



NatWest
Group

The Royal Bank of Scotland International Limited

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 International Limited's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBS International Limited in respect of, but not limited to: its economic and political risks (including as a result of weak economic activity and interest rates, supply chain disruption and geopolitical developments); changes in interest rates; fluctuations in currency exchange rates; the constantly evolving oversight and regulatory environment (including its regulatory capital position and related requirements); its risk exposure to operational risk (including its conduct risk, cyber, data and IT risk, financial crime risk, key person risk); its strategic risks (including as part of NatWest Group's Commercial & Institutional business segment, and as a result of NatWest Group's climate and sustainability-related targets); its counterparty and borrower risk (including its impairment losses and credit exposures under certain specified scenarios); its access to sources of liquidity and funding. 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 International Limited's actual results are discussed in RBS International Limited'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 International Limited 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 International Limited (RBSI) as at 31 March 2024.

RBSI is incorporated in Jersey and is subsidiary of NatWest Group plc. 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.

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

The disclosures for RBSI are calculated in accordance with the regulatory capital requirements in Jersey. RBSI does not take advantage of the IFRS 9 transitional capital rules in respect to ECL provisions therefore the disclosure table IFRS 9-FL is not included in this document.

Within this document, row and column references are based on those prescribed in the PRA templates.

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.

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

RBSI Limited - Key points

CET1 ratio

18.0%

(Q4 2023 – 17.5%)

The CET1 ratio increased by 50 basis points to 18.0%. The increase was due to a £0.3 billion decrease in RWAs. CET1 capital remained flat with an increase in attributable profit for ordinary shareholders offset with a dividend payment of £0.15 billion.

RWAs

£7.4bn

(Q4 2023 – £7.7bn)

Total RWAs decreased by £0.3 billion mainly reflecting:

- A decrease in Credit Risk of £0.2 billion primarily due to a decrease in undrawn commitments. This was partially offset by an increase in drawn lending.
- A decrease in Market Risk of £0.1 billion driven by interest rate swap activity.

Leverage ratio

3.9%

(Q4 2023 – 4.0%)

The leverage ratio reported in RBSI includes claims on central banks. The leverage ratio decreased by 10 basis points mainly due to a £1 billion increase in total exposure. The driver for the increase was an increase in claims on central banks. CET1 capital remained relatively flat.

LCR average

139%

(Q4 2023 – 135%)

The average LCR ratio for the 12 months to 31 March 2024 increased 4% over the previous quarter, from 135% to 139%. The main drivers included an increase in term deposits and wholesale funding.

NSFR average

150%

(Q4 2023 – 145%)

The average NSFR ratio increased to 150%, primarily driven by an increase in term deposits and wholesale funding.

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.

		RBSI				
		31 March 2024	31 December 2023	30 September 2023	30 June 2023	31 March 2023
		£m	£m	£m	£m	£m
Available own funds (amounts)						
1	Common equity Tier 1 (CET1) capital	1,331	1,347	1,304	1,359	1,622
2	Tier 1 capital	1,631	1,647	1,604	1,659	1,922
3	Total capital	1,635	1,651	1,611	1,665	1,927
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	7,414	7,715	7,304	7,597	7,561
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common equity tier 1 ratio (%)	18.0	17.5	17.9	17.9	21.5
6	Tier 1 ratio (%)	22.0	21.4	22	21.8	25.4
7	Total capital ratio (%)	22.1	21.4	22.1	21.9	25.5
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a	Additional CET1 SREP requirements (%)	5.0	6.8	6.8	6.8	6.8
UK 7b	Additional AT1 SREP requirements (%)	-	-	-	-	-
UK 7c	Additional Tier 2 SREP requirements (%)	1.0	1.2	1.2	1.2	1.2
UK 7d	Total SREP own funds requirements (%)	16.0	18.0	18.0	18.0	18.0
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 (%) (2)					
UK 10a	Other Systemically Important Institution buffer (%) (1)					
11	Combined buffer requirement (%)					
UK 11a	Overall capital requirements (%)	16.0	18.0	18.0	18.0	18.0
12	CET1 available after meeting the total SREP own funds requirements (%) (3)	4.5	2.2	2.6	2.6	6.2
Leverage ratio (5)						
13	Total exposure measure excluding claims on central banks (4)	42,278	41,322	43,799	43,434	44,278
14	Leverage ratio excluding claims on central banks (%) (4)	3.9	4.0	3.7	3.8	4.3
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						
15	Total high-quality liquid assets (HQLA) (weighted value-average)	21,138	21,049	20,718	19,901	19,876
UK 16a	Cash outflows - Total weighted value	18,524	19,070	19,586	20,207	20,458
UK 16b	Cash inflows - Total weighted value	3,306	3,515	3,691	4,013	4,096
16	Total net cash outflows (adjusted value)	15,218	15,555	15,895	16,194	16,362
17	Liquidity coverage ratio (%) (6)	139	135	130	123	121
Net stable funding ratio						
18	Total available stable funding	17,093	17,008	16,963	16,826	16,757
19	Total required stable funding	11,431	11,702	12,005	12,850	13,261
20	NSFR ratio (%) (7)	150	145	141	131	126

(1) Row 8, row 9 and row 10a are not applicable under Jersey regulatory rules. The Jersey regulator intends to introduce changes to its capital framework 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.

(7) The Net Stable Funding Ratio (NSFR) is calculated as the average of the preceding four quarters.