



NatWest
Group

RBS Holdings N.V. Q1 2024 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 Holdings N.V.’s future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBS Holdings N.V. in respect of, but not limited to: its capital, liquidity and funding risk; its market risk; its credit 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 Holdings N.V.’s actual results are discussed in RBS Holdings N.V.’s 2023 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 Holdings N.V. 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 interim Pillar 3 disclosures for RBS Holdings N.V. (RBSH N.V.) as at 31 March 2024.

RBSH N.V. is wholly owned subsidiary of NatWest Markets Plc. NatWest Markets N.V. ('NWM N.V.') and RBS International Depository Services S.A. ('RBSI DS S.A.') are wholly owned subsidiaries of RBSH N.V. and therefore included in the consolidated disclosures presented in this report. The ultimate holding company is NatWest Group plc.

NatWest Group, as a third-country group with two or more subsidiary banking institutions in the European Union ('EU'), was approved by the ECB to establish a dual Intermediate EU Parent Undertaking ('IPU') structure on behalf of its European subsidiaries. As a result, RBSH N.V. acts as the non-ring fenced IPU. On 1 December 2023, RBSI DS S.A.'s immediate parent company changed from Royal Bank of Scotland International (Holdings) Limited ('RBSIH') to RBSH N.V. following supervisory approval. In November 2023, the ECB confirmed that RBSH N.V. and its subsidiaries NWM N.V. and RBSI DS S.A. were classified as a 'significant supervised group'. As a result, the ECB assumed direct supervision of all three entities on 1 January 2024.

RBSH N.V. being a large, listed subsidiary of NatWest Group plc (which is a UK parent institution), is subject to the disclosure requirements set out in Article 13 and Part Eight of EU Capital Requirements Regulation.

The disclosures for RBSH N.V. are calculated in accordance with the EU Capital Requirements Regulation.

Within this document, row and column references are based on those prescribed in the EBA disclosure templates. Comparatives have not been provided for first-time disclosures.

Pillar 3 disclosures that are required to be disclosed on a quarterly basis that have not been included in this report are listed in the table below along with the reason for exclusion.

EBA template reference	Template name	Reasons for exclusion
EU LIQ1	Quantitative information of LCR	The quantitative information for LCR on an average basis will be provided in the 2024 annual Pillar III report and going forward. LCR is disclosed as the average of month end observations for 12 months preceding the end of each quarter. This document includes the required qualitative information on LCR (i.e. EU LIQB).

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 in this document are presented in euros and have not been subject to external audit.

For definitions of terms, refer to the Glossary and Acronyms document available on investors.natwestgroup.com/reports-archive/2023

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

RBS Holdings N.V. - Key points

CET1 ratio

19.6%

(Q4 2023 – 19.2%)

The CET1 ratio increased by 40 basis points to 19.6%. The increase can be mainly attributed to a reduction in RWAs during the quarter.

RWAs

€8.1bn

(Q4 2023 - €8.3.bn)

Total RWAs decreased by €0.2 billion to €8.1 billion, mainly reflecting:

- a decrease in counterparty credit risk and the DNB-imposed standardised approach add-on
- an increase in operational risk and market risk RWAs

Leverage ratio

7.2%

(Q4 2023 – 7.0%)

The leverage ratio increased by 20 basis points to 7.2% mainly due to a minor increase in Tier 1 capital while leverage exposure predominantly reduced from securities financing transactions by €0.5 billion.

NSFR Spot

120%

(Q4 2023 - 133%)

The Net Stable Funding Ratio (NSFR) reduced from 133% to 120%. Required stable funding increased as a result of the maturity pattern of a renewed securities financing transaction which was not matched at the same level.

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

EU KM1: Key metrics

The table below provides a summary of the main prudential regulation ratios and measures. RBS Holdings N.V. does not apply any transitional IFRS 9 adjustments in respect to ECL provisions.

		RBSH N.V.	
		31 March 2024	31 December 2023
		€m	€m
Available own funds (amounts)			
1	Common equity tier 1 (CET1) capital	1,587	1,584
2	Tier 1 capital	1,837	1,834
3	Total capital	1,988	1,986
Risk-weighted exposure amounts			
4	Total risk exposure amount (1)	8,089	8,253
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common equity tier 1 ratio (%)	19.6	19.2
6	Tier 1 ratio (%)	22.7	22.2
7	Total capital ratio (%)	24.6	24.1
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.0	3.0
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.7	1.7
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.2	2.2
EU 7d	Total SREP own funds requirements (%)	6.2	6.2
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5	2.5
9	Institution specific countercyclical capital buffer (%) (2)	0.9	0.7
EU 10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	3.4	3.2
EU 11a	Overall capital requirements (%)	14.3	14.2
12	CET1 available after meeting the total SREP own funds requirements (%) (3)	13.2	13.0
Leverage ratio			
13	Total exposure measure	25,602	26,121
14	Leverage ratio	7.2	7.0
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirements (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0
Liquidity coverage ratio (4)			
15	Total high-quality liquid assets (HQLA) (Weighted value-average)		
EU 16a	Cash outflows - Total weighted value		
EU 16b	Cash inflows - Total weighted value (4)		
16	Total net cash outflows (adjusted value)		
17	Liquidity coverage ratio (%)		
Net stable funding ratio (5)			
18	Total available stable funding	6,196	5,449
19	Total required stable funding	5,156	4,105
20	NSFR ratio (%)	120	133

(1) RWAs include a DNB add-on obligation of €1,973 million, aligning RBSH N.V. to the standardised approach.

(2) 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.

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

(4) The disclosure rules require institutions to calculate LCR as the simple averages of month-end observations over the twelve months preceding the end of each quarter. First disclosure will be completed in December 2024.

(5) The NSFR % ratio is presented on a spot basis.

(6) The following rows are not presented in the table above because they are not applicable: EU8a, EU9a and 10.

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

EU OV1: Overview of risk-weighted exposure amounts

The table below shows RWAs and total own funds requirements by risk type. Total own funds requirements are calculated as 8% of RWAs.

		RBSH N.V.		
		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		31 March 2024	31 December 2023	31 March 2024
		€m	€m	€m
1	Credit risk (excluding counterparty credit risk)	2,128	2,177	170
2	Of which: standardised approach	1,048	1,111	84
3	Of which: the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	15	15	1
EU 4a	Of which: equities under the simple risk-weighted approach	-	-	-
5	Of which: the advanced IRB (AIRB) approach	1,065	1,051	85
6	Counterparty credit risk	2,489	2,650	199
7	Of which: standardised approach	90	82	7
8	Of which: internal model method (IMM)	1,581	1,793	126
EU 8a	Of which: exposures to a CCP	15	15	1
EU 8b	Of which: credit valuation adjustment (CVA)	471	503	38
9	Of which: other counterparty credit risk	333	257	27
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	399	420	32
17	Of which: SEC-IRBA approach	-	-	-
18	Of which: SEC-ERBA (including IAA)	163	179	13
19	Of which: SEC-SA approach	234	239	19
EU 19a	Of which: 1,250%/deduction	2	2	-
20	Position, foreign exchange and commodities risk (market risk)	688	600	55
21	Of which: standardised approach	-	-	-
22	Of which: IMA	688	600	55
EU 22a	Large exposures	-	-	-
23	Operational risk	411	332	33
EU 23a	Of which: basic indicator approach	411	332	33
EU 23b	Of which: standardised approach	-	-	-
EU 23c	Of which: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk-weight)	-	-	-
25	Other risk exposure amounts (1)	1,973	2,074	158
25a	Of which: Additional risk exposure amount due to Article 3 of Regulation (EU) No 575/2013	1,973	2,074	158
29	Total	8,089	8,253	647

(1) RWAs include a DNB add-on obligation of €1,973 million, aligning RBSH N.V. to the standardised approach.

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

EU CR8: RWA flow statement of credit risk exposures under the IRB approach

The table below shows movements in RWAs for credit risk exposures under the internal ratings based (IRB) approach. It excludes counterparty credit risk, securitisations, equity and non-credit obligation assets.

	a
	RWAs €m
1 At 31 December 2023	1,067
2 Asset size	25
3 Asset quality	(10)
7 Foreign exchange movements	(2)
9 At 31 March 2024	1,080

(1) The following rows are not presented because they had zero values: (4) model updates; (5) methodology and policy; (6) acquisitions and disposals; and (8) other.

Q1 2024

- The increase in asset size RWAs primarily related to drawdowns, in addition to slight changes in the products with additional term loans, bonds and new facilities within Commercial & Institutional that have been transferred to or originated out of NWM N.V.
- The decrease in RWAs for asset quality resulted from an improvement in the credit quality of the portfolio, resulting in lower probability of default and RWAs.

EU CCR7: RWA flow statement of counterparty credit risk exposures under the IMM

The table below shows movements in RWAs for derivatives under the internal model method (IMM). It excludes the CVA capital charge, exposures to central counterparties and securitisations.

	a
	RWAs €m
1 At 31 December 2023	1,793
2 Asset size	(188)
7 Foreign exchange movements	(24)
9 At 31 March 2024	1,581

(1) The following rows are not presented because they had zero values: (3) credit quality of counterparties; (4) model updates; (5) methodology and policy; (6) acquisitions and disposals; and (8) other.

Q1 2024

- IMM RWAs decreased, mainly reflecting an overall reduction in asset size due to market value decreases.

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

EU MR2-B: RWA flow statement of market risk exposures under the IMA

The table below shows movements in RWAs and own funds requirements for market risk exposures under the internal model approach (IMA).

	a	b	c	e	f	g
	Value-at-risk (VaR) €m	Stressed value-at-risk (SVaR) €m	Incremental risk charge €m	Other (Risks not in VaR) (RNIV) €m	Total RWAs €m	Total own funds requirements €m
1 At 31 December 2023	170	324	77	29	600	48
1a <i>Regulatory adjustment (1)</i>	<i>(141)</i>	<i>(256)</i>	<i>(63)</i>	<i>-</i>	<i>(460)</i>	<i>(37)</i>
1b <i>RWAs at 31 December 2023 (end of day)</i>	<i>29</i>	<i>68</i>	<i>14</i>	<i>29</i>	<i>140</i>	<i>11</i>
2 <i>Movement in risk levels</i>	<i>12</i>	<i>(2)</i>	<i>(3)</i>	<i>79</i>	<i>86</i>	<i>7</i>
8a <i>RWAs at 31 March 2024 (end of day)</i>	<i>41</i>	<i>66</i>	<i>11</i>	<i>108</i>	<i>226</i>	<i>18</i>
8b <i>Regulatory adjustment (1)</i>	<i>117</i>	<i>281</i>	<i>64</i>	<i>-</i>	<i>462</i>	<i>37</i>
8 At 31 March 2024	158	347	75	108	688	55

(1) Regulatory adjustments in rows 1a and 8b represent the difference in RWA terms between the risk spot measure at the end of the reporting period and the 60-day average of that measure, multiplied by the multiplication factor.

(2) The following rows and/or columns are not presented because they had zero values or are not used by RBSH N.V.: column (d) comprehensive risk measure; row (3) model updates/changes; row (4) methodology and policy; row (5) acquisitions and disposals; and row (7) other. In addition, row (6) foreign exchange movements is not presented. This is because changes in market risk arising from foreign currency retranslation are included within row (2) movement in risk levels as they are managed together with portfolio changes.

Q1 2024

- The increase in market risk RWAs was largely driven by stress RNIV-based RWAs, relating to increased trading repo exposure.

Annex XIII: Liquidity

EU LIQB: Qualitative information on LCR, which complements template UK LIQ1

LCR inputs & results over time

The LCR aims to ensure that banks hold a sufficient reserve of High-Quality Liquid Assets (HQLA) to survive a period of liquidity stress lasting 30 calendar days.

The spot LCR ratio for 31 March 2024 is 216.2% (31 December 2023 – 144.3%)

Concentration of funding sources

RBSH N.V. covers its funding requirements with secured and unsecured wholesale funding from a wide depositor and investor base. Repos, short positions, and derivative cash collateral provide approximately half of the balance sheet funding with the remainder funded by capital instruments (issued and down streamed by NatWest Group plc), term unsecured, short term unsecured and secured funding.

Wholesale unsecured funding includes a range of products including but not limited to bank deposits, commercial paper (CP), medium-term notes (MTN). Deposits, CP have tenors typically less than a year and are accepted from various corporate counterparties and financial institutions. MTN issuance is through both public benchmark transactions and smaller private placements, and typically has a tenor beyond a year.

The primary risk to funding stability is refinancing, the ability to replace maturing funding with new or rolled transactions. The risk is mitigated through diversification to prevent concentrations and mismatches in the funding profile. RBSH N.V. monitors and manages funding concentration risk across tenors, counterparties, currencies, products and markets.

Liquidity buffer composition

HQLA (€8.1 billion) is primarily held in Level 1 cash and central bank reserves (86%) and Level 1 high quality securities (11%). Level 2 securities account for (3)%.

Derivative exposures and potential collateral calls

RBSH N.V. actively manages its derivative exposures and potential calls, including both due collateral and excess collateral with derivative outflows under stress are captured under the Historical Look-Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls under a 3-notch downgrade of the NWM N.V. credit rating are also captured, RBSH N.V. is the parent entity and therefore does not have its own standalone rating.

Currency mismatch in the LCR

The LCR is calculated for euro, US dollar and sterling, which have been identified as significant currencies (having liabilities greater than, or equal to, 5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities) in accordance with the LCR Delegated Regulation (EU) 2015/61. RBSH N.V. manages currency mismatch for significant currencies according to its internal liquidity adequacy assessment framework.