



The Royal Bank of Scotland International Limited

H1 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 June 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.

Within this document, row and column references are based on those prescribed in the PRA templates. Any rows or columns that are not applicable have not been shown. Where applicable, comparatives have not been provided for first-time disclosures.

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.

Key points

CET1 ratio

HY 2022 **17.0%**

YE 2021 **20.9%**

The CET1 ratio decreased by 390 basis points to 17.0%. The decrease is primarily due to a £1.0 billion increase in RWAs and a £0.1 billion decrease in CET1 capital. The CET1 capital decrease is mainly driven by:

- the addition of Q4 2022 audited profits of £0.1 billion; offset with
- an ordinary dividend of £0.2 billion; and
- other reserve movements.

RWA

HY 2022 **£8.3bn**

YE 2021 **£7.4bn**

Total RWAs increased by £0.9 billion to £8.3 billion during the period reflecting:

- An increase in customer credit risk RWAs of £0.5 billion, of which £0.1 billion is due to model adjustments applied as a result of new regulation applicable to IRB models from 1 January 2022, £0.3 billion is lending growth and £0.1 billion changes in risk metrics.
- An increase of £0.3 billion in credit risk to correspondent banks driven by an increase in customer deposit volumes.
- A £0.2 billion in FX movements and non-credit assets.

Leverage ratio

HY 2022 **3.8%**

YE 2021 **4.2%**

The leverage ratio has decreased 40 basis points from December 2021. Key drivers of the decrease are a £0.2 billion decrease in Tier 1 capital and a £1.4 billion increase in total exposure. Total exposure includes claims on central banks.

LCR

HY 2022 **131%**

YE 2021 **136%**

The average LCR ratio has decreased 5% from December 2021. The main drivers include an increase in customer call deposits 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 June 2022 £m	31 March 2022 £m	31 December 2021 £m	30 September 2021 £m	30 June 2021 £m
Available own funds (amounts)						
1	Common equity tier 1 (CET1) capital	1,415	1,619	1,541	1,349	1,357
2	Tier 1 capital	1,715	1,919	1,841	1,649	1,657
3	Total capital	1,719	1,933	1,842	1,652	1,663
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	8,300	7,492	7,356	7,878	7,294
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	17.0	21.6	20.9	17.1	18.6
6	Tier 1 ratio (%)	20.7	25.6	25.0	20.9	22.7
7	Total capital ratio (%)	20.7	25.8	25.0	21.0	22.8
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	6.3	6.3	6.3
UK 7b	Additional AT1 SREP requirements (%)	—	—	—	—	—
UK 7c	Additional Tier 2 SREP requirements (%)	1.2	1.2	1.0	1.0	1.0
UK 7d	Total SREP own funds requirements (%)	18.0	18.0	17.3	17.3	17.3
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)					
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%) (1)					
UK 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
UK 10a	Other Systemically Important Institution buffer (%)					
11	Combined buffer requirement (%)					
UK 11a	Overall capital requirements (%)	18.0	18.0	17.3	17.3	17.3
12	CET1 available after meeting the total SREP own funds requirements (%) (2)	1.8	6.4	6.2	2.4	3.9
Leverage ratio						
13	Total exposure measure excluding claims on central banks					
14	Leverage ratio excluding claims on central banks (%)					
	Total exposure measure including claims on central banks	45,757	42,188	44,336	43,352	40,470
	Leverage ratio including claims on central banks (%)	3.8	4.6	4.2	3.8	4.1
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)	21,766	21,759	21,107	19,615	18,739
UK 16a	Cash outflows - Total weighted value	20,540	20,165	19,674	18,658	18,138
UK 16b	Cash inflows - Total weighted value	3,921	3,982	4,149	4,125	4,042
16	Total net cash outflows (adjusted value)	16,618	16,183	15,525	14,533	14,096
17	Liquidity coverage ratio (%) (4)	131	135	136	135	133

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

(2) The leverage metrics for RBSI are calculated in accordance with Jersey regulatory rules which do not permit the exclusion of claims on central banks.

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

(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.

(5) The following rows are not presented in the table above because they are not applicable for RBSI: 8 – 11, 13, 14, UK14a – UK 14e. The Jersey regulator intends to introduce changes to its capital framework in 2023 which will bring the regime broadly into line with international standards.