



NatWest
Group

The Royal Bank of Scotland International Limited

H1 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 RBSI Limited's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBSI Limited in respect of, but not limited to: its economic and political risks (including due to high inflation, supply chain disruption and the Russian invasion of Ukraine), 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 reputational risk in relation to the NatWest Group's recent creation of its Commercial & Institutional franchise of which RBSI Limited forms part (including its ESG and climate-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 RBSI Limited's actual results are discussed in RBSI Limited Interim Results for H1 2023, RBSI Limited'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 RBSI 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 interim Pillar 3 disclosures for The Royal Bank of Scotland International Limited (RBSI) as at 30 June 2023.

RBSI is incorporated in Jersey and is a 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 being 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.

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 available on [natwestgroup.com](https://www.natwestgroup.com).

RBSI Limited - Key points

CET1 ratio



The CET1 ratio decreased by 60 basis points to 17.9%. The decrease was primarily due to a £0.1 billion decrease in CET1 capital. RWAs saw minimal changes. CET1 capital movement from Q4 2022 reflected an increase in retooled earnings offset with a dividend payment of £0.3 billion to RBSI's shareholder.

RWAs



Total RWAs were broadly in line with YE 2022 at £7.6 billion. The impact of a reduction in lending and FX movements was offset with an increase in risk parameters.

Leverage ratio



The leverage ratio decreased 20 basis points from December 2022. Key drivers of the decrease were £0.1 billion decrease in Tier 1 capital and £0.6 billion increase in total exposure. Total exposure included claims on central banks.

LCR



The average LCR ratio of 123% continued to trend higher than Q4 2022, driven by higher levels of wholesale funding offsetting reductions in customer deposits.

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 2023 £m	31 March 2023 £m	31 December 2022 £m	30 September 2022 £m	30 June 2022 £m
Available own funds (amounts)					
1 Common equity tier 1 (CET1) capital	1,359	1,622	1,412	1,637	1,415
2 Tier 1 capital	1,659	1,922	1,712	1,937	1,715
3 Total capital	1,665	1,927	1,718	1,939	1,719
Risk-weighted exposure amounts					
4 Total risk-weighted exposure amount	7,597	7,561	7,639	8,137	8,300
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common equity tier 1 ratio (%)	17.9	21.5	18.5	20.1	17.0
6 Tier 1 ratio (%)	21.8	25.4	22.4	23.8	20.7
7 Total capital ratio (%)	21.9	25.5	22.5	23.8	20.7
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	6.8	6.8
UK 7b Additional AT1 SREP requirements (%)	—	—	—	—	—
UK 7c Additional Tier 2 SREP requirements (%)	1.2	1.2	1.2	1.2	1.2
UK 7d Total SREP own funds requirements (%)	18.0	18.0	18.0	18.0	18.0
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	18.0	18.0
12 CET1 available after meeting the total SREP own funds requirements (%) (3)	2.6	6.2	3.2	4.9	1.8
Leverage ratio					
13 Total exposure measure including claims on central banks (4)	43,434	44,278	42,859	43,933	45,757
14 Leverage ratio including claims on central banks (%) (4)	3.8	4.3	4.0	4.4	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)	19,901	19,876	20,077	21,147	21,766
UK 16a Cash outflows - Total weighted value	20,207	20,458	20,675	20,871	20,540
UK 16b Cash inflows - Total weighted value	4,013	4,096	4,020	4,054	3,921
16 Total net cash outflows (adjusted value)	16,194	16,362	16,655	16,817	16,618
17 Liquidity coverage ratio (%) (6)	123	121	121	126	131
Net stable funding ratio (7)					
18 Total available stable funding	16,826	16,757	16,479		
19 Total required stable funding	12,850	13,261	13,395		
20 NSFR ratio (%)	131	126	123		

(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 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.

(7) The net stable funding ratio (NSFR) is calculated as the average of the preceding four quarters reflecting PRA's guidance which came into effect last year. The prior period's ratios have not been restated.