NatWest Group plc

Investor Factbook

Annual Results 2022

NatWest Group

Our purpose led strategy is delivering

We will continue to build on our strategy, amplifying our approach in a number of growth areas.

Sustainable medium term Group Targets

RoTE

Continue to target a sustainable RoTE of 14–16%

Cost:Income Ratio

Expect to deliver a cost:income ratio <50%, excluding litigation and conduct costs, by 2025

Capital

Expect to continue to generate and return significant capital via ordinary dividends and buybacks to shareholders whilst operating with a CET1 ratio in the range of 13-14%

Payout

Expect to pay ordinary dividends of 40% of attributable profit and maintain capacity to participate in directed buybacks

Our Purpose

We champion potential, helping people, families and businesses to thrive.

- Climate
- Enterprise
- Learning

Our Strategy

- Supporting customers at every stage of their lives
- Powered by partnerships and innovation
- Simple to deal with
- Sharpened capital allocation

Our Focus for Growth

- Delivering personalised solutions throughout our customers' lifecycle
- Supporting our customers' sustainability transitions
- Embedding our services in our customers' digital lives

Strong 2022 performance

Strong earnings	**£5.1bn** **Operating profit before tax** vs £3.8bn in FY'21	**£3.3bn** **Attributable profit** vs £3.0bn in FY'21	**12.3%** **Return on Tangible Equity** vs 9.4% in FY'21
Continued focus on growth, efficiency and capital	**29.7%** **Income growth**[1], of £3.0bn vs FY'21	**(2.9)%** Cost[1] reduction of £201m C:I ratio[2] (14.4)ppts to 55.5%	**14.2%** **CET1 Ratio**
£5.1bn of distributions, or 290bps of capital, paid and accrued in FY'22	**£1.3bn** **Ordinary dividend** including 10p final dividend	**£1.75bn** **Special dividend** paid, with share consolidation	**£2.0bn** **Buybacks** £1.2bn DBB[3] in Q1'22 and £0.8bn on-market buyback[4]

1. Go-forward group excluding notable items. 2. Cost:Income ratio is total Group income and costs, excluding litigation and conduct costs. 3. Directed buy back completed March 2022. 4. On-market buyback announced 17 February 2023.

The guidance, targets, expectations and trends discussed in this presentation represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" in NWG's 2022 Annual Report and Accounts, as well as the Risk Factors in the NWM 2022 Annual Report and Accounts. These statements constitute forward-looking statements.

Our purpose led strategy is delivering

Retail Banking

17m
Customers

3rd
Largest mortgage lender[1]

+22 NPS
Up from +4 in 2019[2]

88%
Customer needs met digitally

72%
straight through processing on current and savings accounts v. 14% in 2019

Commercial and Institutional

No.1
Commercial Bank[3]

+22 NPS
Stable on 2019

83%
Customers digitally active 2019: 76%

Private

No.1
UK Private Bank by investments and deposits[4]

+25 NPS
Up from -2 in 2019

1. Based on our latest available Balance Sheet position relative to other UK banks. 2. Strategic NPS benchmarking study run through InMoment, England & Wales. In December 2021, a methodology change was made allowing respondents to complete the survey on a mobile device. It caused an uplift in NPS scores across all brands in 2022, rank performance remained unaffected. 3. Based on NatWest Group having the highest main-bank market share (28.7%) and the highest net-promoter score for businesses with a turnover over £2m as measured by MarketVue Business Banking from Savanta at Q4 2022. 4. Measured by investment and deposit balances according to the latest available data.

Segmental summary

Ulster Bank ROI continuing operations are now reflected within Central Items & other

Group, FY'22, £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group	FY'21 Group
Net interest income	5.2	0.8	4.2	(0.3)	9.8	7.5
Non-interest income	0.4	0.3	2.2	0.4	3.3	2.9
Total income	**5.6**	**1.1**	**6.4**	**0.0**	**13.2**	**10.4**
Income ex-notable items	***5.6***	***1.1***	***6.4***	***(0.1)***	**13.1**	**10.4**
Other operating expenses	(2.5)	(0.6)	(3.6)	(0.6)	(7.3)	(7.3)
Litigation and conduct	(0.1)	(0.0)	(0.2)	(0.1)	(0.4)	(0.5)
Operating expenses	**(2.6)**	**(0.6)**	**(3.7)**	**(0.7)**	(7.7)	(7.8)
Operating profit/(loss) before impairment releases/(losses)	**3.1**	**0.4**	**2.7**	**(0.7)**	**5.5**	**2.7**
Impairment releases/(losses)	(0.2)	0.0	(0.1)	0.0	**(0.3)**	**1.2**
Operating profit/(loss)	**2.8**	**0.4**	**2.5**	**(0.7)**	**5.1**	**3.8**
Net loans to customers – amortised cost	197.6	**19.2**	**129.9**	**19.6**	**366.3**	**359.0**
Customer Deposits	188.4	**41.2**	**203.3**	**17.4**	**450.3**	**479.8**
RWA's	54.7	**11.2**	**103.2**	**7.0**	**176.1**	**157.0**
Return on equity / tangible equity	28.6%	**24.5%**	**12.2%**	**n.m.**	**12.3%**	**9.4%**
Cost: income ratio	44%	**58%**	**56%**	**n.m.**	**56%**	**70%**

1. May not cast due to rounding.

We have built an all-weather balance sheet and are well positioned to support stakeholders and navigate through uncertainty

Strong Capital, Funding & Liquidity

14.2%
CET1 Ratio

5.4%
Leverage Ratio

145%
Liquidity Coverage Ratio

High quality loan book

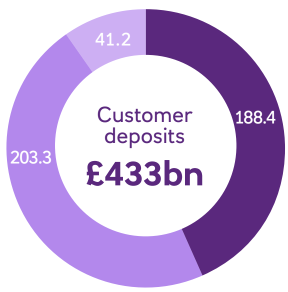
93%
Secured personal lending

53%
Average Mortgage LTV

47%
Average Commercial Real Estate LTV

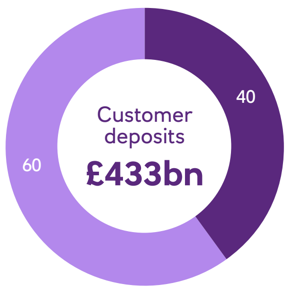
Robust deposit funding

Customer deposits in 2022 across our 3 business segments, £bn



- Retail Banking
- Commercial and Institutional
- Private Banking

Customer deposits mix, %



- Non interest-bearing balances
- Interest bearing-balances

2023 GUIDANCE

Total Income	Other operating costs	Cost:Income ratio (ex litigation & conduct)	Loan impairment rate	RoTE
~£14.8bn NIM: ~3.20%	**~£7.6bn**	**<52%**	**20-30bps**	**14-16%**

Drive targeted growth across the Group

	Delivering personalised solutions across customers' lifecycle	Supporting customers' sustainability transitions	Embedding our services in our customers' digital lives
Retail	• Supporting customers through personalised, data-driven engagement • Strengthening our youth and family offering, and creating a simple and compelling affluent proposition	• Develop home retrofit service to help customers improve the energy efficiency of their properties • Intend to make available at least £10 billion in lending related to residential properties with an EPC A or B rating from 1 January 2023 to the end of December 2025[1]	• Increase share of the digital-only mortgage market through an end-to-end proposition • Make our credit scoring solution available to the whole of market
Private	• Grow AuMA through unlocking the value of Group • Scale our wealth offering and deepen engagement through personalisation	• Reach net zero across our discretionary managed investments by 2050 • Increase sustainable investing capabilities to support our clients' climate transition	• Enhance Asset Management platform through digital and hybrid investment journeys • Acquisition of a majority shareholding in Cushon to offer Workplace Pensions[5]
C&I	• Build on position as the leading high street bank for start-ups, develop full lifecycle support for entrepreneurs and high growth customers[2] • Invest in a new trade finance platform	• Expand leading ESG and Sustainability capabilities[3] to provide transition finance at scale, delivered £27.2bn of CSFF target[4] • Build out Carbonplace to enable customers to easily buy, sell and settle carbon credits	• Deepen penetration through targeted FX and Rates products • Scale Tyl and Payit payments offering • Strategic partnership with Vodeno

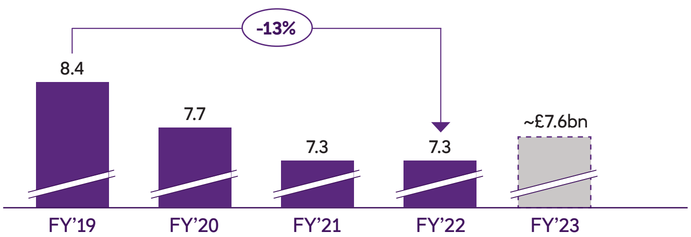
1. As part of our existing £100bn Climate and Sustainable Funding and Financing target. 2. Based on NatWest Group having the highest main-bank market share (16.4%) among businesses younger than 2 years old. 3. In 2022, NatWest Markets ranked first among bookrunners for supporting UK Financial Institutions Group (FIG) and UK corporate green, social, sustainability and sustainability-linked (GSS/S) debt issuance. Source: Dealogic, 31 December 2022 – excludes money market and short-term debt. 4. C&I provided £27.2bn to date of the £100bn of Climate and Sustainable Funding and Financing target between 1 July 2021 and end 2025 (includes on and off balance sheet). 5. Acquisition announcement on 13th of February 2023.

Maintain expense and investment discipline

We target further efficiency improvements

Other operating expenses, £ billion

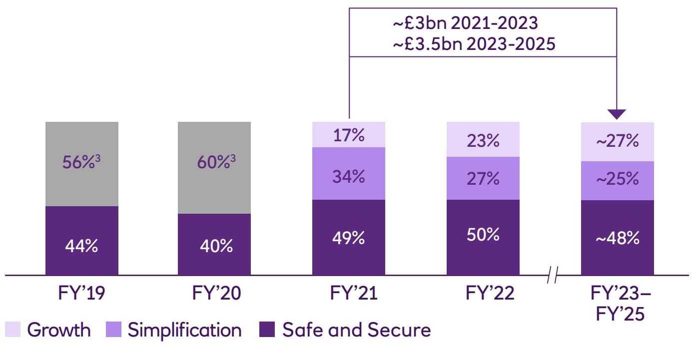
Cost:Income ratio[1]				FY23 target	Medium-term target
60%[2]	74%	70%	56%	<52%	<50%



1. Cost:Income ratio is total Group income and costs, excluding litigation and conduct.
2. FY'19 cost income ratio benefited from FX recycling gains through income following Alawwal bank merger.
3. 2019/20 relates to all discretionary spend.

Our investment spend will increasingly focus on growth

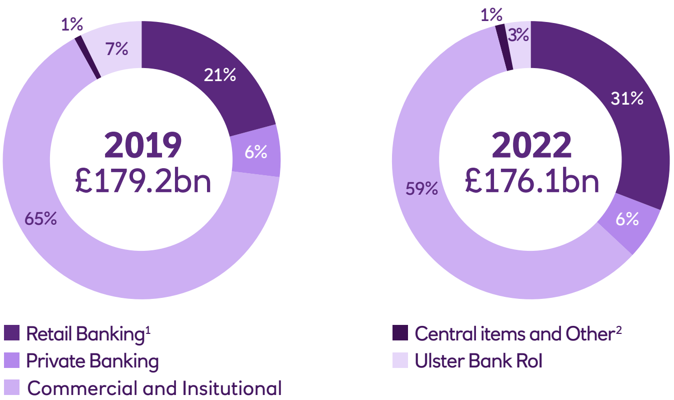
Cash investment spend, £ billion, %



Effective capital deployment: maintaining pay-out ratio of 40%

Optimising capital allocation across the group

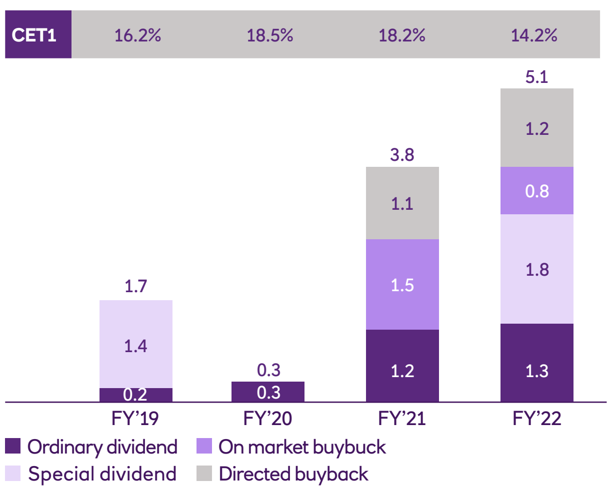
RWAs by franchise 2019 versus 2022, %



1. Retail Banking RWAs increased by £14.8bn due to regulatory changes on 1 Jan 2022.
2. Central items and Other in 2022 includes £5.4bn of remaining Ulster Bank RoI RWAs.

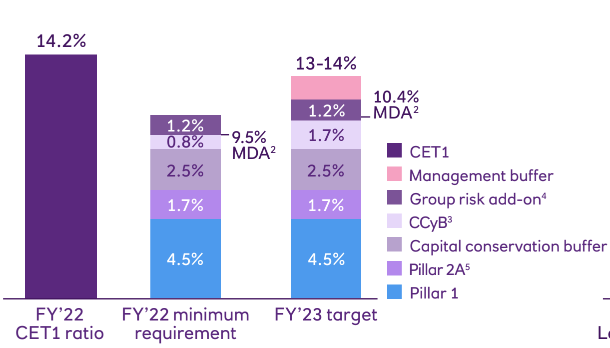
£10.9bn shareholder distributions 2019-2022

Paid and accrued, £ billion

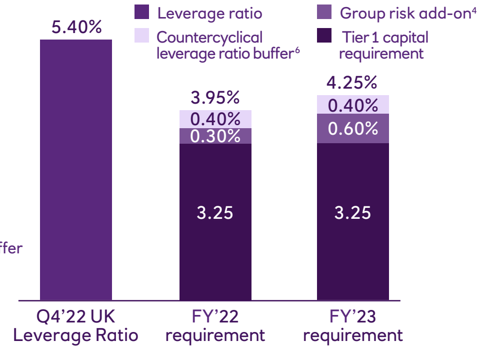


Strong capital and liquidity positions provide flexibility

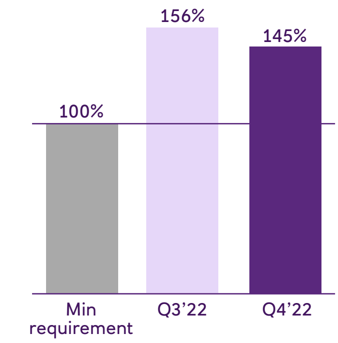
CET1 capital (% RWA)[1,2]



UK leverage ratio (% leverage exposure)



Liquidity coverage ratio – Headroom of £52.0bn



1. Operating range in 2023 reflects medium term CET1 of 13-14. 2. Based on assumption of static regulatory capital requirement. 3. Countercyclical buffer -The UK CCyB rate increased from 0% to 1% effective from 13 December 2022. A further increase from 1% to 2% was announced on 5 July 2022, effective 5 July 2023. 4.O-SII buffer of 1.5% applies to the ring-fenced bank holding company. The equivalent O-SII Group Risk Add-on' is ~1.2%. The O-SII Group Risk Add-on is included in the Group's minimum supervisory minimum. 5. Pillar 2A requirements are expected to vary over time and are subject to at least annual review. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. 6. The countercyclical leverage ratio buffer is set at 35% of NatWest Group's CCyB. As noted above the UK CCyB is anticipated to increase from 1% to 2% from 5 July 2023. Foreign exposures may be subject to different CCyB rates depending on the rate set in those jurisdictions.

Credit ratings[1]	Moody's	S&P	Fitch
Group holding company			
NatWest Group plc	A3/Sta	BBB+/Sta	A/Sta
Ring-fenced bank operating companies			
NatWest Bank Plc	A1/Sta*	A+/Sta	A+/Sta
NatWest Bank Europe GMBH	NR	A+/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta*	A+/Sta	A+/Sta
Ulster Bank Ireland DAC	A1/Sta*	A/Sta	BBB+/Sta
Non ring-fenced bank operating companies			
NatWest Markets Plc	A1/Sta	A/Sta	A+/Sta
NatWest Markets N.V.	A1/Sta	A/Sta	A+/Sta
NatWest Markets Securities Inc	NR	A/Sta	A/Sta
RBSI Ltd	A1/Sta*	A/Sta	A/Sta

1. Long-term ratings (Senior Unsecured Debt and/or Deposit Ratings for Moody's, Issuer Credit Rating for S&P, Long-Term Issuer Default Rating for Fitch). Ratings as of 31/12/22.
* Moody's long-term Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless Moody's assign an Issuer Rating and the outlook was changed to Negative from Stable on 25/10/22 after the Moody's UK Sovereign Rating outlook was changed to Negative from Stable.

ESG Rating[1]	Scale:	2019:	2020:	2021:	December 2022
MSCI	AAA to CCC	BBB	▲ AA	AA	AA

1. The use by NatWest Group of any MSCI ESG Research LLC or its affiliates (`MSCI') data, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement, recommendation, or promotion of NatWest Group by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided `as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI. Ratings as of 12/04/2023 following S&P upgrade. Note: for additional ESG ratings please visit **www.natwestgroup.com/sustainability/our-purpose-in-action/ratings-and-benchmarks.html**.

Legal entity issuing structure