

As a result of the new laws introduced by the UK and Scottish Governments in response to the Covid-19 pandemic, the 2020 AGM was held in a format different to that of previous years.

Shareholders were asked to submit questions in advance of the AGM and responses to questions on key themes can be found below. Figures quoted are correct as at the date of the AGM, 29 April 2020.

Covid-19

Prudential considerations and economic impact

What is the company doing to protect its key assets and value drivers?

We start from a position of strength and are focused on careful deployment of our balance sheet. Our long-term priorities remain unchanged.

The Group continues to maintain strong capital and liquidity positions and is comfortable with its capital buffers over regulatory requirements. Our Common Equity Tier 1 capital ratio is the highest of any major UK bank and we received a comfortable pass in the 2019 Bank of England Stress Test.

This means we are well placed to withstand this downturn and support our customers, helping them to navigate the immediate and longer-term challenges they are facing as a result of Covid-19.

How secure is the banking system given the potential economic impact of Covid-19?

The scale of the Covid-19 crisis is without precedent in modern times. Overnight it has propelled national governments to take on vastly expanded roles – across public health, commercial and social protection, economic management and civil liberties. It is set to unleash even greater growth in government borrowing and indebtedness as governments step in to protect and support lives, health, jobs and communities.

There is near unanimous agreement that this is the correct course of action. The legacy will be higher debt levels, relative to income, although in almost every conceivable scenario debt to GDP ratios remain well below their long run peaks that arose following other periods of shared collective trauma.

It is unknown at this point how severe the economic crisis will be or how long the lockdown will last. However, the difference between this and the last crisis is banks are a lot more robust now than before. We operate with four times as much capital as we had in 2008. We are doing all we can to ensure that as many businesses get through the crisis as possible, and that people and families get the support they need.

The action we took with regards to capital distributions, in response to a formal request from the Prudential Regulation Authority (PRA), will allow the Group to preserve



additional capital to help it to serve the needs of businesses and households. This was the right and prudent thing to do at this time of uncertainty.

Customer focus

What are you doing to help customers and businesses at this difficult time?

Assisting our customers in this acute period of distress is essential for the UK economy, but it is also the right thing to do. We are doing all we can to ensure that as many businesses survive the crisis as possible, and that people and families get the support they need. We have rapidly re-organised our business to respond to unprecedented demand.

As the biggest bank for SMEs in the UK, we know we have a critical role to play in ensuring that these businesses can survive and support their staff. We continue to do more than any other bank, with 7,500 loans approved with a value of £1.4 billion - representing 41% of the value of CBILS loans coming from NatWest.

We're doing all we can to support our personal banking customers, especially for the most vulnerable. We've approved 200,000 mortgage payment holidays and have put in place emergency measures for those whose income is affected by Covid-19. Our dedicated NHS and over-70s phone lines have had more than 83,000 calls and we have delivered more than £400,000 directly to these groups either by courier or via their friends and families. We have provided around £1 million of funding into some of the debt management and support and advice charities, such as Citizens Advice.

Our purpose must underpin everything we do. Never has this been brought into sharper focus or been more important. Long term success is about balancing the interests of all our stakeholders – our shareholders, our customers, and our colleagues, as well as the communities that sustain us. If they succeed, so will we.

At some point, gradually at first and over an extended period of time, life will begin to return to normal. When this happens, it is just as important that we are positioned to support economic recovery. By maintaining our focus on becoming purpose-led, carefully utilising the financial strength we have built over the last few years and being there for our customers as we come out of this, we can continue playing our part to champion potential, helping people, families and businesses to thrive.

Please note the figures quoted above are correct as at the date of the AGM, 29 April 2020.

Dividends

Will dividends be resumed post Covid-19?

The action we took to cancel our final and special dividend for Financial Year 2019 was in response to a formal request from the PRA. It means the Group can preserve additional capital to help it to serve the needs of businesses and households. The Group

continues to maintain strong capital and liquidity positions and is comfortable with its capital buffers over regulatory requirements.

It is too early to make predictions about the payment of dividends for Financial Year 2020 and, as agreed with the PRA, we will not set out any further distribution plans this year. We will look again at the dividend position at the end of this Financial Year.

We remain committed to capital returns and look forward to resuming distributions to ordinary shareholders in due course.

[Executive pay](#)

What actions will you take on executive pay in response to Covid-19?

It was announced on 8 April that our Chairman and CEO would forgo 25% of their fixed pay for the remainder of 2020, which is being donated to the National Emergencies Trust Coronavirus Appeal.

The decisions taken by our Chairman and CEO on their pay were taken in recognition of the extent of the impact that the current situation is having on people, families, and businesses across the UK.

In terms of executive pay more generally, our CEO has also informed the Group Board that she does not want to be considered for any variable pay for this year. In line with our current Executive Directors' remuneration policy, any future decisions on executive pay will be based on the delivery of sustainable long-term performance against RBS's strategic objectives, which encourage safe and secure growth, and our purpose. The policy also requires performance and pay decisions to take into account significant risk, stakeholder or reputational matters not already captured as part of the performance assessment. The impact of Covid-19 will inevitably feature as part of such decisions.

It should also be noted that, in conjunction with the PRA, we have agreed that, for this year, we will not satisfy any variable remuneration previously awarded to senior employees in cash.

The Group Performance & Remuneration Committee is closely monitoring the impact of the Covid-19 pandemic and will consider what further actions on remuneration may be appropriate.

Climate

Can RBS disclose how or whether it is assessing the quality and content of fossil fuel companies' transition plans and whether it is taking note of the distinction between transition plans that aim for 1.5 and 2-degree scenarios?

We are actively seeking to develop a robust and effective approach to assessing the extent which transition plans credibly align to the objectives of the Paris Agreement. We are currently engaging with industry thought leaders and forums on potential approaches and evaluating specific assessment criteria. As a fast moving topic, it is one on which we



would welcome engagement and transparent collaboration from across the financial services industry.

We are not yet in a position to disclose our thinking on this approach, nor how it will impact our future lending and Environmental, Social, Ethical (ESE) policies.

Government Sell Down

What steps are you taking to accelerate the return of RBS to full private ownership?

In order to serve the needs of businesses and households through the unprecedented situation presented by the Covid-19 pandemic, and in line with the formal request received from the PRA, the Group Board has confirmed it will not undertake any share buybacks until the end of 2020.

However, we remain committed to returning the Group to full private ownership and our view remains that a directed buy back of the Government's shares would be a positive use of our excess capital. We have consulted with a range of large investors who share this view and we renewed shareholder approval at this year's AGM to buy back up to 4.99% of our issued share capital from the Government.

Any decision on timing of a sale of RBS shares is a matter for the Government, but we expect the pandemic may have an impact on the potential timing of any sale, with the Government's focus inevitably elsewhere for the foreseeable future. We remain ready and willing to participate in any Government sell-down when the opportunity arises, should the Board decide it is in the bank's best interests to do so.

Re-branding

When can we expect to see "NatWest" branding across the whole group?

As we enter a new era for the bank, we have announced plans to change our Group name from RBS to NatWest. Given the Group's progress, solid financial footing and the announcement of our new purpose-led strategy, the Board considered this was the right time to align our parent name with the brand under which the great majority of our business is delivered. Our name change from The Royal Bank of Scotland Group plc to NatWest Group plc is expected to take effect later this year.

This is a change in Group name only. Scotland is an important part of the Group's heritage and our commitment to our customers and colleagues in Scotland, and to the Royal Bank of Scotland brand will remain unchanged. Customers will continue to be

served through the brands they recognise today, including the Royal Bank of Scotland and our other brands such as, Coutts, NatWest and Ulster Bank. They will see no change to the products or services they receive because of the name change.

Similarly, our employees will see no change to the way they work, and we will not be moving people out of Scotland as a result of this decision. Nor are there any planned changes regarding the location of our registered headquarters in Edinburgh.

Future strategy and purpose

The bank has changed dramatically since 2008. How will it continue to evolve?

We are putting purpose at the core of everything we do. At the same time, and to ensure the bank is well placed for the future, we are also taking action to improve our customer proposition, take out cost, inject greater discipline in our approach to capital allocation and refocus NatWest Markets to reduce RWAs by almost half.

By putting purpose at the heart of our decision making, we will:

- Create a sustainable and resilient long-term future, with a medium-to-long term RoTE of 9-11%, on a CET1 capital ratio of 13-14%.
- Support our customers at every stage of their lives – thereby building deeper, long lasting relationships and greater revenue opportunities to counteract a low rate environment and continuing disruption.
- Build a simpler bank - resulting in a cost reduction target of £250 million in 2020.
- Invest to create future revenue opportunities through innovation and partnership – to open up the bank and bring the best solutions to our customers.
- Re-focus NatWest Markets to meet the needs of our customers and to optimise group capital and returns.

Taken together, this will result in a safe, simple and smart bank that will help all of our stakeholders succeed and generate sustainable returns for our shareholders.

Shareholder Engagement

Would it not have been possible to have screened the AGM live rather than having the Virtual Shareholder Event?

A key feature of the AGM in normal years is the Chairman and CEO speeches followed by the shareholder Q&A. By screening the Virtual Shareholder Event we were ensuring that we replicated this part of the AGM and that shareholders continued to be able to engage with senior members of the Board via their pre-submitted questions. The more procedural part of the AGM still had to take place through a physical meeting to comply with legal requirements. Neither the Chairman or CEO were present at the AGM and therefore it would not have been appropriate for us to have screened this more procedural meeting.

Forward looking statements

This document contains 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', '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 RBSG plc's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to RBSG plc in respect of, but not limited to: its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital and operational targets), its access to adequate sources of liquidity and funding, increasing competition from new incumbents and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, the transition of LIBOR and IBOR rates to alternative risk free rates and RBSG plc's exposure to economic and political risks (including with respect to terms surrounding Brexit and climate change), operational risk, conduct risk, cyber and IT risk, key person risk and credit rating 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 final number of PPI claims and their amounts, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, general economic and political conditions and the uncertainty surrounding the Covid-19 pandemic and its impact on RBSG plc. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBSG plc's actual results are discussed in RBSG plc's UK 2019 Annual Report and Accounts (ARA) and materials filed with, or furnished to, the US Securities and Exchange Commission, including, but not limited to, RBSG plc's most recent Annual Report on Form 20-F and Reports on Form 6-K. The forward-looking statements contained in this document speak only as of the date of this document and RBSG 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.