional capital rules in respect of expected credit losses. Following the adoption of IFRS 9 from 1 January 2018 the transitional rules reduce the full CET1 effect over a 5 year period by 95%, 85%, 70%, 50% and 25%. We are now in the third year of transition applying a 70% add-back.

	31 March 2020				
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m
<b>Available capital (amounts) – transitional</b>					
1 Common equity tier 1	22,272	13,790	4,070	3,519	1,160
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,940	13,654	3,954	3,519	1,138
3 Tier 1 capital	26,006	15,956	5,039	3,519	1,362
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,674	15,820	4,923	3,519	1,340
5 Total capital	30,787	18,746	6,526	3,814	1,628
6 Total capital as if IFRS 9 transitional arrangements had not been applied	30,455	18,610	6,410	3,814	1,606
<b>Risk-weighted assets (amounts)</b>					
7 Total risk-weighted assets	139,282	86,825	27,804	12,569	9,509
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	139,214	86,814	27,778	12,569	9,487
<b>Risk-based capital ratios as a percentage of RWAs</b>					
	%	%	%	%	%
9 Common equity tier 1 ratio	16.0	15.9	14.6	28.0	12.2
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.8	15.7	14.2	28.0	12.0
11 Tier 1 ratio	18.7	18.4	18.1	28.0	14.3
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.4	18.2	17.7	28.0	14.1
13 Total capital ratio	22.1	21.6	23.5	30.3	17.1
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.9	21.4	23.1	30.3	16.9
<b>Leverage ratio</b>					
15 CRR leverage ratio exposure measure (£m)	466,093	325,127	83,425	27,871	15,809
16 CRR leverage ratio (%)	5.6	4.9	6.0	12.6	8.6
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.5	4.9	5.9	12.6	8.5

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

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

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

	30 June 2019			
	NWH Group	NWB Plc	RBS plc	UBI DAC
	£m	£m	£m	£m
<b>Available capital (amounts) – transitional</b>				
1 Common equity tier 1	21,390	12,985	4,351	3,941
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	21,390	12,985	4,351	3,941
3 Tier 1 capital	25,154	15,180	5,320	3,941
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	25,154	15,180	5,320	3,941
5 Total capital	29,381	17,406	6,775	4,309
6 Total capital as if IFRS 9 transitional arrangements had not been applied	29,381	17,406	6,775	4,309
<b>Risk-weighted assets (amounts)</b>				
7 Total risk-weighted assets	140,571	80,919	31,619	13,947
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	140,571	80,919	31,619	13,947
<b>Risk-based capital ratios as a percentage of RWAs</b>				
	%	%	%	%
9 Common equity tier 1 ratio	15.2	16.0	13.8	28.3
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.2	16.0	13.8	28.3
11 Tier 1 ratio	17.9	18.8	16.8	28.3
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	17.9	18.8	16.8	28.3
13 Total capital ratio	20.9	21.5	21.4	30.9
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	20.9	21.5	21.4	30.9
<b>Leverage ratio</b>				
15 CRR leverage ratio exposure measure (£m)	448,004	297,016	93,148	27,988
16 CRR leverage ratio (%)	5.6	5.1	5.7	14.1
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.6	5.1	5.7	14.1

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

	31 March 2019			
	NWH Group £m	NWB Plc £m	RBS plc £m	UBI DAC £m
<b>Available capital (amounts) – transitional</b>				
1 Common equity tier 1	22,269	13,327	4,750	3,837
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	22,269	13,327	4,750	3,837
3 Tier 1 capital	26,033	15,522	5,719	3,837
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	26,033	15,522	5,719	3,837
5 Total capital	30,167	17,743	7,139	4,221
6 Total capital as if IFRS 9 transitional arrangements had not been applied	30,167	17,743	7,139	4,221
<b>Risk-weighted assets (amounts)</b>				
7 Total risk-weighted assets	140,029	79,664	32,654	13,825
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	140,029	79,664	32,654	13,825
<b>Risk-based capital ratios as a percentage of RWAs</b>				
	%	%	%	%
9 Common equity tier 1 ratio	15.9	16.7	14.5	27.8
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	15.9	16.7	14.5	27.8
11 Tier 1 ratio	18.6	19.5	17.5	27.8
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.6	19.5	17.5	27.8
13 Total capital ratio	21.5	22.3	21.9	30.5
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.5	22.3	21.9	30.5
<b>Leverage ratio</b>				
15 CRR leverage ratio exposure measure (£m)	445,810	295,787	94,550	26,285
16 CRR leverage ratio (%)	5.8	5.2	6.0	14.6
17 CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.8	5.2	6.0	14.6



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### EU LIQ1: Liquidity coverage ratio

The table below shows the breakdown of high-quality liquid assets, cash inflows and cash outflows, on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The weightings applied reflect the stress factors applicable under the EBA LCR rules. The values presented are the simple average of the preceding monthly periods ending on the quarterly reporting date as specified in the table.

LCR outflows do not capture all liquidity risks (e.g. intra-day liquidity). NWH Group assesses these risks as part of its Individual Liquidity Adequacy Assessment Process and maintains appropriate levels of liquidity.

		Total unweighted value (average)				
		31 March 2020	31 December 2019	30 September 2019	30 June 2019	31 March 2019
Number of data points used in the calculation of averages		12	12	9	6	3
		£m	£m	£m	£m	£m
<b>High-quality liquid assets</b>						
1	Total high-quality liquid assets					
<b>Cash outflows</b>						
2	Retail deposits and deposits from small business customers	203,629	201,904	200,381	199,042	197,589
3	of which: stable deposits	130,871	129,587	128,814	128,129	127,056
4	of which: less stable deposits	72,364	71,941	71,210	70,582	70,215
5	Unsecured wholesale funding	121,172	120,043	120,296	119,314	119,920
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	51,254	50,376	50,355	49,922	49,581
7	Non-operational deposits (all counterparties)	69,573	69,489	69,804	69,303	70,279
8	Unsecured debt	345	178	137	89	60
9	Secured wholesale funding	—	—	—	—	—
10	Additional requirements	52,068	53,580	54,561	54,801	54,979
11	Outflows related to derivative exposures and other collateral requirements	1,853	1,388	1,237	1,039	898
12	Outflows related to loss of funding on debt products	—	—	—	—	—
13	Credit and liquidity facilities	50,215	52,192	53,324	53,763	54,081
14	Other contractual funding obligations	460	497	521	511	509
15	Other contingent funding obligations	41,577	41,147	40,525	40,057	40,275
16	Total cash outflows					
17	Secured lending (e.g. reverse repos)	9,797	8,228	7,594	7,308	7,949
18	Inflows from fully performing exposures	10,296	10,207	10,250	10,275	10,034
19	Other cash inflows	11,012	11,231	11,306	11,301	11,169
EU-19a	Difference between total weighted inflows and outflows	—	—	—	—	—
EU-19b	Excess inflows from a related specialised credit institution	—	—	—	—	—
20	Total cash inflows	31,105	29,667	29,150	28,884	29,152
EU-20a	Fully exempt inflows	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	31,077	29,665	29,150	28,884	29,152
21	Liquidity buffer	—	—	—	—	—
22	Total net cash outflows	—	—	—	—	—
23	Liquidity coverage ratio (%)	—	—	—	—	—

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### EU LIQ1: Liquidity coverage ratio continued

		Total weighted value (average)				
		31 March 2020	31 December 2019	30 September 2019	30 June 2019	31 March 2019
Number of data points used in the calculation of averages		12	12	9	6	3
		£m	£m	£m	£m	£m
<b>High-quality liquid assets</b>						
1	Total high-quality liquid assets	99,750	99,950	100,457	99,472	98,543
<b>Cash outflows</b>						
2	Retail deposits and deposits from small business customers	16,050	15,903	15,754	15,628	15,519
3	of which: stable deposits	6,544	6,479	6,441	6,406	6,353
4	of which: less stable deposits	9,113	9,047	8,957	8,891	8,848
5	Unsecured wholesale funding	53,335	53,236	53,528	53,282	54,322
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	12,501	12,281	12,276	12,168	12,083
7	Non-operational deposits (all counterparties)	40,489	40,777	41,115	41,025	42,180
8	Unsecured debt	345	178	137	89	60
9	Secured wholesale funding	380	379	459	667	—
10	Additional requirements	7,537	7,495	7,577	7,480	7,400
11	Outflows related to derivative exposures and other collateral requirements	1,649	1,324	1,237	1,039	898
12	Outflows related to loss of funding on debt products	—	—	—	—	—
13	Credit and liquidity facilities	5,888	6,171	6,340	6,441	6,502
14	Other contractual funding obligations	10	12	15	14	12
15	Other contingent funding obligations	3,652	3,561	3,360	3,270	3,369
16	Total cash outflows	80,964	80,586	80,693	80,341	80,623
17	Secured lending (e.g. reverse repos)	20	—	—	—	—
18	Inflows from fully performing exposures	7,121	6,959	6,973	6,980	6,687
19	Other cash inflows	2,396	2,439	2,394	2,408	2,373
EU-19a	Difference between total weighted inflows and outflows	—	—	—	—	—
EU-19b	Excess inflows from a related specialised credit institution	—	—	—	—	—
20	Total cash inflows	9,537	9,398	9,367	9,387	9,060
EU-20a	Fully exempt inflows	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	9,537	9,398	9,367	9,387	9,060
21	Liquidity buffer	99,750	99,950	100,457	99,472	98,543
22	Total net cash outflows	71,427	71,188	71,326	70,953	71,563
23	Liquidity coverage ratio (%)	140	140	141	140	138

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

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

Capital	31 March 2020					31 December 2019			
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Tangible equity	23,209	14,928	4,334	3,938	1,155	22,762	14,693	4,920	3,801
Expected loss less impairment provisions	—	—	—	—	—	(141)	(109)	(16)	(28)
Prudential valuation adjustment	(43)	(35)	(7)	(2)	—	(26)	(16)	(10)	—
Deferred tax assets	(722)	(492)	(27)	(188)	—	(757)	(474)	(87)	(181)
Own credit adjustments	(1)	—	—	(1)	—	—	—	—	—
Pension fund assets	(177)	—	—	(175)	—	(171)	—	—	(168)
Instruments of financial sector entities where the institution has a significant investment	—	(826)	—	—	—	—	(849)	—	—
Cash flow hedging reserve	(326)	79	(346)	(53)	—	(202)	(27)	(179)	(35)
Foreseeable ordinary dividends	—	—	—	—	—	—	—	(800)	—
Foreseeable charges	—	—	—	—	—	(365)	(365)	—	—
Adjustments under IFRS9 transition arrangements	332	136	116	—	22	—	—	—	—
Other adjustments for regulatory purposes	—	—	—	—	(17)	(3)	(2)	—	—
Total deductions	(937)	(1,138)	(264)	(419)	5	(1,665)	(1,842)	(1,092)	(412)
CET1 capital	22,272	13,790	4,070	3,519	1,160	21,097	12,851	3,828	3,389
AT1 capital before regulatory adjustments	3,734	2,428	969	—	202	3,764	2,458	969	—
Regulatory adjustments to AT1 capital	—	(262)	—	—	—	—	(262)	—	—
AT1 capital	3,734	2,166	969	—	202	3,764	2,196	969	—
Tier 1 capital	26,006	15,956	5,039	3,519	1,362	24,861	15,047	4,797	3,389
Tier 2 capital before regulatory adjustments	4,781	3,075	1,487	295	266	4,654	3,075	1,402	305
Regulatory adjustments to Tier 2 capital	—	(285)	—	—	—	—	(321)	—	—
Tier 2 capital	4,781	2,790	1,487	295	266	4,654	2,754	1,402	305
Total regulatory capital	30,787	18,746	6,526	3,814	1,628	29,515	17,801	6,199	3,694

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

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

Leverage exposure	31 March 2020					31 December 2019			
	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m	Coutts & Co £m	NWHG £m	NWB Plc £m	RBS plc £m	UBI DAC £m
Cash and balances at central banks	52,344	30,595	20,478	285	4	54,511	26,377	26,597	457
Derivatives	3,650	3,725	699	188	29	2,899	3,404	366	174
Financial assets	381,129	296,056	72,012	26,199	34,316	357,543	273,508	62,767	24,987
Other assets	13,146	7,751	696	467	479	13,418	7,665	872	457
Total assets	450,269	338,127	93,885	27,139	34,828	428,371	310,954	90,602	26,075
Derivatives									
- netting and variation margin	(4,805)	(4,348)	—	(15)	(2)	(3,761)	(3,665)	—	(11)
- potential future exposures	1,217	1,468	180	87	8	1,071	1,494	299	100
Securities financing transactions gross up	475	475	—	—	—	516	516	—	—
Other off balance sheet items	26,574	16,784	6,966	1,053	660	29,655	17,862	8,766	1,118
Regulatory deductions and other adjustments	(7,637)	(2,359)	(349)	(393)	(8)	(8,001)	(2,699)	(377)	(389)
Exclusion of core UK-group exposures	—	(25,020)	(17,257)	—	(19,677)	—	(24,024)	(8,309)	—
CRR leverage exposure	466,093	325,127	83,425	27,871	15,809	447,851	300,438	90,981	26,893
Claims on central banks	48,096					50,202			
UK leverage exposure	417,997					397,649			

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

The table below summarises RWAs and minimum capital requirements (MCR) by risk type for NWH Group and its large subsidiaries. MCR is calculated as 8% of RWAs.

	NWHG		NWB Plc		RBS plc		UBI DAC		Coutts & Co	
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m
31 March 2020										
1 Credit risk (excluding counterparty credit risk)	116,422	9,314	66,895	5,352	22,630	1,811	11,461	917	8,073	646
2 <i>Standardised (STD) approach</i>	14,059	1,125	3,975	318	1,715	137	942	75	8,073	646
4 <i>Advanced IRB approach</i>	102,363	8,189	62,920	5,034	20,915	1,674	10,519	842	—	—
6 Counterparty credit risk (CCR)	1,151	92	710	57	—	—	129	10	66	5
6a <i>of which: securities financing transactions</i>	218	17	218	17	—	—	—	—	—	—
7 <i>of which: marked to market</i>	362	29	213	17	—	—	129	10	63	5
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	44	4	44	4	—	—	—	—	—	—
12 <i>of which: credit valuation adjustment (CVA)</i>	527	42	235	19	—	—	—	—	3	—
14 Securitisation exposures in banking book <sup>(1)</sup>	1,470	118	1,180	94	291	23	—	—	—	—
15 <i>Internal ratings-based approach (SEC-IRBA)</i>	1,080	87	790	63	291	23	—	—	—	—
18 <i>Standardised approach (SEC- SA)</i>	186	15	186	15	—	—	—	—	—	—
<i>External ratings-based approach (SEC –ERBA) <sup>(2)</sup></i>	204	16	204	16	—	—	—	—	—	—
<i>1250%</i>	—	—	—	—	—	—	—	—	—	—
19 Market risk	111	9	25	2	12	1	58	5	8	1
20 <i>STD approach</i>	111	9	25	2	12	1	58	5	8	1
23 Operational risk - STD approach	18,866	1,509	12,843	1,027	4,778	382	920	74	1,068	85
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,262	101	5,172	414	93	7	1	—	294	24
29 Total	139,282	11,143	86,825	6,946	27,804	2,224	12,569	1,006	9,509	761
31 December 2019										
1 Credit risk (excluding counterparty credit risk)	111,281	8,903	61,614	4,930	22,757	1,822	11,678	934	—	—
2 <i>Standardised (STD) approach</i>	14,033	1,123	3,923	314	1,792	144	899	72	—	—
4 <i>Advanced IRB approach</i>	97,248	7,780	57,691	4,616	20,965	1,678	10,779	862	—	—
6 Counterparty credit risk (CCR)	980	78	605	48	—	—	127	10	—	—
6a <i>of which: securities financing transactions</i>	145	12	145	12	—	—	—	—	—	—
7 <i>of which: marked to market</i>	239	19	151	12	—	—	127	10	—	—
11 <i>of which: risk exposure amount for contributions to the default fund of a central counterparty</i>	116	9	116	9	—	—	—	—	—	—
12 <i>of which: credit valuation adjustment (CVA)</i>	480	38	193	15	—	—	—	—	—	—
14 Securitisation exposures in banking book	1,509	121	1,206	96	304	24	—	—	—	—
15 <i>IRB approach</i>	1,509	121	1,206	96	304	24	—	—	—	—
19 Market risk	125	10	17	1	15	1	77	6	—	—
20 <i>STD approach</i>	125	10	17	1	15	1	77	6	—	—
23 Operational risk - STD approach	19,590	1,567	12,669	1,014	5,714	457	897	72	—	—
27 Amounts below the thresholds for deduction (subject to 250% risk-weight)	1,190	95	4,958	397	130	10	2	—	—	—
29 Total	134,675	10,774	81,069	6,486	28,920	2,314	12,781	1,022	—	—

#### Notes:

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

(2) Includes Internal Assessment Approach (IAA).

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

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### RWA and MCR movement tables

#### EU CR8: IRB and STD: Credit risk RWAs and MCR flow statement

The table below shows the drivers of movements in credit risk RWAs and MCR. RWAs include securitisations, deferred tax assets and significant investments to align with the capital management approaches of NWH Group and its segments. There were no model updates, acquisitions or disposals of subsidiaries during the period.

	a			b
	RWAs			MCR
	IRB £m	STD £m	Total RWAs £m	£m
1 1 January 2020	98,757	15,223	113,980	9,118
2 Asset size (1)	3,954	24	3,978	319
3 Asset quality (2)	225	—	225	18
5 Methodology and policy (3)	17	—	17	1
7 Foreign exchange movements (4)	880	74	954	76
8 31 March 2020	103,833	15,321	119,154	9,532

#### 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 increase in asset size was driven by increased drawdowns in Commercial Banking and lending growth in UK Personal Banking.
- The RWA uplift attributable to asset quality was driven by PD deterioration in the Commercial Banking portfolio.
- The uplift under foreign exchange movements was mainly a result of sterling weakening against the euro and the US dollar, during the first quarter of 2020.

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### EU CCR7: CCR: Non-IMM: Counterparty credit risk RWAs and MCR flow statement

The table below presents 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	
	Non-IMM	Non-IMM	Non-IMM	Non-IMM
	£m		£m	
1 1 January 2020	500		40	
2 Asset size (1)	103		8	
7 Foreign exchange movements (2)	21		2	
9 31 March 2020	624		50	

Notes:

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

#### Key point

- The RWA increase chiefly reflected increased securities financing transaction and derivative hedging activity with corporates. This was partly offset by a reduction in exposure to central counterparties.

### EU MR2\_B: MR STD: Market risk RWAs and MCR flow statement

The table below presents the drivers of movements in market risk RWAs and MCR. There were no methodology or regulatory policy changes during the period. Changes in market risk arising from foreign currency retranslation are included within movement in risk levels as they are managed together with portfolio changes.

	STD	
	RWAs	MCR
	£m	£m
1 1 January 2020	125	10
2 Movement in risk levels (1)	(14)	(1)
8 31 March 2020	111	9

Notes:

- (1) Movement in risk levels represents movements due to position changes.

#### Key points

- Market risk RWAs relate solely to the foreign exchange banking book charge under the standardised approach.
- The decrease over the quarter reflected payments between NWH Group entities and changes in fair value exposures.