



NatWest
Group

The Royal Bank of Scotland plc

Q3 2023 Pillar 3

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Forward-looking statements

This document may contain 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', 'will', '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 RBS plc's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBS plc in respect of, but not limited to: its credit risk; its capital, liquidity and funding risk; its non-traded market risk; its compliance and conduct risk; its financial crime risk; its climate risk; its operational risk; its model risk; and its reputational 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 outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions, the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBS plc's actual results are discussed in RBS plc's 2022 Annual Report and Accounts (ARA), and other public filings. The forward-looking statements contained in this document speak only as of the date of this document and RBS 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

This document presents the Pillar 3 disclosures for The Royal Bank of Scotland plc (RBS plc) at 30 September 2023. It should be read in conjunction with the Q3 2023 NatWest Holdings Group Pillar 3 report, which is published in the same location at investors.natwestgroup.com/reports-archive/2023.

RBS plc is incorporated in the United Kingdom and is a subsidiary of NatWest Holdings Limited ('NWH Ltd'). NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

Based on the criteria set out in the UK CRR, NatWest Group primarily defines its large subsidiaries in scope of PRA Pillar 3 disclosures as those designated as an Other Systemically Important Institution (O-SII) by the PRA or those with total assets equal to or greater than €30 billion.

As a large, non-listed subsidiary of NatWest Group, RBS plc is subject to a reduced number of disclosures as set out in the PRA Rulebook.

The disclosures for RBS plc are calculated in accordance with the UK CRR (split across primary legislation and the PRA Rulebook) and completed in accordance with the Disclosure (CRR) part of the PRA Rulebook.

The liquidity disclosures completed at UK Domestic Liquidity Subgroup (UK DoLSub) level are published in the NatWest Holdings Group Pillar 3 report. The UK DoLSub waiver allows NWH Plc, RBS plc and Coutts & Co to manage liquidity and funding as a single sub-group rather than at an entity level.

Row and column references are based on those prescribed in the PRA templates. The IFRS 9-FL disclosures have been prepared using the uniform format published by the EBA.

In this report, in line with the regulatory framework, the term credit risk excludes counterparty credit risk, unless specifically indicated otherwise.

The Pillar 3 disclosures are presented in pounds sterling ('£') and have not been subject to external audit.

Annex I: Key metrics and overview of risk-weighted assets

RBS plc – Key points

<p>CET1 ratio</p> <table border="1"> <thead> <tr> <th>Period</th> <th>CET1 ratio</th> </tr> </thead> <tbody> <tr> <td>Q3 2023</td> <td>13.9%</td> </tr> <tr> <td>Q2 2023</td> <td>12.4%</td> </tr> </tbody> </table>	Period	CET1 ratio	Q3 2023	13.9%	Q2 2023	12.4%	<p>CET1 ratio increased by 150 basis points to 13.9% at 30 September 2023, compared with 12.4% at 30 June 2023. The increase is primarily due to a £0.3 billion increase in CET1 capital, driven by profit in the period.</p>
Period	CET1 ratio						
Q3 2023	13.9%						
Q2 2023	12.4%						
<p>RWAs</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Total RWAs</th> </tr> </thead> <tbody> <tr> <td>Q3 2023</td> <td>£18.1bn</td> </tr> <tr> <td>Q2 2023</td> <td>£18.2bn</td> </tr> </tbody> </table>	Period	Total RWAs	Q3 2023	£18.1bn	Q2 2023	£18.2bn	<p>Total RWA's decreased by £0.1 billion to £18.1 billion, reflecting a decrease in non-credit obligation assets.</p>
Period	Total RWAs						
Q3 2023	£18.1bn						
Q2 2023	£18.2bn						
<p>UK leverage ratio</p> <table border="1"> <thead> <tr> <th>Period</th> <th>UK leverage ratio</th> </tr> </thead> <tbody> <tr> <td>Q3 2023</td> <td>6.5%</td> </tr> <tr> <td>Q2 2023</td> <td>6.7%</td> </tr> </tbody> </table>	Period	UK leverage ratio	Q3 2023	6.5%	Q2 2023	6.7%	<p>The leverage ratio decreased by 20 basis points to 6.5%. This was driven by a £0.2 billion reduction in Tier 1 capital and a £1.8 billion reduction in leverage exposure. The key drivers in the leverage exposure were a decrease in loans to customers, net intragroup exposures, and capital regulatory adjustments.</p>
Period	UK leverage ratio						
Q3 2023	6.5%						
Q2 2023	6.7%						

Annex I: Key metrics and overview of risk-weighted assets continued

UK KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. RBS plc has elected to take advantage of the IFRS 9 transitional capital rules in respect of ECL provisions. The revised transition amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024.

	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	2,516	2,250	2,434	2,149	2,461
2 Tier 1 capital	3,016	3,220	3,404	3,119	3,431
3 Total capital	4,602	4,746	4,971	4,715	5,165
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	18,087	18,182	18,409	18,540	19,168
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	13.9	12.4	13.2	11.6	12.8
6 Tier 1 ratio (%)	16.7	17.7	18.5	16.8	17.9
7 Total capital ratio (%)	25.4	26.1	27.0	25.4	26.9
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a Additional CET1 SREP requirements (%)	1.4	1.4	1.4	1.4	2.0
UK 7b Additional AT1 SREP requirements (%)	0.5	0.5	0.5	0.5	0.6
UK 7c Additional Tier 2 SREP requirements (%)	0.6	0.6	0.6	0.6	0.9
UK 7d Total SREP own funds requirements (%)	10.5	10.5	10.5	10.5	11.5
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution specific countercyclical capital buffer (%) (1)	1.9	1.0	0.9	0.9	0.0
11 Combined buffer requirement (%)	4.4	3.5	3.4	3.4	2.5
UK 11a Overall capital requirements (%)	14.9	14.0	13.9	13.9	14.0
12 CET1 available after meeting the total SREP own funds requirements (%) (2)	8.0	6.5	7.3	5.7	6.3
Leverage ratio					
13 Total exposure measure excluding claims on central banks	46,179	47,962	47,418	48,957	52,253
14 Leverage ratio excluding claims on central banks (%)	6.5	6.7	7.2	6.4	6.6
Additional leverage ratio disclosure requirements (3)					
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 (4)					
15 Total high-quality liquid assets (HQLA) (weighted value-average)					
UK 16a Cash outflows - Total weighted value					
UK 16b Cash inflows - Total weighted value					
16 Total net cash outflows (adjusted value)					
17 Liquidity coverage ratio (%)					
Net stable funding ratio (4)					
18 Total available stable funding					
19 Total required stable funding					
20 NSFR ratio (%)					

(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. The UK CCyB buffer increased from 1% to 2% from 5 July 2023.

(2) Represents the CET1 ratio less CET1 currently used to meet SREP requirements (Pillar 1 & 2A).

(3) RBS plc is not an LREQ firm therefore not subject to the additional leverage ratio disclosure requirements.

(4) Under the UK DoLS waiver RBS plc liquidity is managed and disclosed at the sub-group level rather than entity level.

(5) The following rows are not presented in the table above because they have zero values: UK8a, UK9a, 10 and UK10a.

Annex I: Key metrics and overview of risk-weighted assets continued

IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECL

The table below shows key prudential regulation ratios and measures with and without the application of IFRS 9 transitional relief. RBS plc has elected to take advantage of the transitional capital rules in respect of ECL provisions. Following the adoption of IFRS 9 from 1 January 2018, the CRR introduced transitional rules to phase in the full CET1 effect over a five-year period. The revised transitional amendments will maintain a CET1 add-back of relevant ECL provisions until 31 December 2024. Capital measures in this table are presented in line with table UK KM1.

	30 September 2023 £m	30 June 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m
Available capital (amounts) - transitional					
1 Common equity tier 1	2,516	2,250	2,434	2,149	2,461
2 Common equity tier 1 capital as if IFRS 9 transitional arrangements had not been applied	2,476	2,208	2,390	2,078	2,384
3 Tier 1 capital	3,016	3,220	3,404	3,119	3,431
4 Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	2,976	3,178	3,360	3,048	3,354
5 Total capital	4,602	4,746	4,971	4,715	5,165
6 Total capital as if IFRS 9 transitional arrangements had not been applied	4,577	4,718	4,942	4,672	5,100
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	18,087	18,182	18,409	18,540	19,168
8 Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	18,087	18,180	18,404	18,528	19,161
Capital ratios					
9 Common equity tier 1 ratio	13.9	12.4	13.2	11.6	12.8
10 Common equity tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	13.7	12.1	13.0	11.2	12.4
11 Tier 1 ratio	16.7	17.7	18.5	16.8	17.9
12 Tier 1 ratio as if IFRS 9 transitional arrangements had not been applied	16.5	17.5	18.3	16.5	17.5
13 Total capital ratio	25.4	26.1	27.0	25.4	26.9
14 Total capital ratio as if IFRS 9 transitional arrangements had not been applied	25.3	26.0	26.9	25.2	26.6
Leverage ratio					
15 Leverage ratio exposure measure (£m)	46,179	47,962	47,418	48,957	52,253
16 Leverage ratio (%)	6.5	6.7	7.2	6.4	6.6
17 Leverage ratio (%) as if IFRS 9 transitional arrangements had not been applied	6.5	6.6	7.1	6.2	6.4