



The Royal Bank of Scotland International Limited Q3 2022 Pillar 3 Supplement

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Presentation of information

This document presents the consolidated Pillar 3 disclosures for The Royal Bank of Scotland International Limited (RBSI) at 30 September 2022.

RBSI is incorporated in Jersey and is a large non-listed subsidiary of NatWest Group. Based on the criteria set out in the CRR, NatWest Group primarily defines its large subsidiaries as those designated as an Other Systemically Important Institution (O-SII) by the national competent authority or those with total assets equal to or greater than €30 billion.

RBSI being a large subsidiary of NatWest Group is subject to the disclosure requirements set out in the Level of Application part of the PRA Rulebook. In accordance with the PRA's Level of Application, large subsidiaries which are non-listed entities are permitted to reduce the scope of the disclosures which are presented and RBSI has prepared these disclosures to comply with the reduced requirements.

Disclosures for large subsidiaries of NatWest Group that are non-UK entities are calculated in accordance with the regulatory requirements in the countries in which they are incorporated. However, they are presented using the prescribed disclosure templates in the PRA rulebook.

RBSI does not take advantage of the IFRS 9 transitional capital rules in respect to ECL provisions therefore the disclosure table IFRS9-FL is not included in this document.

Any rows or columns that are not applicable have not been shown.

Key points

CET1 ratio

Q3 2022 **20.1%**

Q4 2021 **20.9%**

The CET1 ratio decreased by 78 basis points to 20.1%. The decrease is primarily due to a £0.7 billion increase in RWAs which is partly offset with a £0.1 billion increase in CET1 capital.

The CET1 capital increase is mainly driven by:

- the addition of Q4 2021 audited profits of £0.1 billion;
- the addition of H1 2022 verified profits of £0.2 billion;
- an ordinary dividend of £0.2 billion; and
- other reserve movements

RWA

Q3 2022 **£8.1bn**

Q4 2021 **£7.4bn**

Total RWAs increased by £0.7 billion to £8.1 billion during the period reflecting:

- An increase of £0.3 billion in nostro credit risk driven by an increase in customer deposit volumes;
- A £0.2 billion in FX movements and non-credit assets;
- A £0.2 billion increase in Customer credit risk RWAs. £0.2 billion is due to model adjustments applied as a result of new regulation applicable to IRB models from 1 January 2022 and £0.1 billion is volume growth offset with a £0.1 billion change in risk metrics.

Leverage ratio

Q3 2022 **4.4%**

Q4 2021 **4.2%**

The leverage ratio has increased 20 basis points from December 2021. Key drivers of the increase are a £0.1 billion increase in Tier 1 capital and a £0.5 billion decrease in total exposure. Total exposure includes claims on central banks.

LCR

Q3 2022 **126%**

Q4 2021 **136%**

The average LCR ratio has decreased 10% from December 2021. The main drivers include an increase in average customer call and term deposits more than offset by increased customer lending.

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. The metrics for RBSI are calculated in accordance with Jersey regulatory rules.

| | | RBSI | | | | |
|---|--|----------------------------|-----------------------|------------------------|---------------------------|----------------------------|
| | | 30 September 2022 £m | 30 June 2022 £m | 31 March 2022 £m | 31 December 2021 £m | 30 September 2021 £m |
| Available own funds (amounts) | | | | | | |
| 1 | Common equity tier 1 (CET1) capital | 1,637 | 1,415 | 1,619 | 1,541 | 1,349 |
| 2 | Tier 1 capital | 1,937 | 1,715 | 1,919 | 1,841 | 1,649 |
| 3 | Total capital | 1,939 | 1,719 | 1,933 | 1,842 | 1,652 |
| Risk-weighted exposure amounts | | | | | | |
| 4 | Total risk-weighted exposure amount | 8,137 | 8,300 | 7,492 | 7,356 | 7,878 |
| Capital ratios (as a percentage of risk-weighted exposure amount) | | | | | | |
| 5 | Common equity tier 1 ratio (%) | 20.1 | 17.0 | 21.6 | 20.9 | 17.1 |
| 6 | Tier 1 ratio (%) | 23.8 | 20.7 | 25.6 | 25.0 | 20.9 |
| 7 | Total capital ratio (%) | 23.8 | 20.7 | 25.8 | 25.0 | 21.0 |
| Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount) | | | | | | |
| UK 7a | Additional CET1 SREP requirements (%) | 6.8 | 6.8 | 6.8 | 6.3 | 6.3 |
| UK 7b | Additional AT1 SREP requirements (%) | — | — | — | — | — |
| UK 7c | Additional Tier 2 SREP requirements (%) | 1.2 | 1.2 | 1.2 | 1.0 | 1.0 |
| UK 7d | Total SREP own funds requirements (%) | 18.0 | 18.0 | 18.0 | 17.3 | 17.3 |
| Combined buffer requirement (as a percentage of risk-weighted exposure amount) | | | | | | |
| 8 | Capital conservation buffer (%) | | | | | |
| 9 | Institution specific countercyclical capital buffer (%) (1) | | | | | |
| 10 | Global Systemically Important Institution buffer (%) (2) | | | | | |
| UK 10a | Other Systemically Important Institution buffer (%) (1) | | | | | |
| 11 | Combined buffer requirement (%) | | | | | |
| UK 11a | Overall capital requirements (%) | 18.0 | 18.0 | 18.0 | 17.3 | 17.3 |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) (3) | 4.9 | 1.8 | 6.4 | 6.2 | 2.4 |
| Leverage ratio | | | | | | |
| 13 | Total exposure measure excluding claims on central banks (4) | | | | | |
| 14 | Leverage ratio excluding claims on central banks (%) (4) | | | | | |
| | Total exposure measure including claims on central banks | 43,933 | 45,757 | 42,188 | 44,336 | 43,352 |
| | Leverage ratio including claims on central banks (%) | 4.4 | 3.8 | 4.6 | 4.2 | 3.8 |
| Additional leverage ratio disclosure requirements (5) | | | | | | |
| UK 14a | Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) | | | | | |
| UK 14b | Leverage ratio including claims on central banks (%) | | | | | |
| UK 14c | Average leverage ratio excluding claims on central banks (%) | | | | | |
| UK 14d | Average leverage ratio including claims on central banks (%) | | | | | |
| UK 14e | Countercyclical leverage ratio buffer (%) | | | | | |
| Liquidity coverage ratio (6) | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (weighted value-average) | 21,147 | 21,766 | 21,759 | 21,107 | 19,615 |
| UK 16a | Cash outflows - Total weighted value | 20,871 | 20,540 | 20,165 | 19,674 | 18,658 |
| UK 16b | Cash inflows - Total weighted value | 4,054 | 3,921 | 3,982 | 4,149 | 4,125 |
| 16 | Total net cash outflows (adjusted value) | 16,817 | 16,618 | 16,183 | 15,525 | 14,533 |
| 17 | Liquidity coverage ratio (%) (6) | 126 | 131 | 135 | 136 | 135 |

- (1) Row 9 and row 10a are not applicable under Jersey regulatory rules. The Jersey regulator intends to introduce changes to its capital framework in 2023 which will bring the regime broadly into line with international standards.
- (2) NatWest Group entities are not subject to a G-SII buffer.
- (3) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).
- (4) The leverage metrics for RBSI are calculated in accordance with Jersey regulatory rules which do not permit the exclusion of claims on central banks.
- (5) RBSI is not an LREQ firm therefore not subject to the additional leverage ratio disclosure requirements.
- (6) 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.