



**Q1 2020**  
**Pillar 3 Supplement**  
**The Royal Bank of Scotland Group plc**

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## 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 RBSG plc's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBSG plc in respect of, but not limited to: its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital and operational targets), its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, the transition of LIBOR and IBOR rates to alternative risk free rates and RBSG plc's exposure to economic and political risks (including with respect to terms surrounding Brexit and climate change), operational risk, conduct risk, cyber and IT risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, the final number of PPI claims and their amounts, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and the uncertainty surrounding the Covid-19 pandemic and its impact on RBSG plc. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBSG plc's actual results are discussed in RBSG plc'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 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 RBSG 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 main risks of The Royal Bank of Scotland Group plc and its subsidiaries (RBS) are described in the Capital and risk management and the Risk Factors sections of the 2019 Annual Report and Accounts (ARA) and in the 2019 Pillar 3 Report. For definitions of terms, refer to the glossary available on RBS.com.
- The disclosures complement those in RBS's Q1 Interim Management Statement (IMS):Capital and risk management.
- For the basis of preparation and disclosure framework, refer to RBS's 2019 Pillar 3 Report.
- The Pillar 3 disclosures made by RBS are designed to comply with the Capital Requirements Regulation (CRR). Based on the criteria set out in the CRR, RBS 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, 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 supplement, large subsidiary disclosures are presented for NWM Plc, RBSI and – for the sake of completeness - the consolidated NatWest Holdings Group. Refer to the NWH Group Q1 2020 Pillar 3 Supplement for disclosures related to the remaining large subsidiaries, namely NWB Plc, RBS plc, UBI DAC and Coutts & Co.
- Disclosures for RBSI, which is included as a large subsidiary in the RBS Pillar 3 report for the first time at 31 March 2020, are not presented with comparatives before this period.
- 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 – RBS and large subsidiaries

Capital, RWAs and leverage on a PRA transitional basis for RBS 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 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 transitional basis 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 RBS Group are also presented on an end-point basis and also include the adjustments for the IFRS 9 transitional arrangements.

	31 March 2020				31 December 2019		
	RBS %	NWH Group %	NWM Plc %	RBSI %	RBS %	NWH Group %	NWM Plc %
<b>Capital adequacy ratios – transitional (1)</b>							
CET1	16.6	16.0	15.7	19.3	16.2	15.7	17.3
Tier 1	19.6	18.7	18.3	23.6	19.3	18.5	19.9
Total	23.0	22.1	22.8	23.8	22.8	21.9	24.2
<b>Capital adequacy ratios – end point</b>							
CET1	16.6				16.2		
Tier 1	18.8				18.5		
Total	21.4				21.2		
<b>Capital – transitional</b>							
	£m	£m	£m	£m	£m	£m	£m
CET1	30,767	22,272	5,550	1,343	29,054	21,097	6,097
Tier 1	36,377	26,006	6,462	1,643	34,611	24,861	7,003
Total	42,604	30,787	8,050	1,657	40,823	29,515	8,501
<b>Capital – end point</b>							
CET1	30,767				29,054		
Tier 1	34,818				33,105		
Total	39,701				38,005		
<b>RWAs</b>							
Credit risk	136,354	119,154	9,327	6,043	131,012	113,980	9,825
Counterparty credit risk	13,917	1,151	12,293	39	12,631	980	11,060
Market risk	12,998	111	11,311	41	12,930	125	11,229
Operational risk	21,930	18,866	2,382	842	22,599	19,590	3,039
	185,199	139,282	35,313	6,965	179,172	134,675	35,153
<b>CRR leverage – transitional</b>							
Tier 1 capital	36,377	26,006	6,462	1,643	34,611	24,861	7,003
Exposure	676,171	466,093	151,247	39,544	643,874	447,851	136,505
Leverage ratio (%)	5.4	5.6	4.3	4.2	5.4	5.6	5.1
<b>CRR leverage – end point</b>							
Tier 1 capital	34,818				33,105		
Exposure	676,171				643,874		
Leverage ratio (%)	5.1				5.1		
<b>UK leverage – end point</b>							
Tier 1 capital	34,818				33,105		
Exposure	603,070				570,330		
Leverage ratio (%)	5.8				5.8		
Average Tier 1 capital	33,571				33,832		
Average exposure (2)	594,390				611,588		
Average leverage ratio (%)	5.6				5.5		
<b>G-SII additional leverage ratio buffer (3)</b>							
	—				1,996		
<b>Countercyclical leverage ratio buffer (4)</b>							
	183				1,692		

#### Notes:

- (1) The RBS 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) Based on the daily average of on-balance sheet items and three month-end average of off-balance sheet items.
- (3) From 1 January 2020, RBS 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.
- (4) The PRA minimum leverage ratio requirement is supplemented with a countercyclical leverage ratio buffer of 0.0303% (31 December 2019 – 0.2967%).

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

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. RBS 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)	30,767	29,054	29,773	30,191	30,889
1a	2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,471	29,054	29,773	30,191	30,889
2	3	Tier 1 capital	34,818	33,105	33,824	34,242	34,940
2a	4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	34,522	33,105	33,824	34,242	34,940
3	5	Total capital	39,701	38,005	38,804	39,361	40,182
3a	6	Total capital as if IFRS 9 transitional arrangements had not been applied	39,405	38,005	38,804	39,361	40,182
<b>Risk-weighted assets (amounts)</b>							
4	7	Total risk-weighted assets	185,199	179,172	189,482	188,463	190,846
4a	8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	185,137	179,172	189,482	188,463	190,846
<b>Risk-based capital ratios as a percentage of RWA</b>							
5	9	Common equity tier 1 ratio	16.6	16.2	15.7	16.0	16.2
5a	10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	16.2	15.7	16.0	16.2
6	11	Tier 1 ratio	18.8	18.5	17.9	18.2	18.3
6a	12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	18.6	18.5	17.9	18.2	18.3
7	13	Total capital ratio	21.4	21.2	20.5	20.9	21.1
7a	14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	21.3	21.2	20.5	20.9	21.1
<b>Additional CET1 buffer requirements as a percentage of RWA</b>							
8		Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9		Countercyclical buffer requirement (1)	0.1	0.8	0.8	0.7	0.7
10		Bank G-SIB and/or D-SIB additional requirements (2)	—	1.0	1.0	1.0	1.0
11		Total of CET1 specific buffer requirements (8 + 9 + 10)	2.6	4.3	4.3	4.2	4.2
12		CET1 available after meeting the bank's minimum capital requirements (3)	12.1	11.7	11.2	11.5	11.7
<b>Leverage ratio</b>							
13	15	CRR leverage ratio exposure measure	676,171	643,874	670,059	659,105	666,800
		UK leverage ratio exposure measure	603,070	570,330	589,472	576,636	586,660
14	16	CRR leverage ratio	5.1	5.1	5.0	5.2	5.2
14a	17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied	5.1	5.1	5.0	5.2	5.2
		UK leverage ratio	5.8	5.8	5.7	5.9	6.0
<b>Liquidity coverage ratio</b>							
15		Total high-quality liquid assets	137,730	136,943	137,517	138,355	138,672
16		Total net cash outflows	91,509	90,559	89,712	88,473	87,787
17		LCR ratio (%) (4)	151	151	153	156	158
<b>Net stable funding ratio (NSFR)</b>							
18		Total available stable funding	388,787	380,251	380,719	379,763	373,989
19		Total required stable funding	282,722	269,792	272,448	271,920	273,470
20		NSFR (%) (5)	138	141	140	140	137

#### Notes:

- (1) The institution specific countercyclical capital buffer requirement is based on the weighted average of the buffer rates in effect for the countries in which institutions have exposures. Many countries have 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) 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, RBS 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 RBS's Annual Results 2019.
- (5) NSFR reported in line with CRR2 regulations finalised in June 2019.

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### Key points

#### Capital and leverage

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

- The CET1 ratio increased to 16.6% from 16.2% due to a £1.7 billion increase in CET1 and a £6.0 billion increase in RWAs.
- The CET1 increase reflects the cancellation of the December foreseeable charges of £1.3 billion in line with recent announcements on Covid-19. Additionally, there was a capital increase of £0.2 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 was driven by increases in credit risk of £5.3 billion and counterparty credit risk of £1.3 billion, partially offset by a decrease in operational risk of £0.7 billion 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. The increase in counterparty credit risk reflected increased exposure to corporate counterparties. Market risk was flat in the quarter as - despite the increased market volatility - the PRA announced a temporary approach that the capital requirements increase due to back-testing exceptions were allowed to be offset through a commensurate reduction in RNIV capital requirements.
- Both the CRR end-point and UK leverage ratios remain unchanged at 5.1% and 5.8% with an increase in Tier 1 capital being offset by an increase in balance sheet exposures.
- The average CRR leverage ratio increased to 5.1% driven by a decrease in average exposures.

##### 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.

##### NWM Plc - 31 March 2020 compared with 31 December 2019

- The CET1 ratio decreased from 17.3% to 15.7%, primarily due to reserve movements in the period. The main movement was due to the decline in value of the Saudi British Bank (SABB) shareholding.
- RWAs increased by £0.2 billion in the quarter, mainly reflecting an increase in counterparty credit risk of £1.2 billion due to higher exposure to corporate counterparties. There were offsetting decreases in operational risk of £0.7 billion following the annual recalculation and in credit risk of £0.5 billion. Market risk was flat for the same reasons outlined in the RBS Group key points.
- The leverage ratio decreased to 4.3%, driven by lower Tier 1 capital in addition to an increase in balance sheet exposures.

##### RBSI - 31 March 2020

- RBSI had a CET1 ratio of 19.3% at 31 March 2020 based on CET1 of £1.3 billion and RWAs of £7.0 billion.
- RBSI leverage exposure is presented on the CRR basis. The primary driver of RBSI's ratio under CRR is short term deposit balances, which RBSI typically holds in high quality liquid assets. Excluding unencumbered central bank balances would result in a ratio of 6.2%.

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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 RBS and its large subsidiaries. Capital measures are on a CRR transitional basis. RBS 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. The transitional basis rules do not apply to RBSI and therefore only end-point basis values are disclosed for this subsidiary.

		31 March 2020			
		RBS	NWH Group	NWM Plc	RBSI
		£m	£m	£m	£m
<b>Available capital (amounts) – transitional</b>					
1	Common equity tier 1	30,767	22,272	5,550	1,343
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,471	21,940	5,550	1,343
3	Tier 1 capital	36,377	26,006	6,462	1,643
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,081	25,674	6,462	1,643
5	Total capital	42,604	30,787	8,050	1,657
6	Total capital as if IFRS 9 transitional arrangements had not been applied	42,308	30,455	8,050	1,657
<b>Risk-weighted assets (amounts)</b>					
7	Total risk-weighted assets	185,199	139,282	35,313	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
<b>Risk-based capital ratios as a percentage of RWAs</b>					
		%	%	%	%
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
<b>Leverage ratio</b>					
15	CRR leverage ratio exposure measure (£m)	676,171	466,093	151,247	39,544
16	CRR leverage ratio (%)	5.4	5.6	4.3	4.2
17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.3	5.5	4.3	4.2

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

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

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

		30 June 2019		
		RBS	NWH Group	NWM Plc
		£m	£m	£m
<b>Available capital (amounts) – transitional</b>				
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
<b>Risk-weighted assets (amounts)</b>				
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
<b>Risk-based capital ratios as a percentage of RWAs</b>				
		%	%	%
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	19.0	17.9	17.7
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.0	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
<b>Leverage ratio</b>				
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

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

		31 March 2019		
		RBS	NWH Group	NWM Plc
		£m	£m	£m
<b>Available capital (amounts) – transitional</b>				
1	Common equity tier 1	30,889	22,269	6,477
2	Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	30,889	22,269	6,477
3	Tier 1 capital	36,456	26,033	7,456
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	36,456	26,033	7,456
5	Total capital	43,120	30,167	8,785
6	Total capital as if IFRS 9 transitional arrangements had not been applied	43,120	30,167	8,785
<b>Risk-weighted assets</b>				
7	Total risk-weighted assets	190,846	140,029	38,010
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	190,846	140,029	38,010
<b>Risk-based capital ratios as a percentage of RWAs</b>				
		%	%	%
9	Common equity tier 1 ratio	16.2	15.9	17.0
10	Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.2	15.9	17.0
11	Tier 1 ratio	19.1	18.6	19.6
12	Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	19.1	18.6	19.6
13	Total capital ratio	22.6	21.5	23.1
14	Total capital ratio as if IFRS 9 transitional arrangements had not been applied	22.6	21.5	23.1
<b>Leverage ratio</b>				
15	CRR leverage ratio exposure measure (£m)	666,800	445,810	162,217
16	CRR leverage ratio (%)	5.5	5.8	4.6
17	CRR leverage ratio as if IFRS 9 transitional arrangements had not been applied (%)	5.5	5.8	4.6



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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). RBS 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	12	12	12
		£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	209,812	208,121	206,678	205,527	204,396
3	of which: stable deposits	131,569	130,273	129,262	128,465	127,710
4	of which: less stable deposits	77,765	77,408	77,053	76,737	76,377
5	Unsecured wholesale funding	138,803	136,504	135,760	134,830	135,028
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	57,205	56,316	56,380	59,254	64,045
7	Non-operational deposits (all counterparties)	80,438	79,264	78,556	74,999	70,346
8	Unsecured debt	1,160	923	824	577	637
9	Secured wholesale funding					
10	Additional requirements	74,811	75,969	76,884	76,598	77,367
11	Outflows related to derivative exposures and other collateral requirements	6,840	6,581	6,686	6,809	7,327
12	Outflows related to loss of funding on debt products	—	—	—	—	—
13	Credit and liquidity facilities	67,971	69,388	70,198	69,789	70,040
14	Other contractual funding obligations	22,604	22,252	22,284	21,592	21,561
15	Other contingent funding obligations	46,765	46,483	46,318	47,191	48,063
16	Total cash outflows					
17	Secured lending (e.g. reverse repos)	66,018	67,250	68,473	69,324	72,695
18	Inflows from fully performing exposures	12,650	12,350	12,555	12,628	12,600
19	Other cash inflows	14,081	14,231	14,158	13,974	13,415
EU-19a	Difference between total weighted inflows and outflows	—	—	—	—	—
EU-19b	Excess inflows from a related specialised credit institution	—	—	—	—	—
20	Total cash inflows	92,749	93,831	95,186	95,926	98,710
EU-20a	Fully exempt inflows	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	84,635	85,218	86,127	85,919	87,067
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	12	12	12
		£m	£m	£m	£m	£m
<b>High-quality liquid assets</b>						
1	Total high-quality liquid assets	137,730	136,943	137,517	138,355	138,672
<b>Cash outflows</b>						
2	Retail deposits and deposits from small business customers	16,870	16,708	16,538	16,425	16,326
3	of which: stable deposits	6,578	6,514	6,463	6,423	6,386
4	of which: less stable deposits	9,814	9,754	9,712	9,677	9,632
5	Unsecured wholesale funding	63,796	62,768	62,259	60,920	59,585
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	13,985	13,764	13,782	14,501	15,698
7	Non-operational deposits (all counterparties)	48,651	48,080	47,652	45,842	43,250
8	Unsecured debt	1,160	923	824	577	637
9	Secured wholesale funding	2,854	3,105	3,386	3,776	3,798
10	Additional requirements	18,757	18,909	19,059	19,057	19,818
11	Outflows related to derivative exposures and other collateral requirements	6,000	5,719	5,705	5,813	6,377
12	Outflows related to loss of funding on debt products	—	—	—	—	—
13	Credit and liquidity facilities	12,757	13,191	13,354	13,245	13,441
14	Other contractual funding obligations	1,791	1,828	1,921	2,077	1,814
15	Other contingent funding obligations	3,752	3,665	3,574	3,724	3,831
16	<b>Total cash outflows</b>	<b>107,820</b>	<b>106,983</b>	<b>106,736</b>	<b>105,979</b>	<b>105,173</b>
17	Secured lending (e.g. reverse repos)	1,441	1,954	2,486	2,975	3,357
18	Inflows from fully performing exposures	9,406	9,031	9,201	9,235	9,099
19	Other cash inflows	5,464	5,439	5,337	5,297	4,931
EU-19a	Difference between total weighted inflows and outflows	—	—	—	—	—
EU-19b	Excess inflows from a related specialised credit institution	—	—	—	—	—
20	<b>Total cash inflows</b>	<b>16,311</b>	<b>16,424</b>	<b>17,025</b>	<b>17,506</b>	<b>17,386</b>
EU-20a	Fully exempt inflows	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	16,311	16,424	17,025	17,506	17,386
21	Liquidity buffer	137,730	136,943	137,517	138,355	138,672
22	<b>Total net cash outflows</b>	<b>91,509</b>	<b>90,559</b>	<b>89,712</b>	<b>88,473</b>	<b>87,787</b>
23	<b>Liquidity coverage ratio (%)</b>	<b>151</b>	<b>151</b>	<b>153</b>	<b>156</b>	<b>158</b>

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

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

Capital	31 March 2020				31 December 2019		
	RBS £m	NWH Group £m	NWM Plc £m	RBSI £m	RBS £m	NWH Group £m	NWM Plc £m
Tangible equity	32,990	23,209	8,737	1,533	32,371	22,762	8,727
Expected loss less impairment provisions	—	—	(10)	(50)	(167)	(141)	(10)
Prudential valuation adjustment	(531)	(43)	(455)	—	(431)	(26)	(373)
Deferred tax assets	(722)	(722)	—	—	(757)	(757)	—
Own credit adjustments	(519)	(1)	(352)	—	(118)	—	(39)
Pension fund assets	(488)	(177)	(178)	(133)	(474)	(171)	(171)
Instruments of financial sector entities where the institution has a significant investment	—	—	(1,968)	—	—	—	(1,900)
Cash flow hedging reserve	(259)	(326)	(224)	—	(35)	(202)	(137)
Foreseeable ordinary and special dividends	—	—	—	—	(968)	—	—
Foreseeable charges	—	—	—	—	(365)	(365)	—
Adjustment under IFRS9 transition arrangements	296	332	—	—	—	—	—
Other adjustments for regulatory purposes	—	—	—	(7)	(2)	(3)	—
Total deductions	(2,223)	(937)	(3,187)	(190)	(3,317)	(1,665)	(2,630)
CET1 capital	30,767	22,272	5,550	1,343	29,054	21,097	6,097
AT1 capital before regulatory adjustments	5,610	3,734	1,144	300	5,557	3,764	1,130
Regulatory adjustments to AT1 capital	—	—	(232)	—	—	—	(224)
AT1 capital	5,610	3,734	912	300	5,557	3,764	906
Tier 1 capital	36,377	26,006	6,462	1,643	34,611	24,861	7,003
Tier 2 capital before regulatory adjustments	6,227	4,781	2,018	14	6,212	4,654	1,967
Regulatory adjustments to Tier 2 capital	—	—	(430)	—	—	—	(469)
Tier 2 capital	6,227	4,781	1,588	14	6,212	4,654	1,498
Total regulatory capital	42,604	30,787	8,050	1,657	40,823	29,515	8,501

### CAP 3: Leverage exposure (CRR Delegated Act Template) – RBS 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		
	RBS £m	NWH Group £m	NWM Plc £m	RBSI £m	RBS £m	NWH Group £m	NWM Plc £m
Cash and balances at central banks	77,426	52,344	9,889	13,304	77,858	54,511	9,953
Trading assets	81,843	—	65,919	—	76,745	—	57,768
Derivatives	208,734	3,650	206,026	57	150,029	2,899	147,458
Financial assets	425,115	381,129	30,881	21,129	399,088	357,543	25,929
Other assets	24,526	13,146	10,072	264	19,319	13,418	6,945
Total assets	817,644	450,269	322,787	34,754	723,039	428,371	248,053
Derivatives							
- netting and variation margin	(220,973)	(4,805)	(218,539)	(57)	(157,778)	(3,761)	(155,147)
- potential future exposures	46,254	1,217	43,382	90	43,004	1,071	39,997
Securities financing transactions gross up	2,484	475	2,353	—	2,224	516	1,559
Other off balance sheet items	39,580	26,574	6,026	4,897	42,363	29,655	5,986
Regulatory deductions and other adjustments	(8,818)	(7,637)	(3,067)	(140)	(8,978)	(8,001)	(2,815)
Exclusion of core UK-group exposures	—	—	(1,695)	—	—	—	(1,128)
CRR leverage exposure	676,171	466,093	151,247	39,544	643,874	447,851	136,505
Claims on central banks	73,101				73,544		
UK leverage exposure	603,070				570,330		

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

The table below summarises RWAs and minimum capital requirements (MCR) by risk type for RBS 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.

	RBS		NWH Group		NWM Plc		RBSI		
	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	RWAs £m	MCR £m	
<b>31 March 2020</b>									
1	Credit risk (excluding counterparty credit risk)	132,006	10,560	116,422	9,314	6,359	508	6,028	603
2	Standardised (STD) approach	16,048	1,284	14,059	1,125	1,424	114	1,722	172
4	Advanced IRB approach <sup>(1)</sup>	114,968	9,197	102,363	8,189	4,929	394	4,306	431
5	Equity IRB under the simple risk-weight or the internal model approach (IMA)	990	79	—	—	6	—	—	—
6	Counterparty credit risk	13,282	1,064	1,151	92	11,875	950	39	4
6a	of which: securities financing transactions	1,109	89	218	17	588	47	9	1
7	of which: marked to market	2,471	198	362	29	2,123	170	30	3
10	of which: internal model method (IMM)	7,661	614	—	—	7,309	585	—	—
11	of which: risk exposure amount for contributions to the default fund of a central counterparty	65	5	44	4	15	1	—	—
12	of which: credit valuation adjustment (CVA)	1,976	158	527	42	1,840	147	—	—
13	Settlement risk	136	11	—	—	118	9	—	—
14	Securitisation exposures in banking book <sup>(2)</sup>	3,055	244	1,470	118	1,386	111	—	—
15	Internal ratings-based approach (SEC-IRBA)	1,081	86	1,080	87	—	—	—	—
18	Standardised approach (SEC- SA)	931	74	186	15	743	60	—	—
	External ratings-based approach (SEC –ERBA) <sup>(3)</sup>	895	72	204	16	603	48	—	—
	1250%	148	12	—	—	40	3	—	—
19	Market risk	12,998	1,040	111	9	11,311	905	41	4
20	STD approach	1,994	160	111	9	1,061	85	41	4
21	IMA	11,004	880	—	—	10,250	820	—	—
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)	1,792	143	1,262	101	1,882	151	15	2
29	<b>Total</b>	<b>185,199</b>	<b>14,816</b>	<b>139,282</b>	<b>11,143</b>	<b>35,313</b>	<b>2,825</b>	<b>6,965</b>	<b>697</b>
<b>31 December 2019</b>									
1	Credit risk (excluding counterparty credit risk)	126,735	10,138	111,281	8,903	6,980	559		
2	STD approach	16,002	1,280	14,033	1,123	1,648	132		
4	Advanced IRB approach <sup>(1)</sup>	109,719	8,777	97,248	7,780	5,326	427		
5	Equity IRB under the simple risk-weight or the IMA	1,014	81	—	—	6	—		
6	Counterparty credit risk	12,126	971	980	78	10,738	859		
6a	of which: securities financing transactions	1,121	90	145	12	742	59		
7	of which: marked to market	2,146	172	239	19	1,905	152		
10	of which: IMM	6,909	553	—	—	6,425	515		
11	of which: risk exposure amounts for contributions to the default fund of a central counterparty	147	12	116	9	22	2		
12	of which: CVA	1,803	144	480	38	1,644	131		
13	Settlement risk	18	1	—	—	3	—		
14	Securitisation exposures in banking book	2,866	230	1,509	121	1,165	93		
15	IRB approach	2,438	196	1,509	121	737	59		
	Internal assessment approach	6	—	—	—	6	—		
17	Standardised approach	422	34	—	—	422	34		
19	Market risk	12,930	1,034	125	10	11,229	898		
20	STD approach	2,036	163	125	10	1,102	88		
21	IMA	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	<b>Total</b>	<b>179,172</b>	<b>14,334</b>	<b>134,675</b>	<b>10,774</b>	<b>35,153</b>	<b>2,812</b>		

#### Notes:

- (1) Of which £1,189 million RWAs (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).

For explanations relating to RWA movements for RBS 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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### KM2: Key metrics – TLAC requirements

The table below provides a summary for RBS of the total loss-absorbing capacity (TLAC) available, reflecting RBS's interpretation of the BoE MREL rules relevant for G-SIIs which entered into force on 1 January 2020.

		31 March 2020	31 December 2019	30 September 2019	30 June 2019
		£m	£m	£m	£m
1	TLAC available	63,213	59,430	61,045	60,146
2	Total RWA at the level of the resolution group	185,199	179,172	189,482	188,463
3	TLAC as a percentage of RWA (%)	34.1	33.2	32.2	31.9
4	Leverage ratio exposure measure at the level of the resolution group <sup>(1)</sup>	603,070	570,330	589,472	576,636
5	TLAC as a percentage of leverage exposure measure (%)	10.5	10.4	10.4	10.4
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC term sheet apply?	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC term sheet apply?	No	No	No	No

Note:

(1) RBS 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.

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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 RBS and its segments. There were no model updates, acquisitions or disposals of subsidiaries during the period.

	a			b
	RWAs			MCR £m
	IRB £m	STD £m	Total RWAs £m	
1 At 1 January 2020	113,112	17,900	131,012	10,481
2 Asset size <sup>(1)</sup>	3,616	(159)	3,457	276
3 Asset quality <sup>(2)</sup>	283	—	283	23
5 Methodology and policy <sup>(3)</sup>	268	—	268	21
7 Foreign exchange movements <sup>(4)</sup>	1,235	99	1,334	107
8 31 March 2020	118,514	17,840	136,354	10,908

#### 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 increase under methodology reflected the adoption of the new securitisation framework from 1 January 2020.
- 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: 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 1 January 2020	7,020	3,808	10,828	562	305	866
2 Asset size (1)	618	308	926	51	28	79
4 Methodology and policy (2)	21	(41)	(20)	2	(3)	(1)
7 Foreign exchange movements (3)	134	73	207	11	6	17
9 31 March 2020	7,793	4,148	11,941	626	336	961

#### Notes:

- (1) Organic changes in portfolio size and composition (including the origination of new businesses).
- (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 point

- The RWA increase, for both the IMM and non-IMM, was chiefly driven by increased exposure to corporate counterparties.

### 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. 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)					g	RWAs £m	MCR £m	RWAs £m	MCR £m
	a VaR £m	b SVaR £m	c IRC £m	e Other (RNIV) £m	f Total £m					
1 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)	863	1,796	(110)	797	3,346	268	(42)	(3)	3,304	265
3 Model updates/changes (3)	—	8	—	(735)	(727)	(58)	—	—	(727)	(58)
6 Other (4)	—	—	—	(2,509)	(2,509)	(201)	—	—	(2,509)	(201)
8 31 March 2020	2,308	5,767	2,155	774	11,004	880	1,994	160	12,998	1,040

#### Notes:

- (1) RBS 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 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 CVAs.

#### Key points

- The comments below mainly relate to NWM Plc, NWM N.V. and NWM SI, which accounted for the majority of the exposure.
- During the second half of the quarter, market volatility and illiquidity rose to exceptional levels as a result of the Covid-19 global outbreak. 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 will review this approach after six months.
- RBS's VaR and SVaR-based RWAs increased over the quarter. These movements were driven both by the market developments and by the impact of multiplier increases for NWM Plc and NWM N.V. as the number of back-testing exceptions rose sharply.
- RNIV-based RWAs decreased, chiefly reflecting the application of the offsetting reduction permitted by the PRA. An update of the VaR model, to refine how risk factors relating to sovereign exposures are captured, also contributed to the movement.
- RWAs related to both the IRC and exposures under the standardised approach were broadly unchanged.