Full Year 2021 Results

Fixed Income Update

18th February 2022

Katie Murray

Chief Financial Officer

Strong 2021 performance and attractive shareholder distributions

Supported our customers through the recovery with £7.8bn net lending growth[2]

Delivering against our targets to drive sustainable returns for shareholders

Final dividend of 7.5p per share and announcing a further £750m on-market buyback, bringing total announced distributions for FY'21 to £3.8bn

FY'21 performance[1]

£4.3bn
Operating profit before tax in FY'21, vs. £0.4bn loss in FY'20

£3.0bn
Attributable profit in FY'21, vs. £0.8bn loss in FY'20

9.4%
Return on Tangible Equity in FY'21, vs. (2.4%) in FY'20

Delivering on growth, cost reduction and capital

2.6%
Net Lending Growth[2]
up £7.8bn on FY'20

4.0%
Cost reduction[3] of £256m in FY'21 vs. FY'20

18.2%
CET1 Capital Ratio
15.9% proforma 1st Jan 2022[4]

£3.8bn shareholder distributions announced for FY'21

£1.2bn
FY'21 Dividend
£0.8bn final dividend to be paid in H1'22

£1.5bn
On-market buy-backs
£750m executed, announcing a further £750m

£1.1bn
Directed buy-back in Mar'21

1. Including discontinued operations.
2. Net lending to customers across the UK and RBSI retail and commercial businesses, excluding UK Government lending schemes
3. Other expenses, excluding OLD and Ulster Bank RoI direct costs
4. CET1 ratio after £3.8bn announced distributions. 15.9% proforma for regulatory impacts on 1st January 2022.

Strategic priorities will drive sustainable returns

Delivering against our strategic priorities to drive sustainable returns for shareholders and help our customers to thrive

Powering growth through:

- Innovation, partnerships and digital transformation

- Simplification and efficiency

- Disciplined deployment of capital

We have clear financial targets:

Income[1,2]	**New income target: above £11bn** in 2022
Costs[1,3]	**Continued strong cost reduction: ~3%** in both 2022 and 2023
Capital	**Reiterate CET1 ratio** of **13-14%** by 2023, **~14%** by end 2022
RoTE	**Upgraded RoTE target: comfortably above 10%** for the Group in 2023

1. Go-forward group excludes Ulster Bank ROI.
2. Income excluding notable items.
3. Go-forward group other operating expenses defined as Total of expenses less litigation and conduct.

Supporting customers at every stage of their lives, positive momentum since 2019

Evolving our proposition to develop new relationships earlier in the lifecycle

Anticipating customer needs with personal, data driven analytics to deepen relationships

One-Bank approach with Centres of Expertise leveraging capabilities across the Group

Good progress and positive momentum in serving our 19m customers including 1 in 4 businesses.

One-Bank Approach

Families
- **~1m** Financial health checks annually
- **470k** new primary banked customers since Mar'20[1]

Affluent & High Net Worth
- **Affluent +23 NPS** vs. -2 in FY'19[2]
- Digital Net New Money **£0.8bn** vs. £0.2bn in FY'19

Retirement
- Pension pilot underway [3]
- Family Office relaunched in Jan'21
- ISA balanced returns outstripping inflation at 7.3% net (annual)

Large Corps & Institutions
- **#2** for GSS Bond underwriting [4]
- **#1** finance provider to the UK renewables sector [5]
- Term debt and Supply Chain Finance balances **up 11%** vs. FY'19

SME & mid corporates
- NatWest **#1** Commercial Bank for NPS [6]
- 91% of customers use either Bankline or Online
- NatWest **#1** overall service satisfaction [6]

Entrepreneurs & Start ups

mettle.
- **+40k** new customers since Nov'19 launch

c.55k individuals and businesses supported
- **Free** accelerators across the UK

Youth
- **13%** growth in acquisition volumes vs. FY'19

ROOSTER MONEY

1. Time when data point was started being tracked. 2. NatWest Premier. As at Dec'21, vs -2 in Dec'19. 3.NatWest and Royal Bank Invest Pension products. 4. No 2 for UK issuers and GBP Green Bond issuance in FY'21. Source: Dealogic. 5. Information Deals (Acuris), based on number of transactions. 6. MarketVue Business Banking from Savanta, Q4 2021 data, compared with customers of other banks with a turnover of £2m+ in England and Wales. NatWest's main-bank NPS is 22 (n=539); 72% rate overall quality of service as 'excellent'/'very good' (n=542).

Supporting our customers on the climate transition

2021 Highlights:

- Net zero – by 2050, including financed emissions, target announced
- Completed our 2020-21 £20bn CSFF[1] target 6 months early, completed £21.5bn by H1'21
- £8.1bn - Contribution towards our new £100bn target in H2'21
- 52% - Gross lending and investment balances from FY'19 analysed for emissions
- 46% - reduction in our direct own operational carbon footprint, vs 2019 baseline

Corps. & Institutions

#2 – globally for GBP GSS Bond underwriting[2]

Green lending with dynamic pricing for C&I's

Comprehensive climate-linked product suite

carbonplace - our part in a global consortium to price carbon credits

SMEs to Mid. Corps.

£160bn-plus – the SME revenue opportunity[3]

40% - of Accelerator Hubs allocated to sustainable businesses

Green loans to SMEs, one of the first to market

Climate-trained, dedicated sector relationship managers

Consumers

£728m – Green Mortgages[4] completed

38% - reduction in Coutts carbon intensity[5]

cogo - Tracking carbon footprints

Climate Change Hub educating customers about sustainability

£100bn

Additional CSFF between 1 July 2021 and the end of 2025

1. Climate and Sustainable Funding and Financing. 2. For all sectors, via Dealogic. 3. https://natwestbusinesshub.com/articles/springboard-to-sustainability-160bn-opportunity-for-smes-tackling-climate-change
4. Retail Banking only, mortgages labelled "green" premised on EPC A or B energy efficiency ratings of homes. 5. Equity investments vs FY'2019, based on preliminary data.

Capital usage and generation

Allocating capital to segments that are accretive to Group returns

Strong progress on reducing NatWest Markets RWAs with £1bn of dividends paid up to Group

Ulster Bank ROI withdrawal progressing well with sales agreed for around 60% of the loan book, providing a clearer view of the resulting impacts

Actively managing capital for growth and risk management

- Group RWA intensity down from 54% in FY’19 to 43% in FY’21
- Through ongoing active capital management in Commercial we have reduced low returning RWAs by £1.5bn in FY’21
- A well-diversified loan book with good track record on risk diversification
  - 94% of Retail Banking loans secured
  - 50% average CRE LTV

NatWest Markets refocusing is now largely complete

- RWA reduced from £38bn at FY’19 to £24bn at FY’21
- We are creating a single franchise – Commercial & Institutional combining NatWest Markets, Commercial Banking and RBSI, to better serve our customers

Ulster Bank ROI withdrawal to be capital generative

- Withdrawal process underway with around 60% of loans agreed for sale
- Expect the majority of AIB and Permanent TSB asset sales to be largely complete by the end of 2022[1]
- Expect the withdrawal to be capital accretive

1. Subject to satisfaction of conditions precedent.

Strong Q4'21 operating performance

Income excluding notable items was stable versus Q3’21 as higher balances and yield curve was partly offset by lower NatWest Markets income

Operating expenses increased 21% versus Q3’21 due to higher strategic costs and the annual UK bank levy

Further impairment release of £328m in Q4’21, (37)bps of customer loans, due to continued low levels of default

Go-forward group, £m[1]	Q4'21	Q3'21	FY’21	FY’20	Q4'21 vs Q3'21	FY'21 vs FY'20
Net interest income	1,919	1,866	7,514	7,354	2.8%	2.2%
Non-interest income	660	763	2,770	2,932	(13.5%)	(5.5%)
Total income	**2,579**	**2,629**	**10,284**	**10,286**	**(1.9%)**	**(0.0%)**
Total income, ex notable items	***2,517***	***2,511***	***10,074***	***10,670***	**0.2%**	**(5.6%)**
Other expenses	(1,665)	(1,457)	(6,084)	(6,323)	14.3%	(3.8%)
Strategic costs	(369)	(67)	(765)	(988)	n.m.	(22.6%)
Litigation and Conduct costs	(163)	(295)	(427)	(106)	(44.7%)	n.m.
Operating expenses	**(2,197)**	**(1,819)**	**(7,276)**	**(7,417)**	**20.8%**	**(1.9%)**
Operating profit before impairments	**382**	**810**	**3,008**	**2,869**	**(52.8%)**	**4.8%**
Impairment (losses)/releases	328	226	1,250	(2,992)	45.1%	141.8%
Operating profit / (loss)	**710**	**1,036**	**4,258**	**(123)**	**(31.5%)**	**n.m.**

1. Go-forward = NWG excluding Ulster Bank ROI.

Focused on generating shareholder value

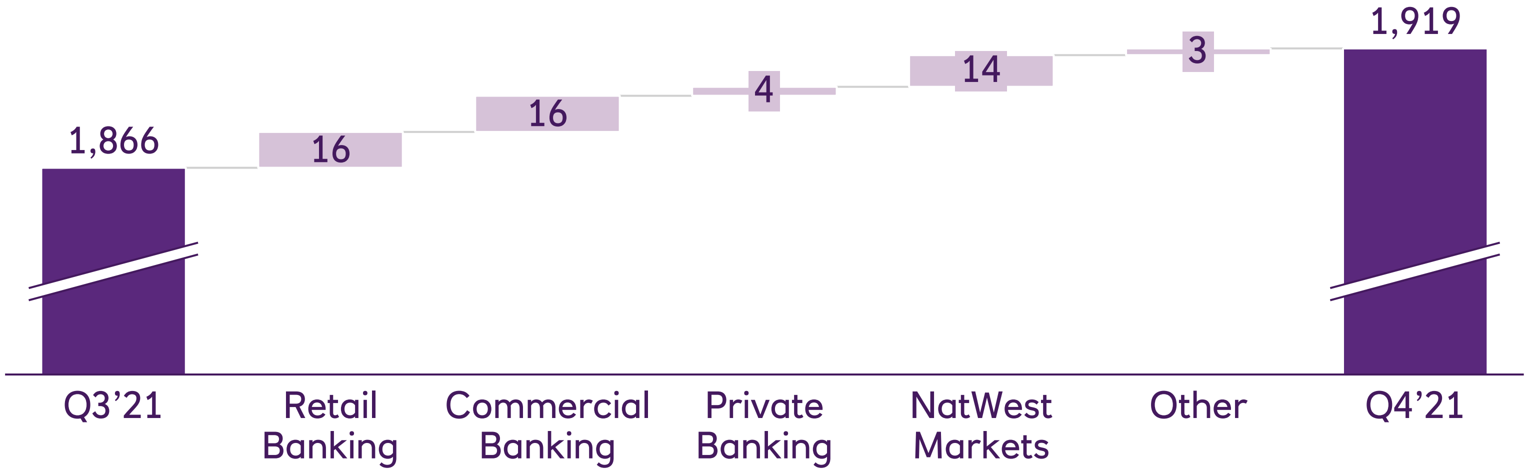
Net interest income support from margin and volumes

Net interest income was up 3% in the quarter driven by higher volumes and high yield curve

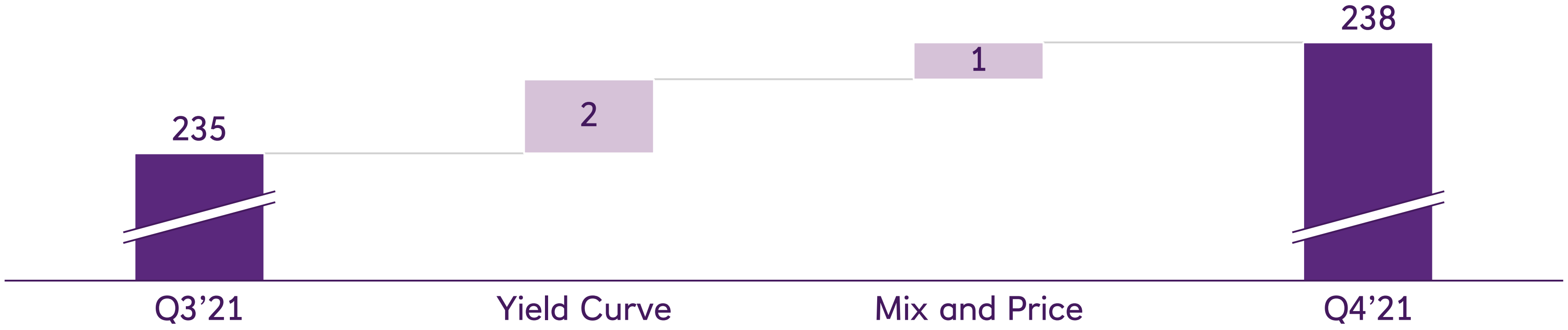
Bank NIM improved by 3bps to 2.38%, reflecting higher yield curve, higher unsecured balances partly offset by lower mortgage margins

We expect Bank NIM to increase over 2022

Go-forward Net Interest Income[1,2], £m



Go-forward Bank Net Interest Margin[2,3], bps



314.8	Bank Average Interest Earning Assets (AIEAs)[2,3], £bn	318.1

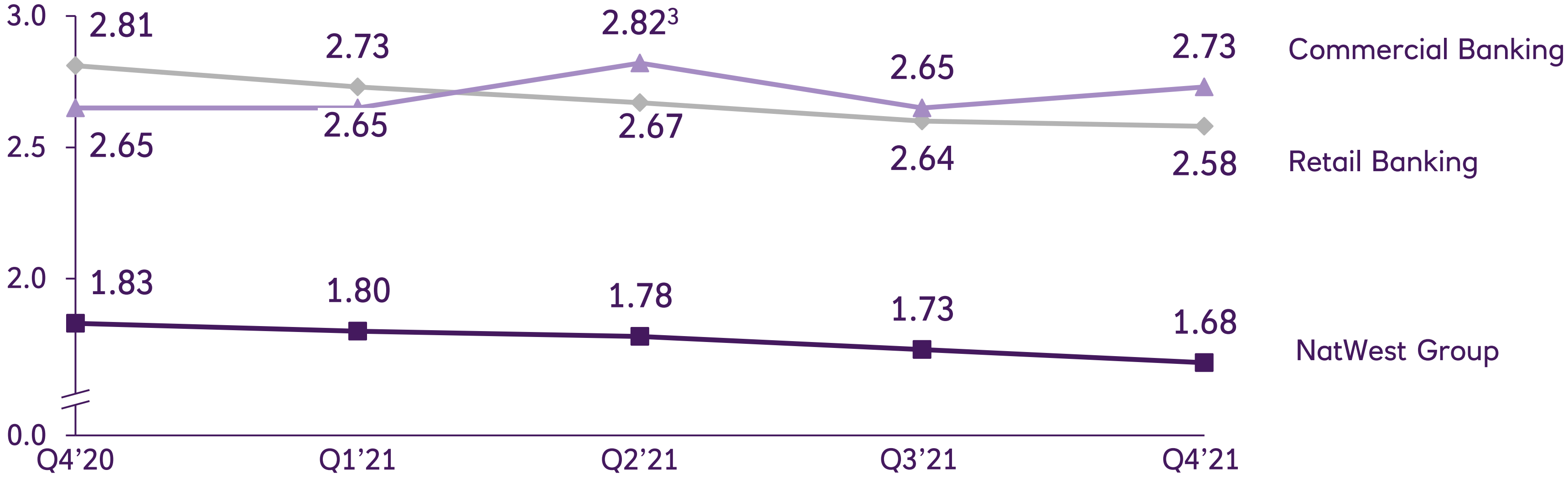
1. May not cast due to rounding.
2. Go-forward = NWG excluding Ulster Bank ROI.
3. Excluding Liquid Asset Buffer, Ulster Bank ROI and NWM.

NIM drivers: limited change to customer rates post December BOE rate increase

Retail Banking loan yield impacted by lower mortgage margins, Commercial yields up due to mix. Deposit costs stable.

Group asset yield decreased 5bps to 1.68% due to further liquidity build in the quarter. Funding costs decreased 3bps to 0.28%

Gross yields of interest earning banking assets, %[1]



Cost of interest bearing and non-interest bearing banking liabilities, %[2]

1. For NatWest Group plc this is the gross yield on the IEAs of the banking business; for Retail and Commercial Banking it represents the third party customer asset rate. 2. For NatWest Group plc this is the cost of interest-bearing liabilities of the banking business plus the benefit from free funds; for Retail and Commercial Banking it represents the third party customer funding rate which includes both interest-bearing and non-interest bearing deposits. 3. Q2'21 Commercial loan yield impacted by one-off tax adjustment, broadly stable excluding this

Focused on generating shareholder value

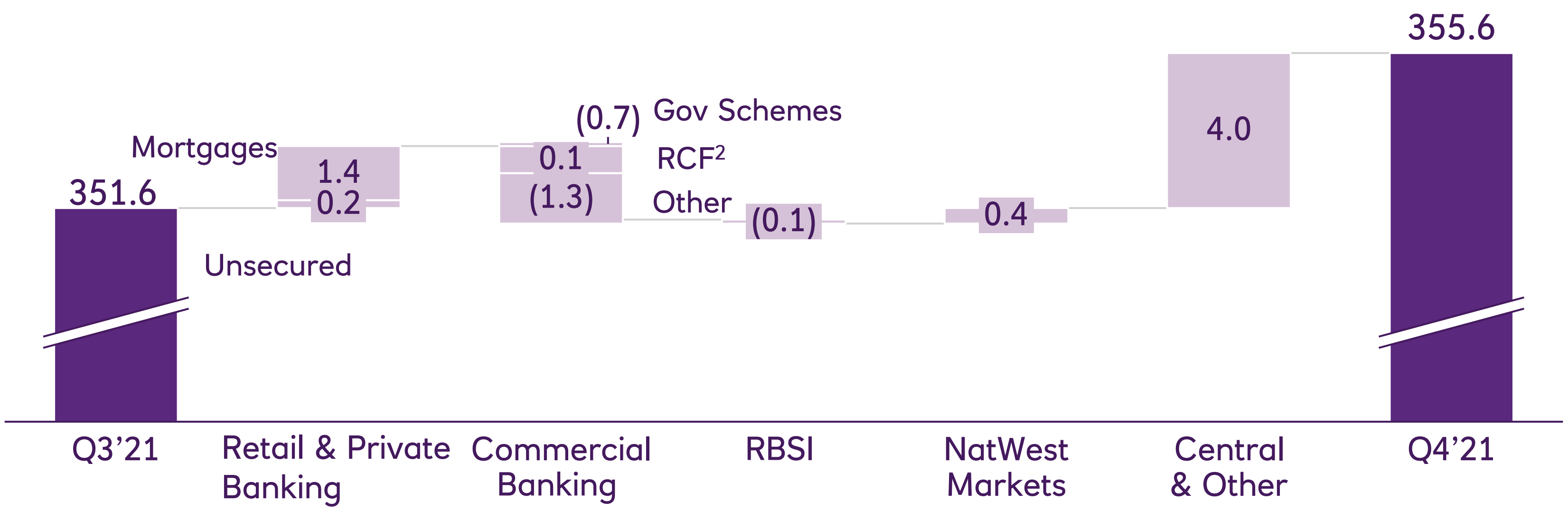
Supporting our customers in target segments

Gross loans[1] to customers up 1.1% in the quarter driven by mortgages, unsecured and reverse repos

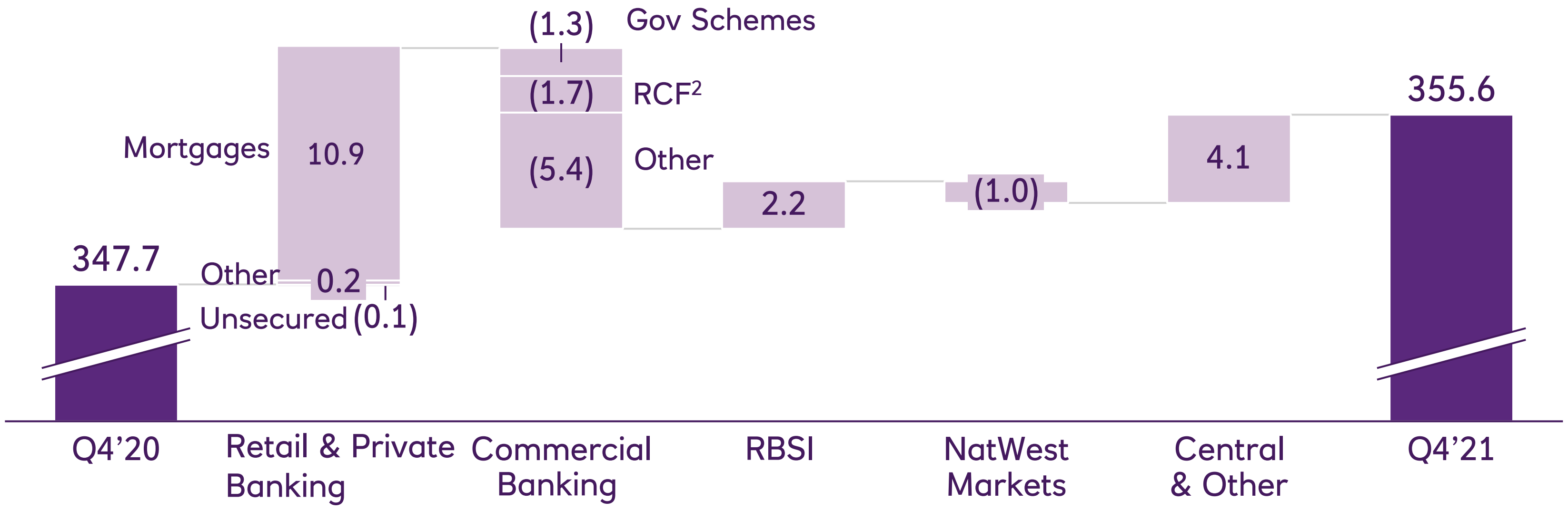
Commercial de-leveraging ongoing, small increase in RCF balances

Net mortgage growth of £10.9 billion for the full year includes a record £36 billion of gross new lending in Retail Banking, increasing stock share to 11.0%

Go-forward gross customer loans[1], quarter on quarter, £bn



Go-forward gross customer loans[1], year on year, £bn



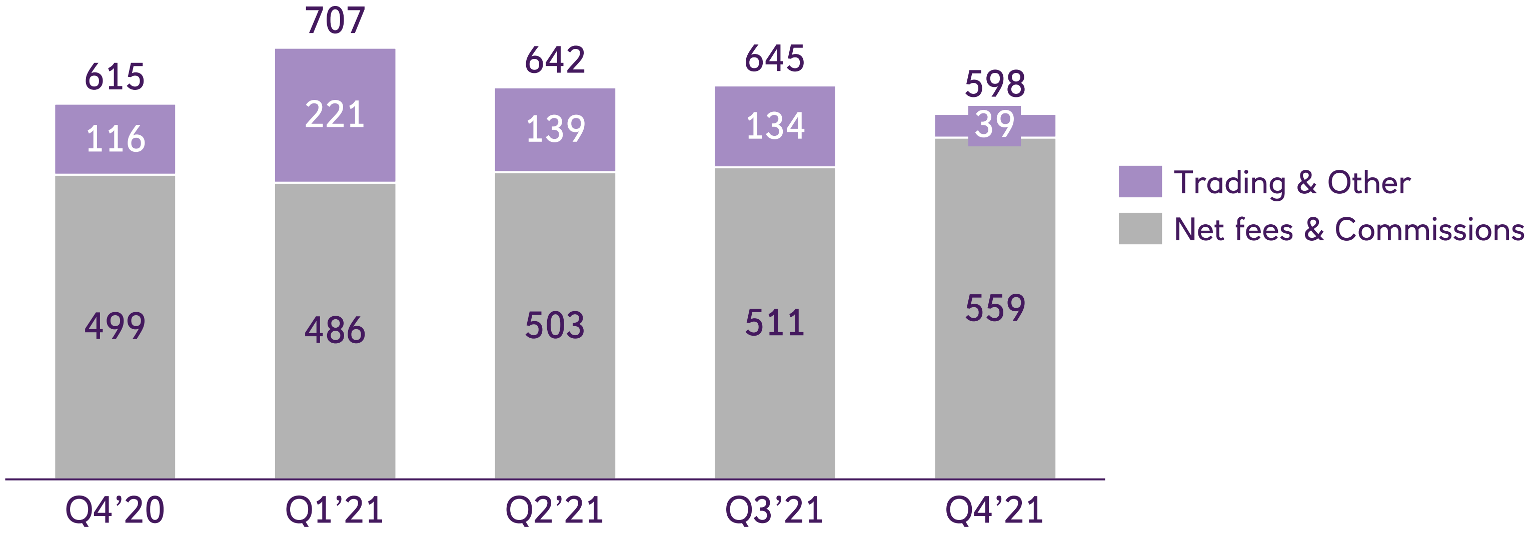
1. Go-forward = NWG excluding Ulster Bank ROI.
2. Revolving credit facilities for our Commercial Banking customers.

Non-interest income benefited from ongoing recovery in fees and commissions offset by lower trading income

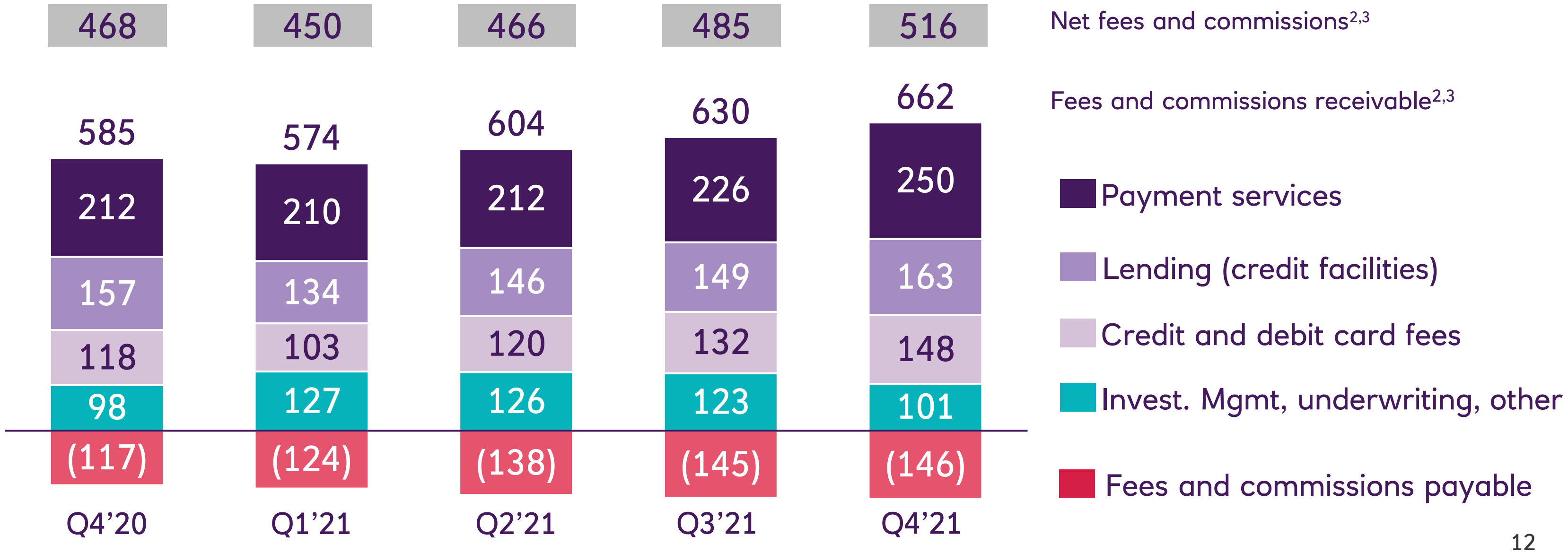
NatWest Markets income[1] down £71m over Q4'21 due to weak Fixed Income performance

Net fees and commissions[2] up £31m driven by payments and lending activity

Go-forward Non Interest Income[1,2], £m



Go-forward Retail & Commercial Businesses' Fees and Commissions[2,3], £m



1. Excluding relevant notable items.
2. Go-forward = NWG excluding Ulster Bank ROI.
3. Retail & Commercial Businesses' Fees and Commissions are calculated as NatWest Go-forward excluding NatWest Markets, central items and other.

Impairment release resulting from better economic outlook

Updated economic scenarios and weightings reflect improvement in consensus outlook

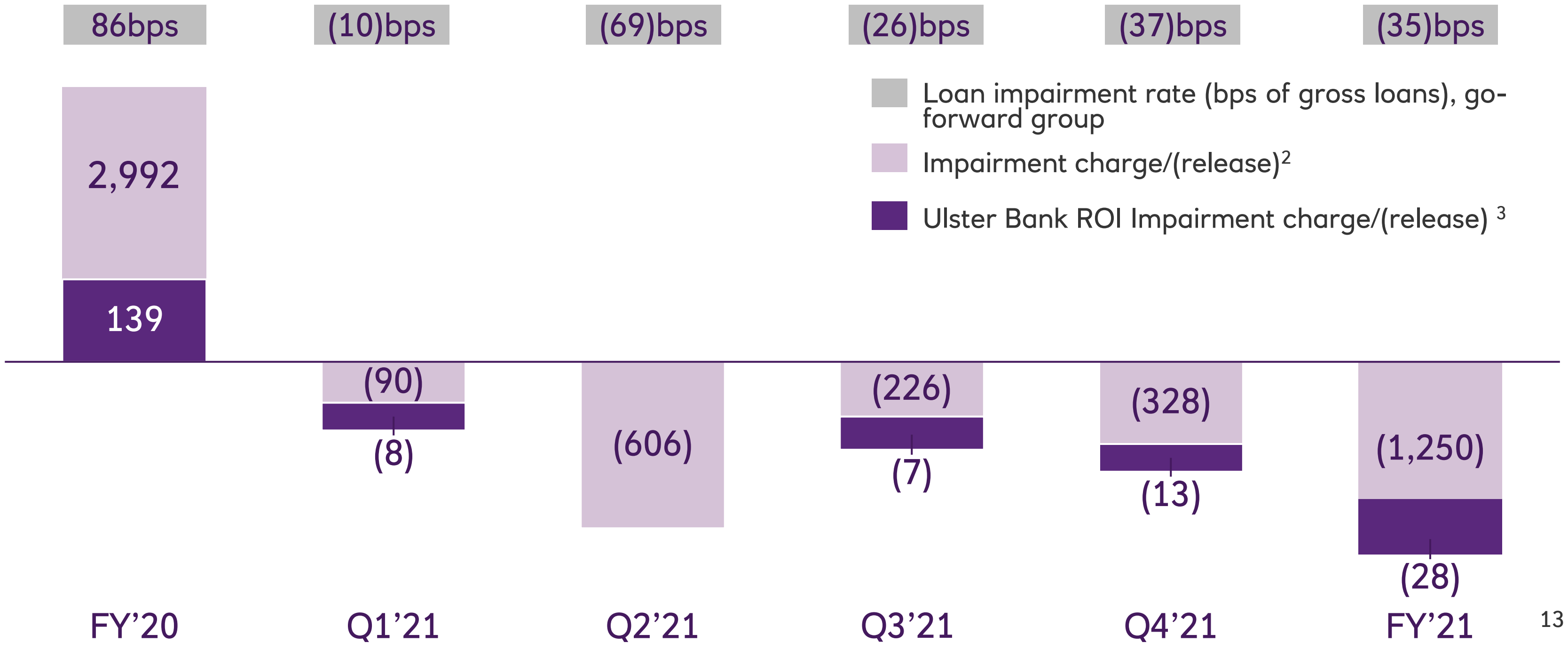
Our base case assumes UK GDP growth of 5.0% in 2022 and unemployment of 4.1%

We expect the loan impairment rate in 2022 and 2023 to be below our updated through-the-cycle average of 20-30 basis points

Economic scenarios and weightings

Base case scenario Macroeconomic variable[1]	FY'21		H1'21		Change	
	2022	2023	2022	2023	2022	2023
Weighting	45%		40%		5%	
UK GDP - annual growth (%)	5.0	1.6	5.8	1.6	(0.8)	(0.0)
UK unemployment - annual avg. (%)	4.1	4.0	4.8	4.5	(0.7)	(0.5)

Group impairment charge/ (release), (£m)



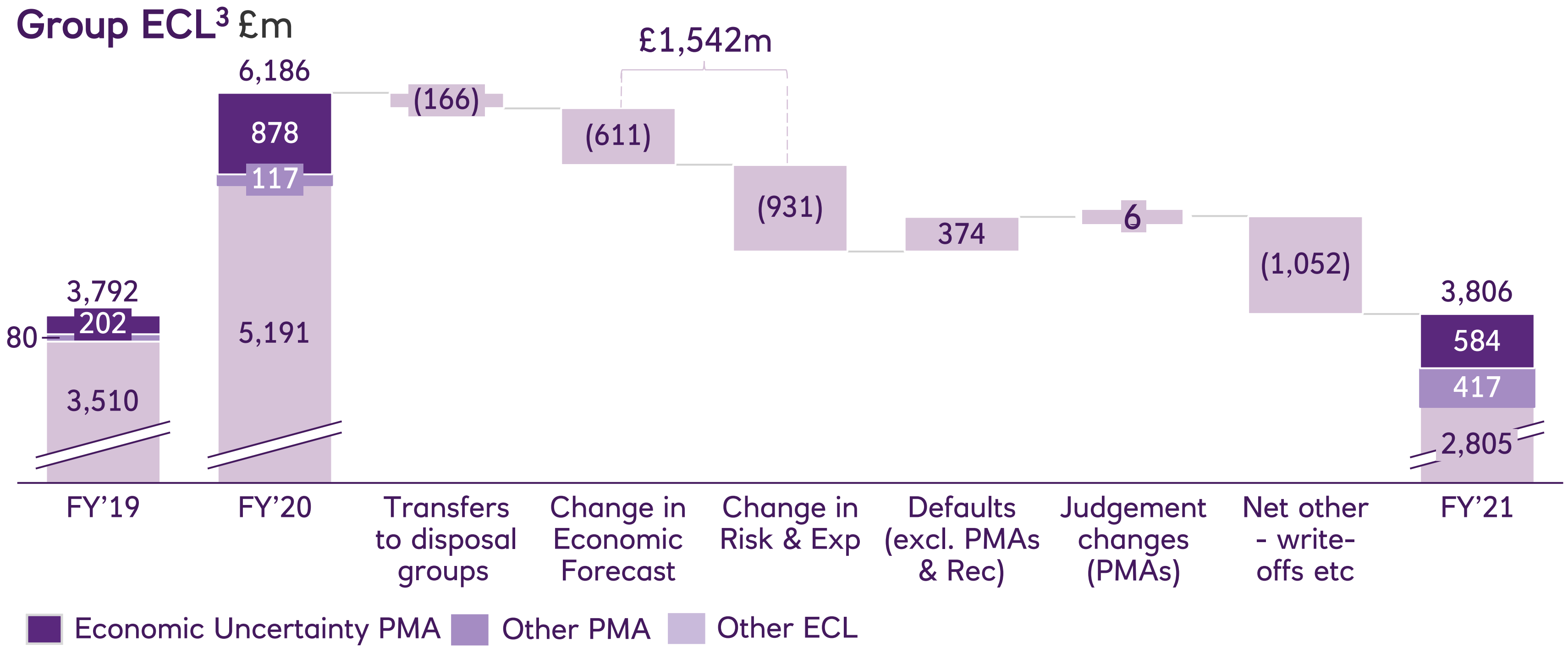
1. NWG ARA FY'21, pg. 206.
2. Go-forward = NWG excluding Ulster Bank ROI.
3. Ulster Bank ROI = Ulster continuing operations.

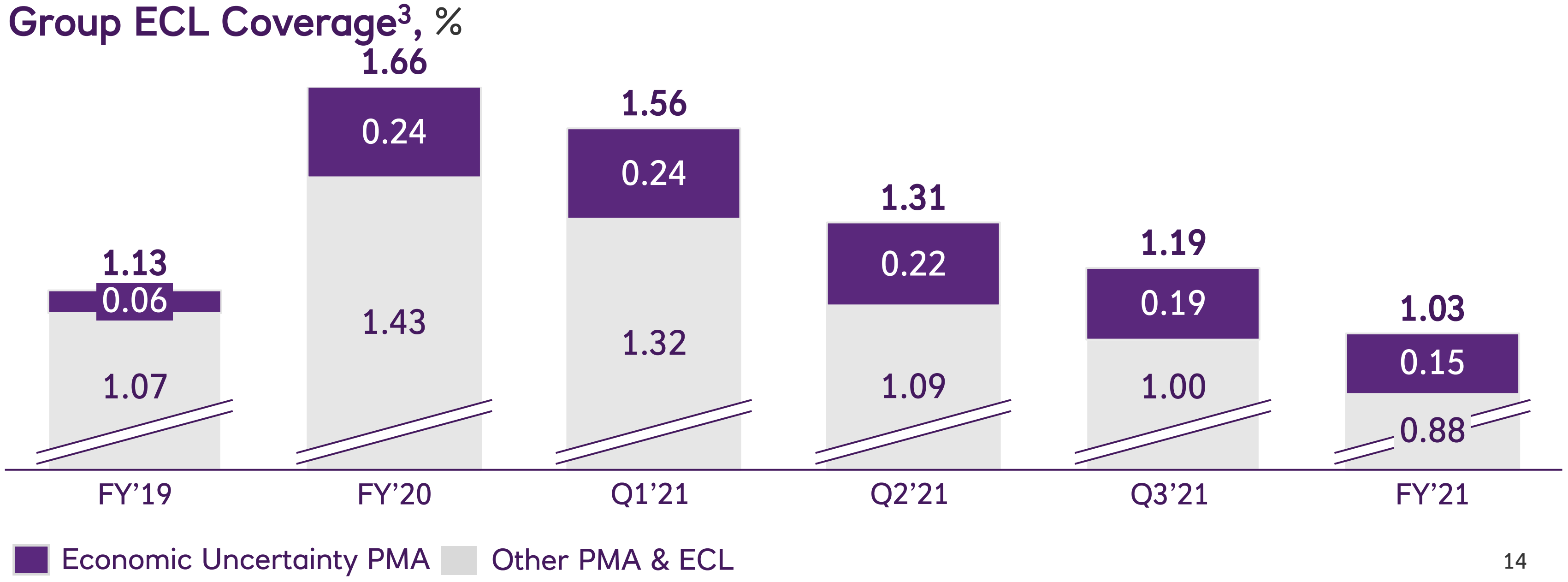
Improved economic outlook and risk metrics drive ECL release

Of the £2.4bn ECL release in FY'21, £0.6bn was in the fourth quarter, largely driven by improving economic outlook and improvements in credit risk metrics

PMA[1] for economic uncertainty has reduced by £145m[2] in the quarter to £584m

ECL coverage reduced to 1.03% due to ECL release





1. Post Model Adjustments. 2. £56m of the £145m change in the quarter is due to reclassification of Ulster loans agreed to be sold to PTSB as assets held for sale. 3. May not cast due to rounding. 4. Change in total post model adjustments

Donal Quaid
Treasurer

Treasurer's review

Strong capital and leverage positions, robust liquidity and diversified funding.
MREL requirements complete and further progress on optimising the capital stack.

Moody's upgrade to Baa1, Outlook remains Positive.

Outlook from S&P and Fitch moved to Stable from Negative.

Sustainalytics risk score further improved to Low Risk.

Capital and leverage

18.2% FY'21 CET1 ratio

15.9% 1-Jan'22 proforma CET1 ratio

24.1% Total capital ratio

39.8% LAC ratio

5.8% UK leverage ratio

Liquidity and funding

172% Liquidity coverage ratio

75% Loan:deposit ratio

£480bn customer deposits[1]

£77bn Wholesale funding

2021 Issuance and capital optimisation

~£3.2bn Senior MREL

£1.6bn Tier 2

~£1bn AT1

~£2.5bn Capital actions

~£4bn Senior unsecured OpCo

Ratings[2]

Credit	Baa1 Moody's	BBB S&P	A Fitch
ESG	AA MSCI	17.3/Low risk Sustainalytics	

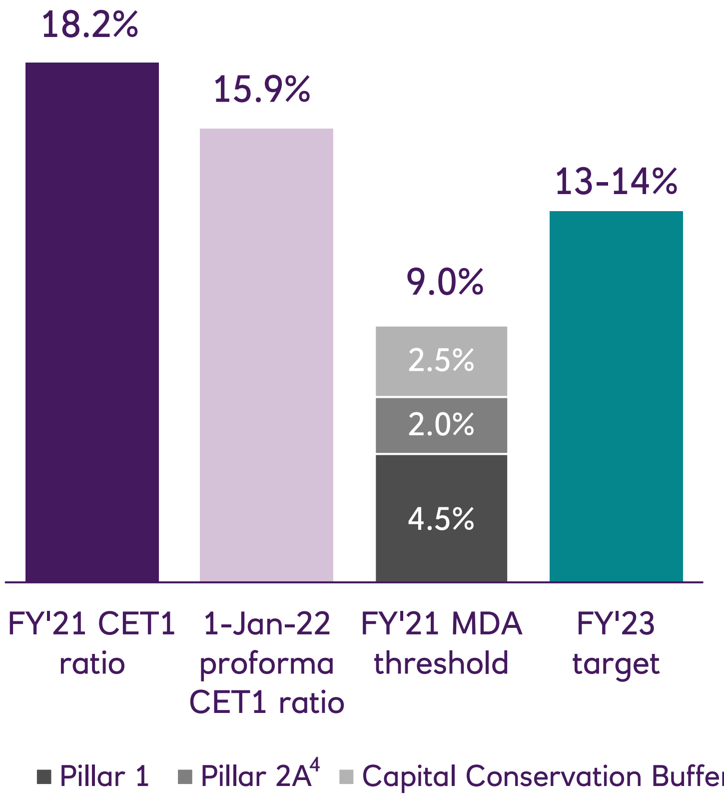
1. Includes £14.5bn relating to non-financial corporate repo balances
2. Ratings as of 31 December 2021

Strong capital position provides flexibility[1]

We have shaped a business to operate with a CET1 ratio of between 13% to 14% by FY'23.

Our CET1 ratio is well above our target range and our Maximum Distributable Amount.

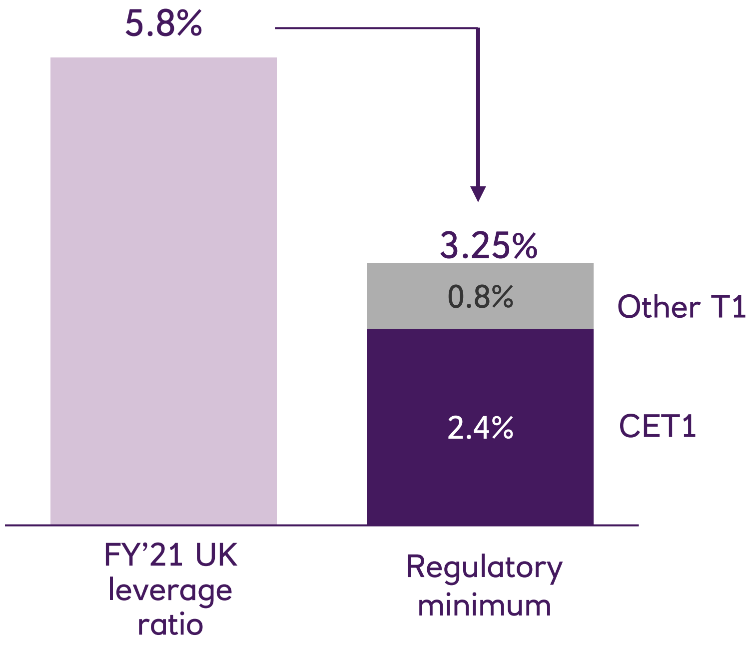
CET1 headroom above minimum regulatory requirements and medium term target[1,2]



In response to COVID-19, many countries reduced their Countercyclical Buffer (CCyB) rates. In December 2021, the Financial Policy Committee announced an increase in the UK CCyB rate from 0% to 1%. This rate will come into effect from December 2022 in line with the 12 month implementation period.

Total Leverage requirements 1-Jan-22[2,3]

Total Tier 1 as a % of Leverage Exposure



1. Refer to detailed disclosure in NWG plc ARA. Headroom presented on the basis of target CET1, and does not reflect excess distributable capital. Headroom may vary over time and may be less in future.
2. Based on assumption of static regulatory capital requirements.
3. The countercyclical leverage ratio buffer is set at 35% of NatWest Group's CCyB.
4. NatWest Group plc's Pillar 2A requirements are set on a nominal capital basis which results in an implied 9.0% MDA. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. Pillar 2A requirement is expected to vary over time and is subject to at least annual review.

Robust balance sheet with strong capital & liquidity levels

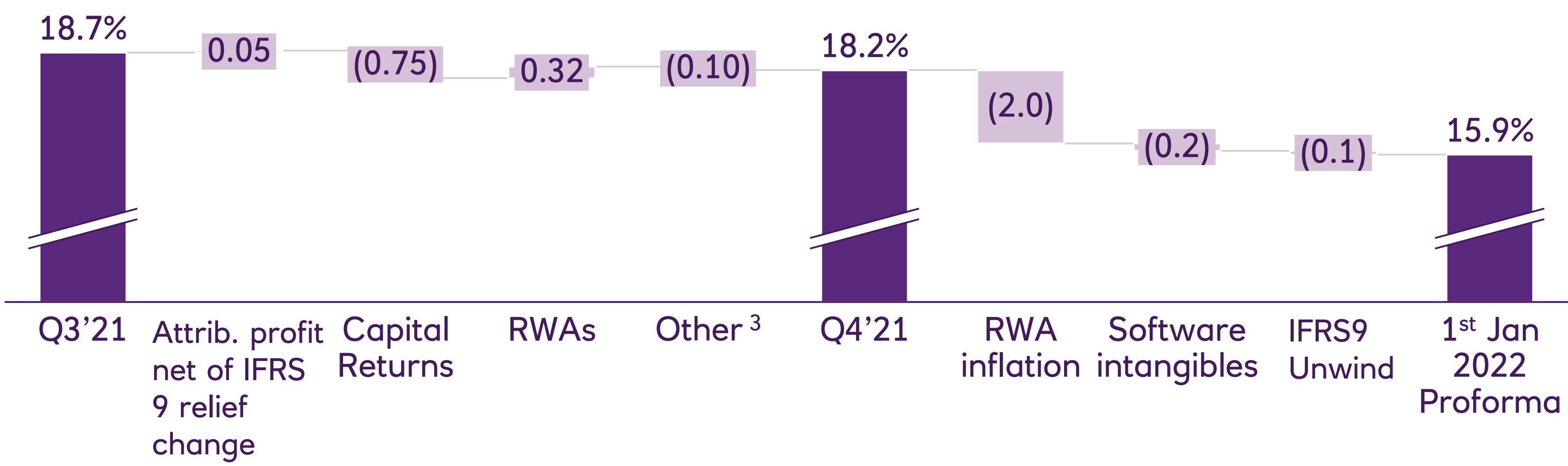
Strong capital position post announced distributions

CET1 ratio 18.2% down 50bps on Q3'21 driven by announced distributions equivalent to 75bps

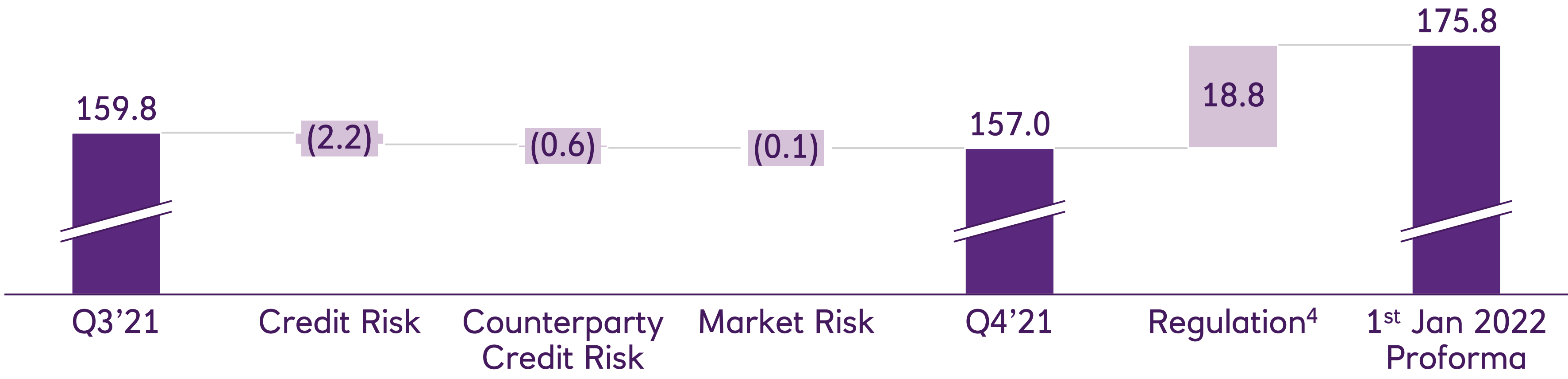
18.2% ratio includes IFRS 9 benefit of 39bps, down from 60bps at Q3

FY'21 capital generation of 240bps, supporting £3.8bn shareholder distributions and £0.5bn pension contributions, absorbing 265bps[1]

CET1 ratio, (%)[2]



RWA, £bn



1. Capital impact of linked pension contributions is £365m post tax 2.May not cast due to rounding. 3. Includes FX reserve movements (-8bps), Dividend linked pension contributions (-1bp) and other small moves. 4. includes £14.8 bn associated with mortgage risk weight changes.

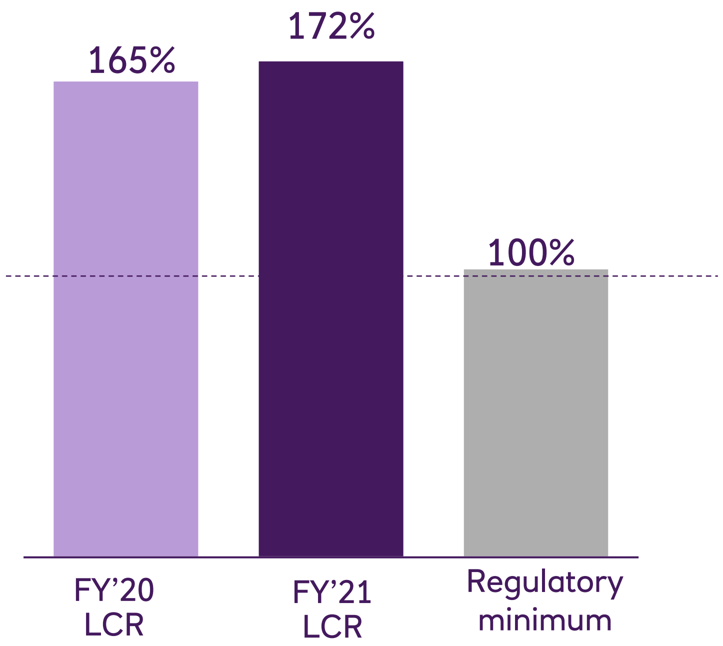
Significant surplus liquidity

Liquidity position reflects strong customer deposit growth during the pandemic,

Includes TFSME drawings of £12bn during Q4'21 and UBIDAC's repayment of TLTRO[1] drawings of €3.1bn

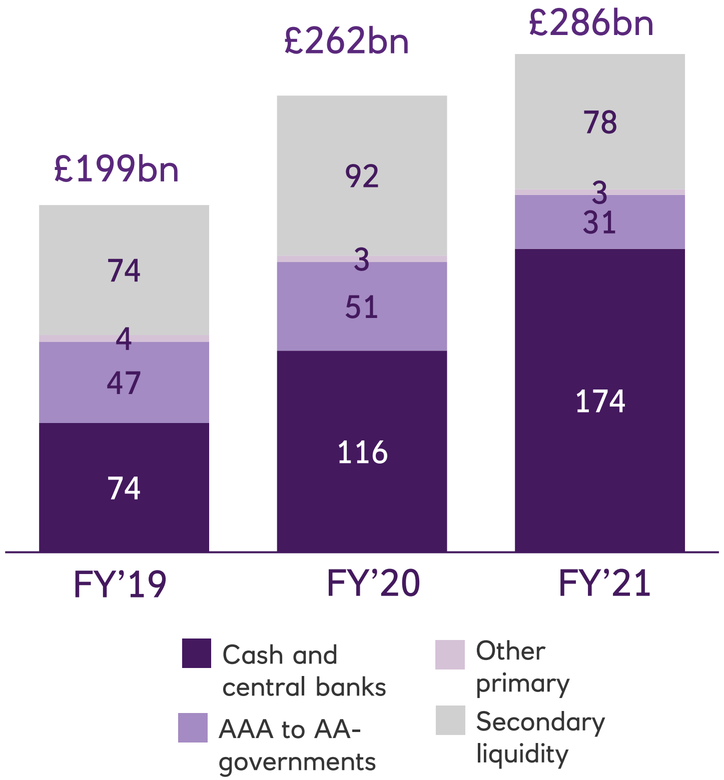
Liquidity coverage ratio remains well above min UK requirement

£89.9bn surplus liquidity over minimum requirement



High quality liquidity pool

£208bn[2] of primary liquidity with a mix of cash and high quality sovereign bonds



1. Participation in central bank financing operations under the European Central Bank's targeted long-term financing operations (TLTRO)
2. Total LCR level 1 assets liquidity value

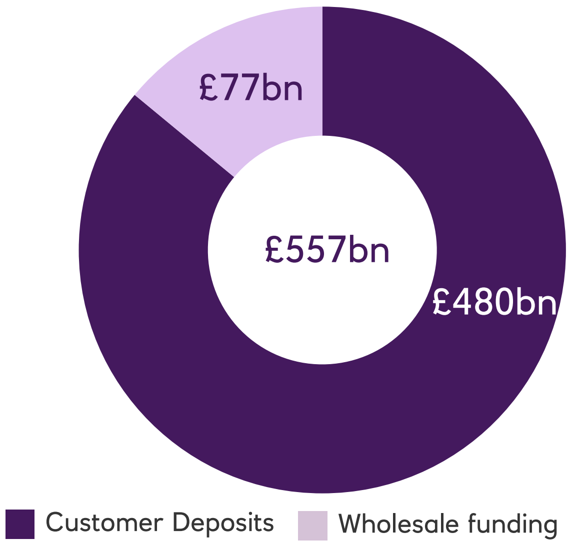
Stable and diversified funding sources

Customer deposits represent ~86% of our total funding mix.

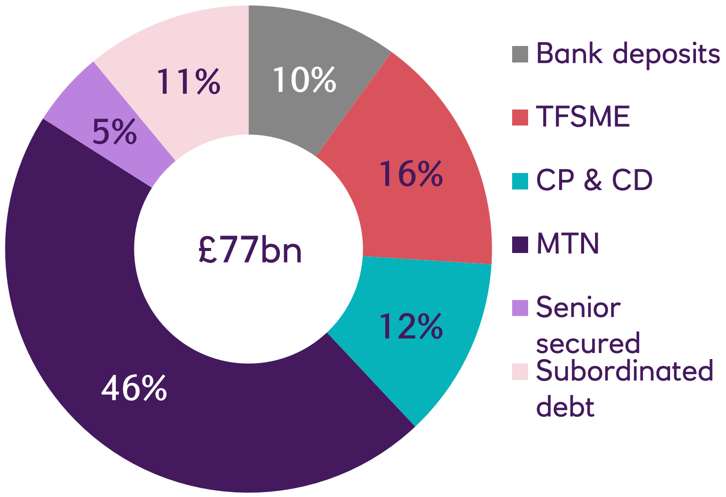
Our wholesale funding mix reflects a range of different sources and maturities.

We continue to optimise funding requirements, including drawing of £12bn TFSME in Q4.

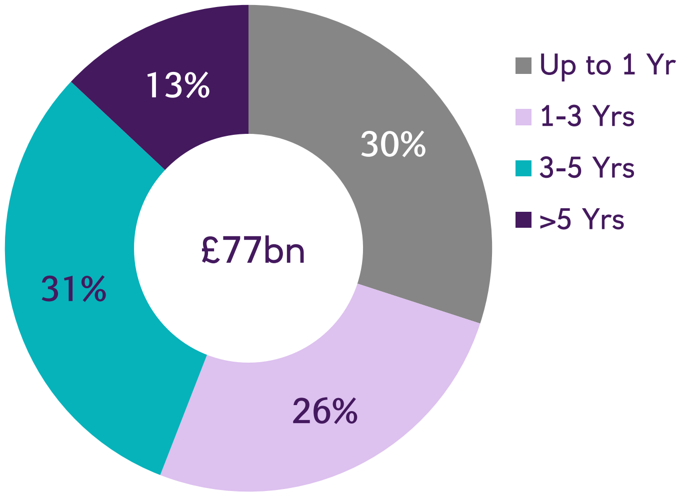
Total funding mix (£bn)[1,2]



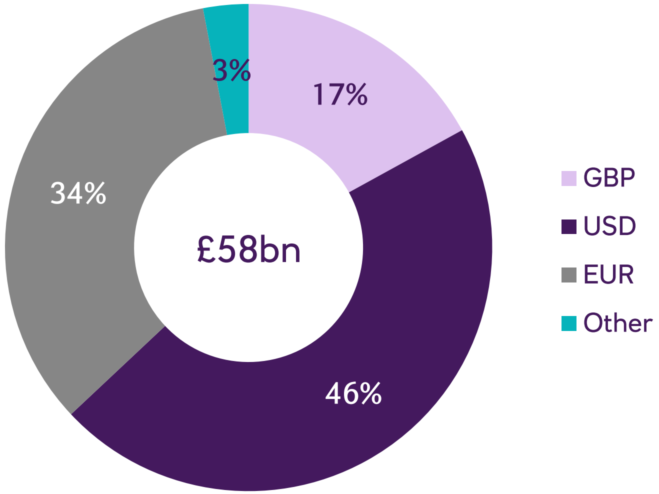
Wholesale funding mix (£bn)[1,]



Wholesale funding by maturity



Senior notes and subordinated liabilities by Currency



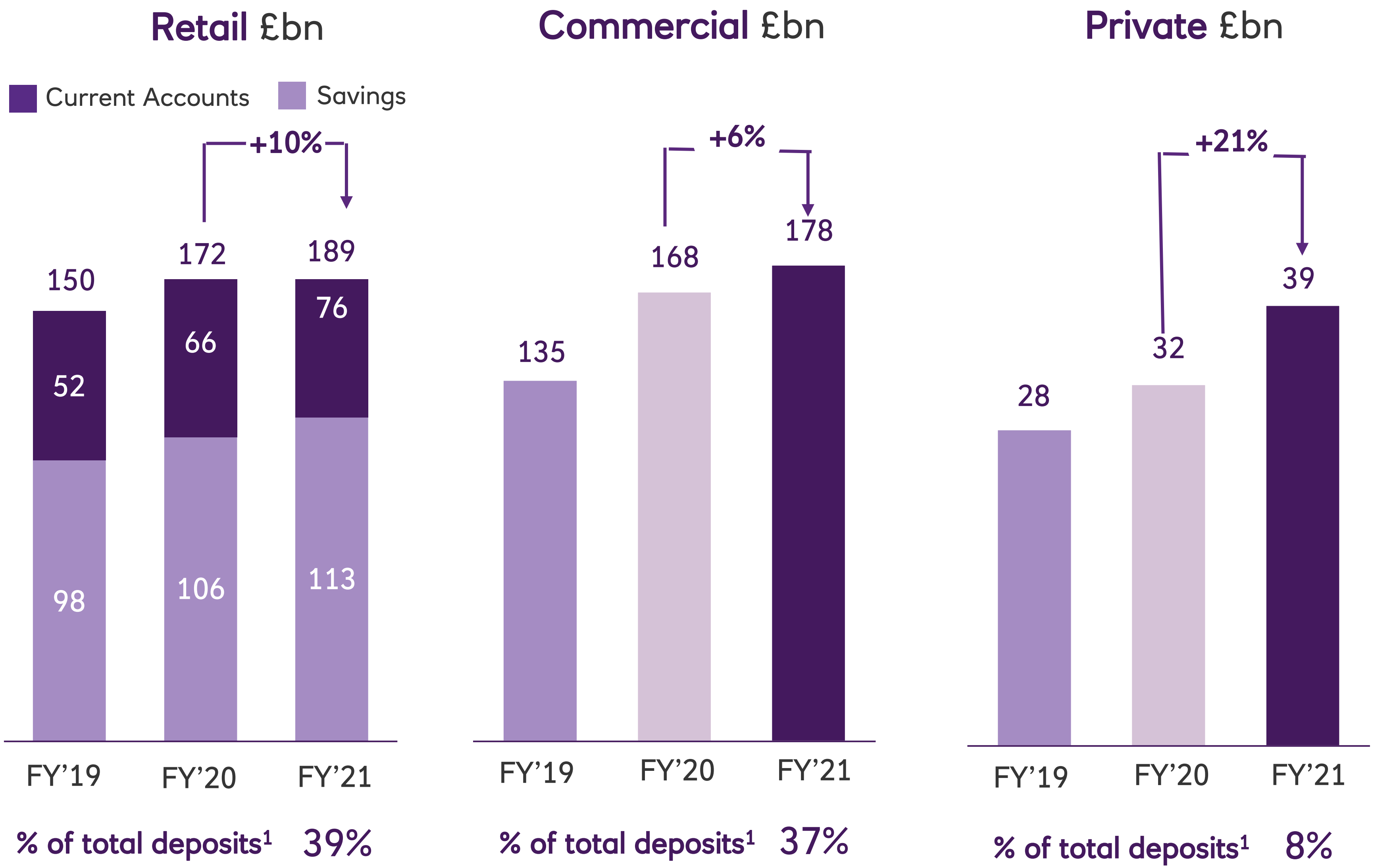
1. Wholesale funding excluding repos, derivative cash collateral
2. Customer deposits includes NBFIs repo balances

Strong customer deposit inflows

Retail Banking deposits increased by £17 billion as a result of lower customer spend and increased savings.

Commercial Banking deposits increased by £10 billion as customers continued to build and retain liquidity.

£111bn increase in total deposits since FY 2019, of which £39bn Retail Banking and £43bn Commercial Banking[1]



1. Other deposits include Ulster Bank RoI, Private Banking, NWM, RBSI, Central items and Other. Figures may not sum due to rounding.

Well positioned for 2022 MREL requirements[1]

Total loss absorbing capital ratio of 39.8% is above the Bank of England (BOE) requirement of 25.7% at 31st December, including CRDIV combined buffer requirements.

Total MREL eligible senior stock in issue is now £22.8bn.

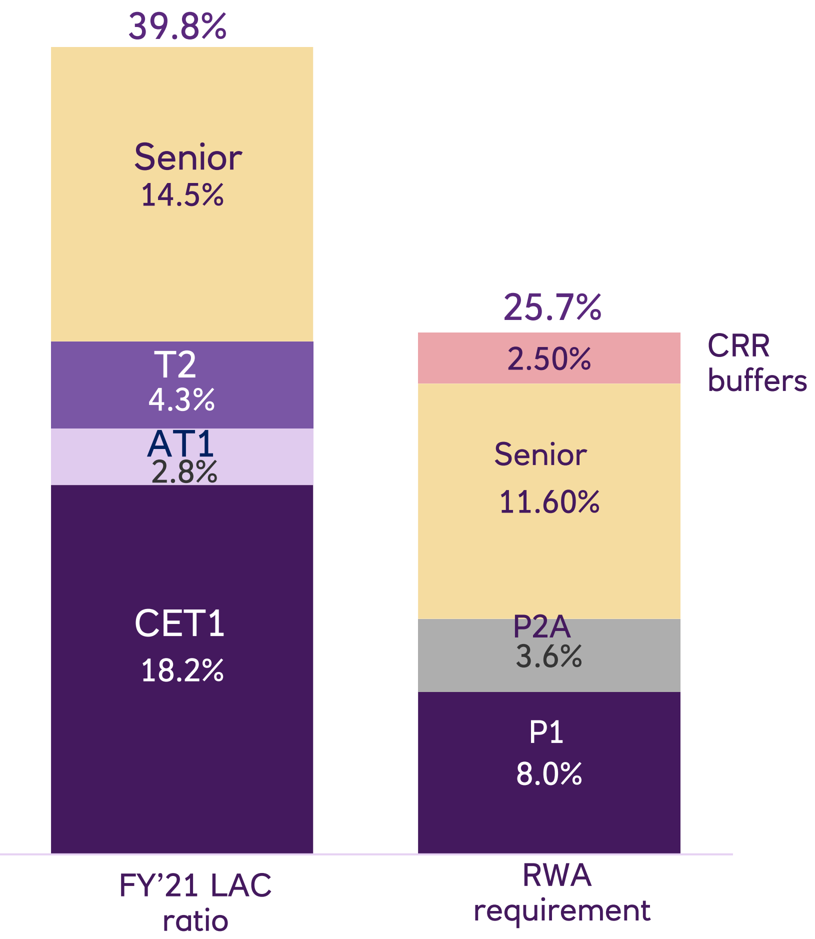
Expect to issue £3-5bn in 2022, partially offsetting ~£7bn loss of MREL eligibility through 2022.

Steady state requirements subject to RWA evolution.

1. "MREL" = Minimum required eligible liabilities.
2. Illustration, based on assumption of static regulatory capital requirements. End state MREL requirement is set at 2x (Pillar 1+ Pillar 2A) per Bank of England guidance. NatWest Group plc's Pillar 2A requirement was 3.6% of RWAs as at 30 June 2021. 56.25% of the total Pillar 2A requirement, must be met from CET1 capital. From July 2020 the Pillar 2A requirement is set as a notional amount. Pillar 2A requirement held constant over the period for illustration purposes. Requirement is expected to vary over time and is subject to at least annual review. .

Total Loss Absorbing Capital (LAC)[1,2]

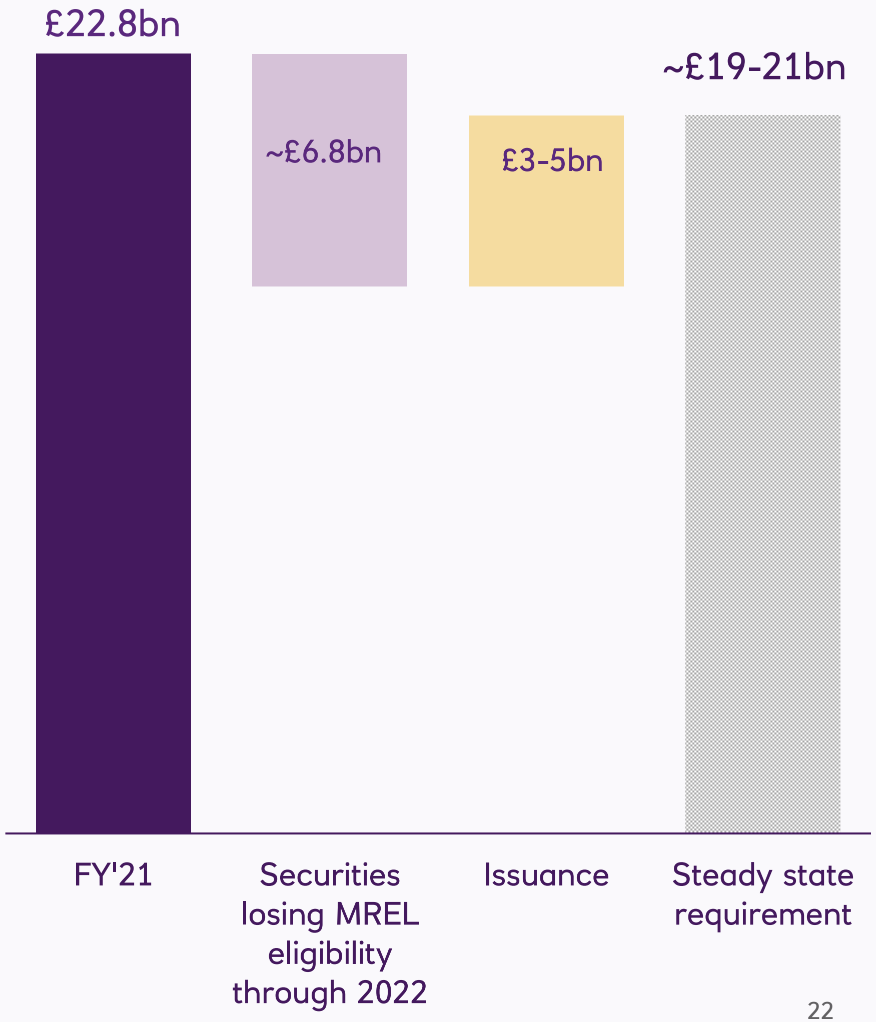
£bn as at 31st December 2021



FY'21 LAC ratio includes grandfathered non-compliant Tier 1 and Tier 2 securities

Senior MREL profile 2022-23

Loss Absorbing Capital (LAC) value[2]
£billion equivalent



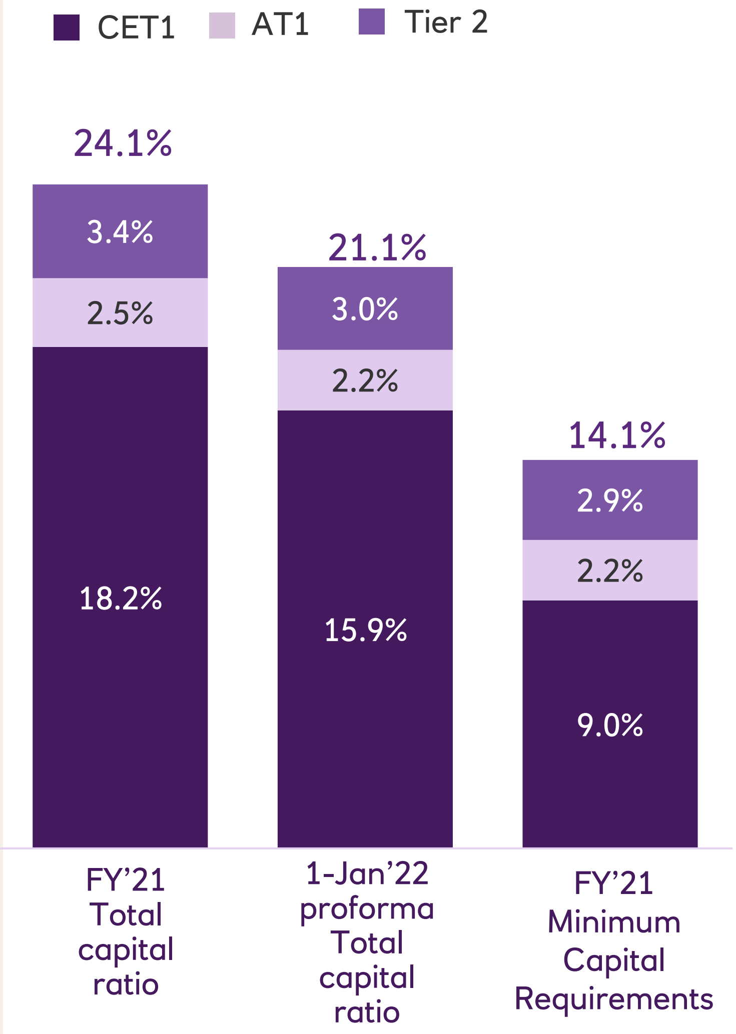
Total capital in excess of 2022 capital requirements[1]

Next call on AT1 is 2025 with limited need to issue in the interim, subject to RWA evolution

Tier 2 issuance requirements determined by refinancing need and subject to RWA evolution

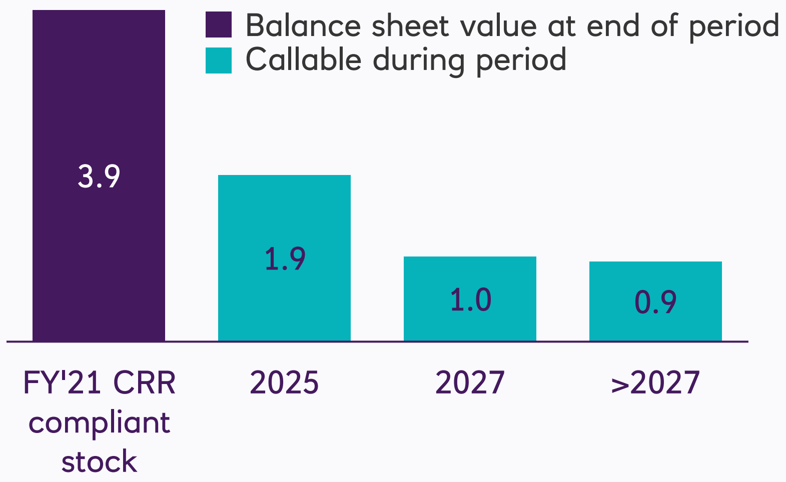
Total Capital versus minimum requirements

CRR end-point basis, % RWA



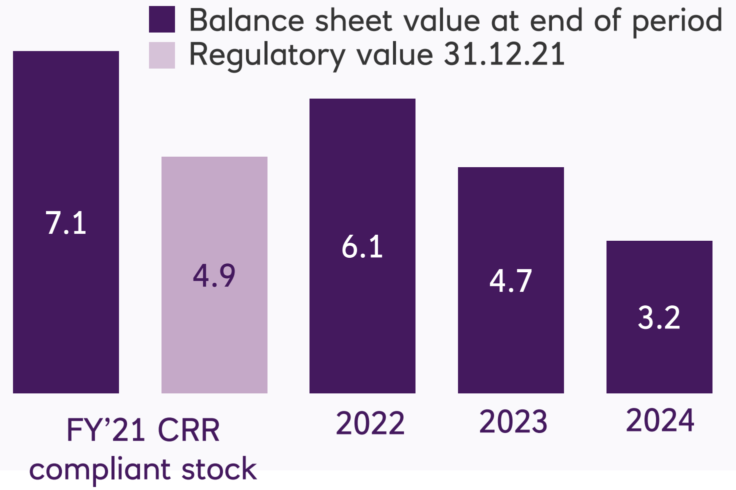
NWG plc AT1 call profile

Balance sheet value, £billion



NWG plc Tier 2 contractual maturity profile

£billion



1. Illustration, based on assumption of static regulatory capital requirements.

Optimising the capital stack for regulatory efficiency

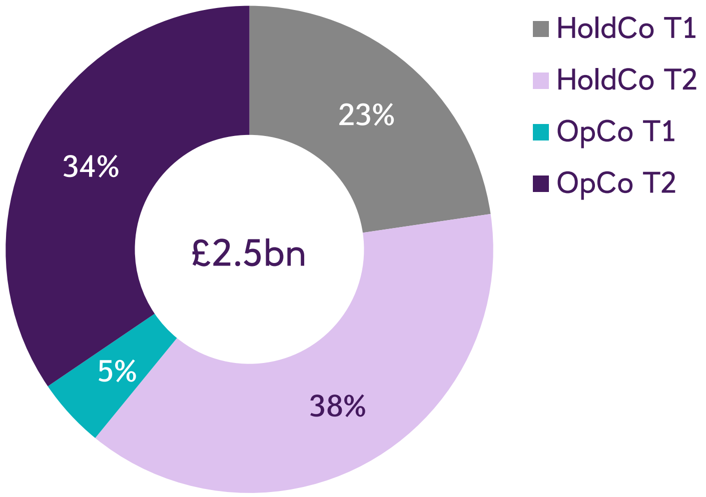
Capital management actions over recent years have significantly reduced the legacy capital stack.

At FY'21, legacy capital securities now constitute £2.5bn, around 4% of total LAC

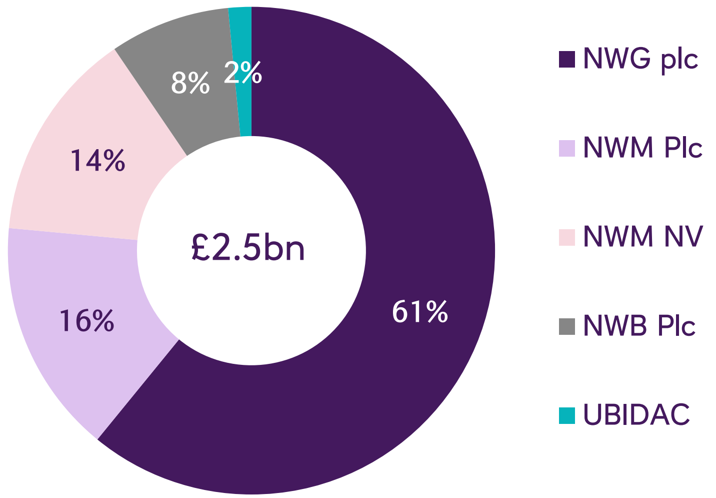
In 2021, we called ~£2.9bn of capital securities and offered to repurchase ~£4.8bn of capital securities; repurchasing ~£1.6bn

We expect further reductions in 2022 through a combination of maturities, calls and potential for targeted LMEs

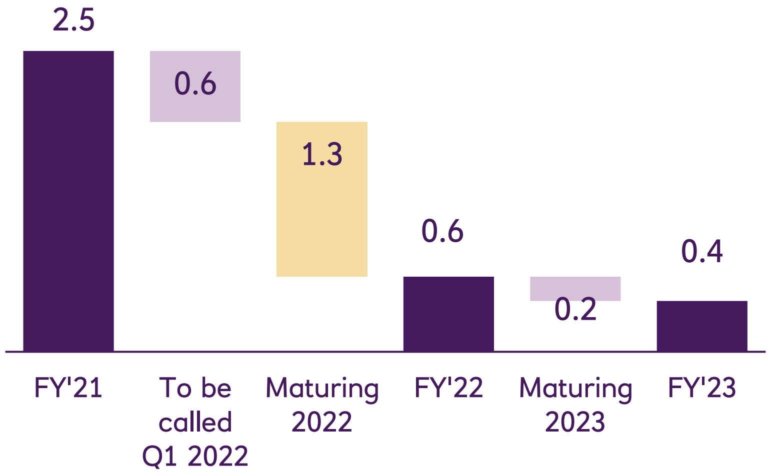
Legacy capital by type
As at FY'21
Notional value, GBP equivalent



Legacy capital by legal entity[1]
As at FY'21
Notional value, GBP equivalent



Legacy run-off profile
Notional value, GBP equivalent



Capital actions announced Q1 2022

	Call date	Notional Ccy 31.12.21
NWG plc $1.2bn 7.648% Tier 1	3rd Mar 22	$67.5m
NWG plc 6.425% TPS Tier 1	17th Mar 22	$36.9m
NWG plc Series U Tier 1	31st Mar 22	$1,013m
NWM Plc £500m Tier 2	22nd Mar 22	$21.1m

1. May not cast due to rounding.

Issuance and capital management progress

Completed 2021 issuance plan with NatWest Group plc issuing ~£3.2bn MREL eligible senior debt, ~£1bn of AT1 and £1.6bn Tier 2

MREL included a €1bn Social bond and a £600m Green bond, issued under our GSS Bond Framework

NatWest Markets Plc issued ~£4bn senior unsecured term debt, in public benchmark format, in addition to other senior funding

2021 Issuance recap

NatWest Group plc (HoldCo)

~£3.2bn senior unsecured MREL from NatWest Group plc

- NWG €1bn 9NC8 Social Bond
- NWG $1.5bn 6NC5
- NWG €1bn 8NC7
- NWG £600m 7NC6 Green Bond

~£2.6bn capital securities from NatWest Group plc

- NWG £400m PNC7.5 AT1
- NWG $750m PNC11 AT1
- NWG £1bn 11NC6 Tier 2
- NWG €750m 11NC6 Tier 2

NatWest Markets Plc (OpCo)

~£4bn senior unsecured public benchmark issuance from NatWest Markets Plc

- NWM $1.25bn Senior Unsecured 144A
- NWM €1.25bn Senior Unsecured EMTN
- NWM $1.3bn 5yr Senior Unsecured 144A
- NWM €1bn Senior Unsecured EMTN

NatWest Group plc received rating upgrades from Moody's on 13 July and August 2021, with positive outlook maintained on NWG plc and NWM Plc and NWM N.V.

S&P and Fitch changed their outlook to Stable (from Negative) in June and July 2021 based on stronger than expected UK economic recovery and NatWest Group plc's strong credit profile.

	Moody's	S&P	Fitch	JCR
Group holding company				
NatWest Group plc	Baa1/Pos	BBB/Sta	A/Sta	A/Sta
Ring-fenced bank operating companies				
NatWest Bank Plc	A1*/A1/Sta	A/Sta	A+/Sta	A+/Sta
Royal Bank of Scotland plc	A1*/A1/Sta	A/Sta	A+/Sta	NR
Ulster Bank Ireland DAC	A3*/Baa1/RUR	A-/Sta	BBB+/Sta	NR
Non ring-fenced bank operating companies				
NatWest Markets Plc	A2/Pos	A-/Sta	A+/Sta	A/Sta
NatWest Markets N.V.	A2/Pos	A-/Sta	A+/Sta	NR
NatWest Markets Securities Inc	NR	A-/Sta	A/Sta	NR
RBSI Ltd	A3/Sta	A-/Sta	A/Sta	NR

* Moody's Long-Term Bank Deposit Ratings

Ratings as of 18/02/2022.

ESG ratings [1]

The MSCI rating was affirmed at AA.

Our Sustainalytics rating improved to 17.3/Low Risk vs 2020.

Assigned a B rating in the 2021 CDP Climate Change survey, aligning us with the financial services average.

Maintained Prime status with ISS ESG.

Ranked in the 80th percentile in the S&P Corporate Sustainability Assessment in 2021.

ESG Ratings [1]	Scale	2019	2020	2021
MSCI				
Rating	AAA to CCC	BBB	AA	AA
Sustainalytics ESG Risk Rating				
Rating	1-100 Negligible to Severe	27.7 Medium risk	20.5 Medium risk	17.3 Low risk
CDP				
Rating	A to D-	B	A-	B
Industry average		C	B	B
ISS ESG				
Rating	A+ to D-	C	C	C
Prime Status		Prime	Prime	Prime
S&P CSA				
Score	100 to 1	71	41	63
Percentile Rank		77th	60th	80th

Notes:
ESG ratings on this page (i) contain information developed by the relevant rating provider (such information and data are proprietary of the relevant rating provider or its information providers (Third Party Data)); (ii) are provided "as-is" and are not warranted to be complete, timely, accurate or suitable for a particular purpose by the relevant rating provider are provided for information purposes only; (iii) are unsolicited; (iv) do not constitute a sponsorship, endorsement, recommendation or promotion of NatWest Group or any of NatWest Group's product or project, nor an investment advice nor a warranty by the relevant rating provider; and (v) their use is subject to conditions of the relevant rating provider. Currently, ESG rating providers are not regulated like credit rating agencies. Some ESG ratings providers only rely on public information, so, their outputs may be subject to data gaps. ESG rating providers use different definitions, scope and methodologies leading to variation in ESG rating for any given company. Ratings as of 18/02/2022.

Fixed income investment proposition

A purpose-led company with clear strategic priorities, strong capital and liquidity positions and capacity to grow.

- ✓ **Capital generative** business with capital and leverage ratios well above minimum requirements and improving RoTE
- ✓ **Reducing state ownership** by efficiently deploying excess capital, including buybacks
- ✓ **Robust liquidity position** with high quality liquid asset pool and access to stable and diverse sources of funding
- ✓ **Disciplined approach to risk** with resilient asset quality
- ✓ **Progress on ratings** positions across the credit and sustainability rating agencies
- ✓ **Diversified issuance** with continued focus on GSS, in multiple currencies and tenors
- ✓ **Transparent & consistent** messaging, regularly engaging with our investors

Q&A

Green, Social and Sustainability Bond Framework

Our purpose

NatWest Group champions potential, helping people, families and businesses to thrive. Because when they thrive, so do we.

Our purpose guides and underpins everything we do. It enables us to build long-term value, to invest for growth, to make a positive contribution to society and to drive sustainable returns.

Our initial areas of focus

Climate

Our ambition

Net zero	by 2050, including across financed emissions
-50%	At least halve the climate impact of our financing activity by 2030 and net zero by 2050
50%	of our UK mortgage customers' homes at or above EPC C rating by 2030
£100bn	Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025
Full phase out	of coal by 1 January 2030[1]
-50%	reduce our direct own operations carbon footprint by 2025

Enterprise

Our ambition

35K	individuals or businesses supported through enterprise programmes in 2021
200K	interventions delivered to start, run or grow a business in 2021
60%	of those inspired and supported will be female
75%	of those inspired and supported will be based outside London and the South East
20%	of those inspired and supported will be Black, Asian and Minority Ethnic background
10%	of those supported intend to create purpose-led businesses

Learning

Our ambition

15m	financial capability interactions delivered by 2023
2m	additional customers helped to start saving by 2023
100%	front-line colleagues professionally accredited within the first 18 months in role
UK	Social Mobility Apprenticeship Programme extended across multiple UK locations

1. We plan to phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a full global phase out by 1 January 2030.

Green, Social and Sustainability Bond Framework

Launched in 2019, our **Green, Social or Sustainability (GSS) Bond Framework** aims to attract dedicated funding for loans and investment that support the transition to a net zero economy or bring positive social benefits.

GSS issuance may take different forms of bond structures, including Senior Unsecured or Covered Bond, and may be issued from our holding company (NatWest Group plc), or any of its subsidiaries.

We obtained an independent Second Party Opinion from Sustainalytics who reviewed our GSS Bond Framework and eligibility criteria. Sustainalytics is of the opinion that the GSS Bond Framework is credible and impactful and that the bank is well position to issue green, social and sustainable bonds

Our Social Bonds are listed on the London Stock Exchange's Sustainability Bond Market

Eligible loans, investments and projects financed/refinanced in whole or in part by the allocation of the proceeds raised under the GSS Bond Framework must fall into the following categories:

Eligible Green Loans

- Renewable Energy Loans
- Loans for technologies and operations promoting pollution prevention and control
- Green Buildings Loans
- Clean Transportation Loans

Eligible Social Loans

- Loans to support female-owned SMEs
- Loans that enhance access to essential services
- Loans that provide greater access to affordable housing
- SME Lending in areas with high unemployment/low income

Green, Social and Sustainability Bond Framework

Since 2019, NatWest Group plc has issued ~£2.8bn under the GSS Bond Framework

We target a proportion of our MREL-compliant issuance in GSS bond format

November 2019 €750m Social Bond	• ICMA Category: SME Lending • Proceeds allocated to supporting SMEs in some of the most deprived parts of the UK. • Published impact report in May 2021
May 2020 $600m Green Bond [1]	• ICMA Category: Renewable Energy • First from a UK bank to issue USD on-shore market. Proceeds allocated to Renewable Energy projects across the UK including solar, wind and hydropower facilities. • Published impact report in May 2021
February 2021 €1bn Social Bond	• ICMA Category: Affordable Housing • Proceeds allocated to loans originally provided to not-for-profit, registered housing associations operating in the UK
November 2021 £600m Green Bond	• ICMA Category: Energy Efficiency • Proceeds used to finance or refinance green mortgages in the UK

Allocation and impact reports will be available on the NWG website within a year from the issuance of the applicable GSS bond and at least annually thereafter

We also published **a limited assurance report** by our auditor alongside our latest impact reports

1. The $600m inaugural green bond constitutes approximately £450m of the £1 billion we stated in February 2020 that we expected to issue under our Green, Social and Sustainability Bond Framework in 2020.

Operating company information

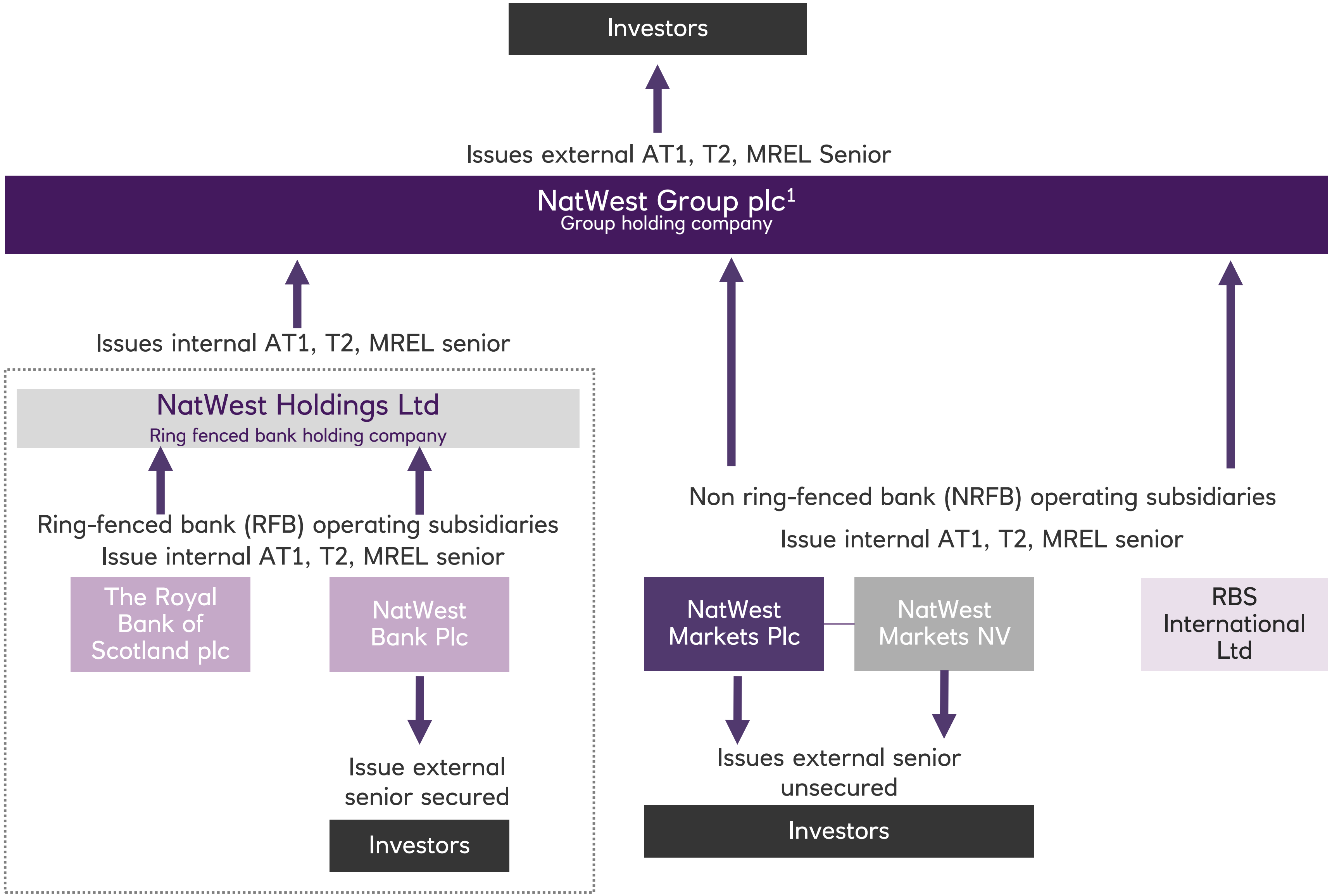
Issuing entity structure

External issuance of AT1, Tier 2 and MREL is only from NatWest Group plc, the group holding company.

Subsidiary operating companies will only issue internal AT1, Tier 2 and MREL.

NatWest Bank Plc issues senior secured securities externally.

Natwest Markets Plc issues senior unsecured securities externally.



1. The Royal Bank of Scotland Group plc was renamed NatWest Group plc on 22nd July 2020.

Legal entity capital positions

External issuance of AT1, Tier 2 and MREL will only be from NatWest Group plc, the group holding company.

Subsidiary operating companies will only issue AT1, Tier 2 and MREL internally.

NatWest Bank Plc and Ulster Bank Ireland DAC issue senior secured securities externally.

Natwest Markets Plc issues senior unsecured securities externally.

FY 2021	NatWest Holdings Group	NatWest Bank Plc	Royal Bank of Scotland plc	Ulster Bank Ireland DAC	NatWest Markets Plc	NatWest Markets NV	RBSI
Capital and leverage metrics							
CET1 ratio	15.9%	16.1%	13.7%	27.8%	17.9%	29.7%	20.9%
Tier 1 ratio	18.9%	18.6%	18.6%	27.8%	21.0%	34.1%	25.0%
Total Capital ratio	23.0%	22.0%	26.1%	29.4%	25.9%	37.4%	25.0%
RWA	£124.1bn	£86.2bn	£19.6bn	£11.6bn	£22.7bn	£4.8bn	£7.4bn
CRR leverage ratio	4.1%	3.8%	4.1%	16.3%	4.3%	15.5%	4.2%
Internal MREL issuance[1]							
Tier 1	£3.7bn	£2.4bn	£1.0bn	-	£0.9bn	£0.2bn	£0.3bn
Tier 2	£4.6bn	£3.1bn	£1.4bn	£0.4bn	£1.5bn	£0.1bn	-
Senior unsecured	£11.3bn	£5.7bn	£0.4bn	£0.5bn	£3.9bn	-	-
Total internal issuance	£19.6bn	£11.2bn	£2.8bn	£0.9bn	£6.3bn	£0.3bn	£0.3bn

1. Internal issuance to the immediate parent company. Amounts under NatWest Holdings Group reflect issuance from the ring-fenced bank holding company, NatWest Holdings Limited.

Appendix

FY'21 performance supported by economic recovery with RoTE 9.4%

Go-forward[1] group income stable compared to FY'20

Group total expenses down 1%, with other expenses down 4%

Net impairment release of £1.3bn versus the charge of £3.2bn in FY'20[2]

£4.3bn operating profit before tax[3], of which £4.3bn delivered by the Go-forward group

	FY'21			FY'21 incl. discontinued operations		
£m	Go-forward[1]	Ulster Bank RoI	Group	Go-forward[1]	Ulster Bank RoI	Group
Total income	10,284	228	10,512	10,284	497	10,781
Operating expenses	(7,276)	(482)	(7,758)	(7,276)	(527)	(7,803)
Impairment releases	1,250	28	1,278	1,250	85	1,335
Operating profit / (loss) before tax	**4,258**	**(226)**	**4,032**	**4,258**	**55**	**4,313**
Tax (charge)/credit	(967)	(29)	(996)			
Profit from discontinued operations, net of tax	-	276	276			
Profit for the period	**3,291**	**21**	**3,312**			
Attributable profit	**2,929**	**21**	**2,950**			
RoTE	10.0%	n.m.	9.4%			

1.Go-forward = Natwest Group excluding Ulster Bank ROI. 2. Group including discontinued operations. 3. Operating profit before tax for continuing operations (£4.0bn) plus profit from discontinued operations

Outlook

	Financial targets and outlook
Income	In 2022, we expect income excluding notable items to be above £11.0 billion in the Go-forward group.
Costs	We plan to invest around £3 billion over 2021 to 2023 but, with continuing simplification, we plan to reduce Go-forward group operating expenses, excluding litigation and conduct costs, by around 3% in both 2022 and 2023.
Impairments	As a result of positive actions to change the shape of our book in recent years, we expect our through-the-cycle impairment loss rate to be around 20 - 30 basis points. We expect our 2022 and 2023 impairment charge to be lower than our through the cycle loss rate.
Capital	We aim to end 2022 with a CET1 ratio of around 14% and target a ratio of 13-14% by 2023.
Returns	In 2023, we expect to achieve a return on tangible equity of comfortably above 10% for the Group.
RWA	Across 2022 and 2023, we expect movements in RWAs to largely reflect lending growth and our phased withdrawal from the Republic of Ireland.
Dividends and pay-outs	We intend to maintain ordinary dividends of around 40% of attributable profit and to distribute a minimum of £1 billion in each of 2022 and 2023 via a combination of ordinary and special dividends. We intend to maintain capacity to participate in directed buybacks of the UK Government stake, recognising that any exercise of this authority would be dependent upon HMT's intentions and is limited to 4.99% of issued share capital in any 12-month period. We will consider further on-market buybacks, in addition to the £750 million announced today, as part of our overall capital distribution approach as well as inorganic opportunities provided they are consistent with our strategy and have a strong shareholder value case.
Ulster Bank ROI	We have made good progress on our phased withdrawal from the Republic of Ireland and expect the majority of the Allied Irish Banks and Permanent TSB asset sales to be largely complete by the end of 2022 and deposits to reduce over a longer timescale. We would expect income and RWAs to follow the balance sheet trajectory. We expect the cost base to reduce over time and anticipate other operating expenses, excluding withdrawal related costs, in 2023 will be around €200 million lower than 2021. We expect to incur disposal losses through income of around €300 million in 2022 and withdrawal related costs of around €600 million across 2022-24, with around €500 million incurred by the end of 2023. We expect the phased withdrawal to be capital accretive.

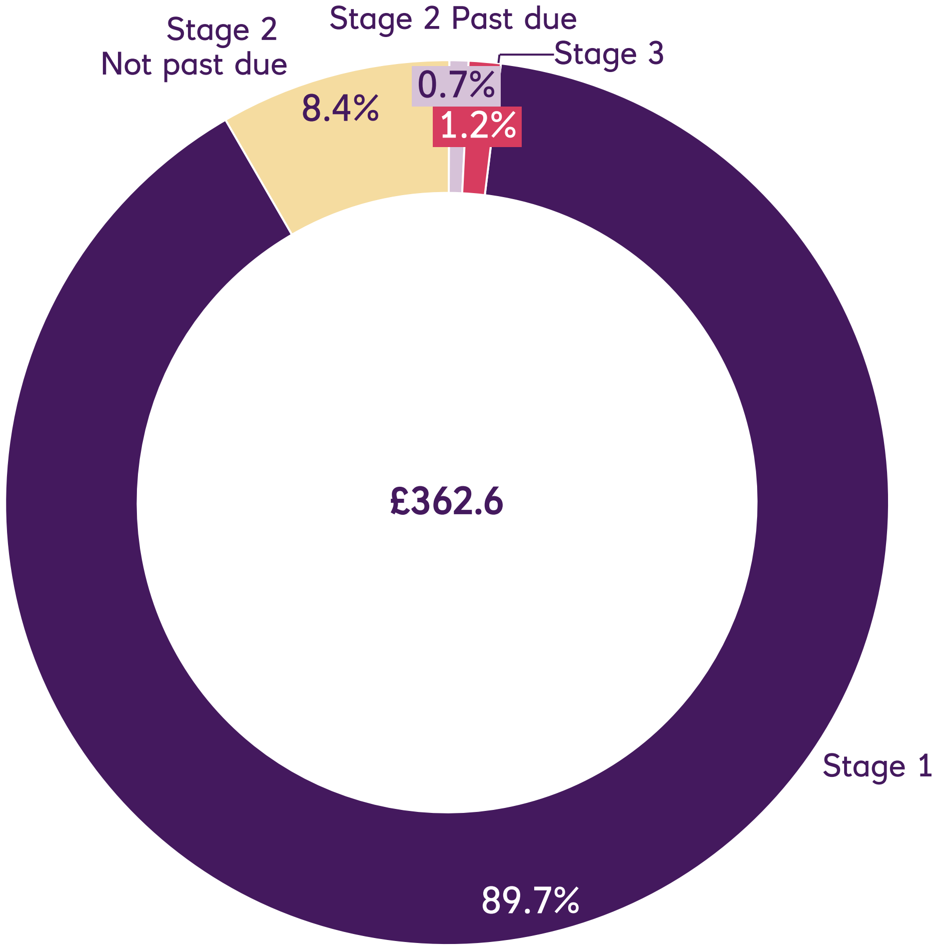
Key Drivers of CET1 ratio: from 15.9% at 1 Jan 2022 through to FY'23

Driver	Timing	Impact[1]	Details
Earnings			In 2023 we expect to achieve a RoTE comfortably above 10% for the Group
Lending volumes			Across 2022 and 2023, we expect movements in RWAs to largely reflect lending growth
Distributions[2]: Dividends	Through to FY'23	c.(115)bps	Intend to distribute a minimum of £1bn per annum through ordinary or special dividends in 2022 and 2023. Impact assumes £1bn in 2022 and £1bn in 2023. 2021 ordinary dividends already accrued at Q4'21.
Direct Buybacks	Through to FY'23	c.(160)bps	Retain capacity to participate in Direct Buy Backs up to 4.99% in 12-month period; executed £1.1bn in March '21. Impact assumes two further DBBs in 2022 and 2023 at share price of 243.4p.[3]
On-market buybacks			£750m programme announced today, included in 1 Jan 2022 CET1 ratio. Further on-market buybacks will be considered.
Dividend-linked pension contributions	Through to FY'22	c.(20)bps	£500m of £1.5bn pre-tax contributions outstanding; maximum of £500m per annum accrual in FY'22, (£365m post tax)
Ulster Bank RoI	Multi-year		We have announced binding agreements with AIB and PTSB for the sale of performing loans, with the estimate of c.65% of credit RWA. This also includes the expectation of €300m disposal losses in 2022 and €500m withdrawal related costs by the end of 2023
Regulation: IFRS 9 unwind	Through to FY'24	c.(25)bps	c.£0.4bn benefit remaining on 1 Jan 2022, will unwind to, 50% FY'23, 25% FY'24. Will also be affected by stage migration which remains uncertain

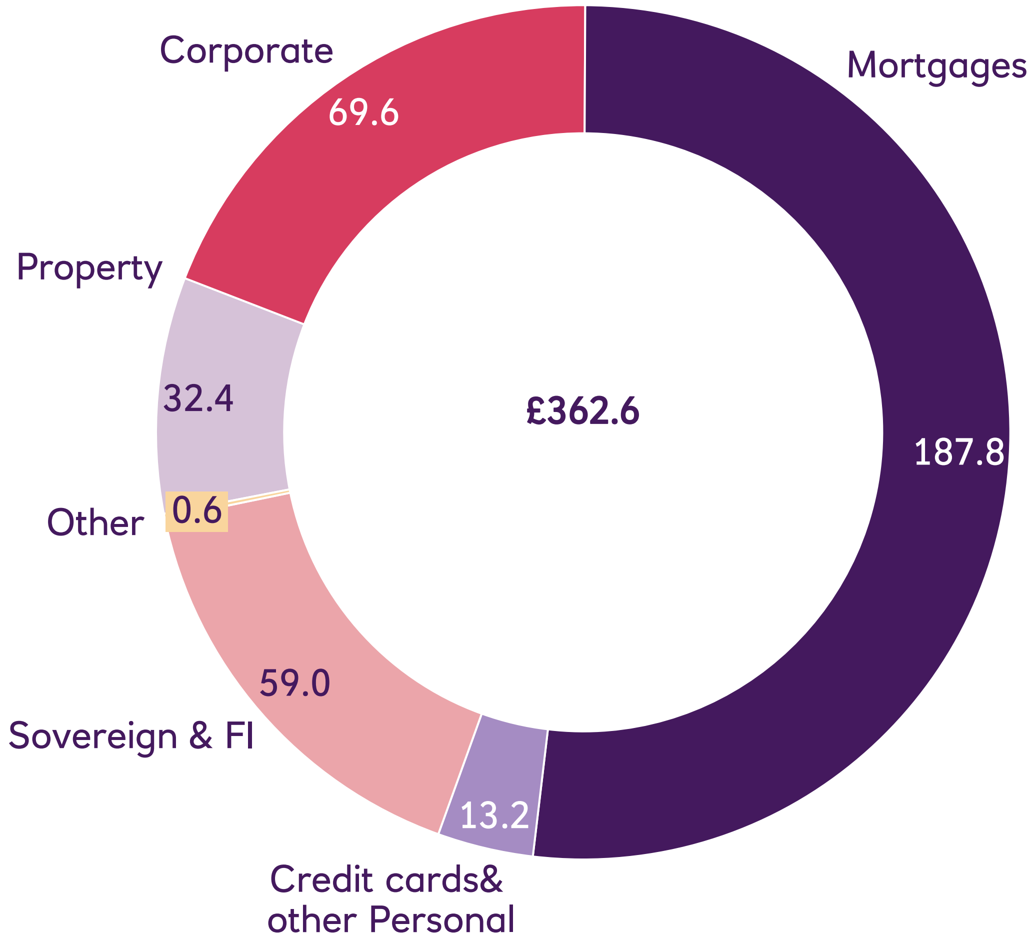
1. Impacts are approximate and shown on a standalone basis using 1 Jan 2022 capital position. These impacts will change quarterly. Combined impacts will not be sum of standalone impact.
2. Distributions are subject to regulatory approvals.
4. Share price as at close of business 16th February, 2022, per LSE

Diversified risk profile

Gross Loans & Advances excluding Ulster[1] by stage £bn, Q4'21



Gross loans and Advances ex-Ulster[1] by sector £bn, Q4'21

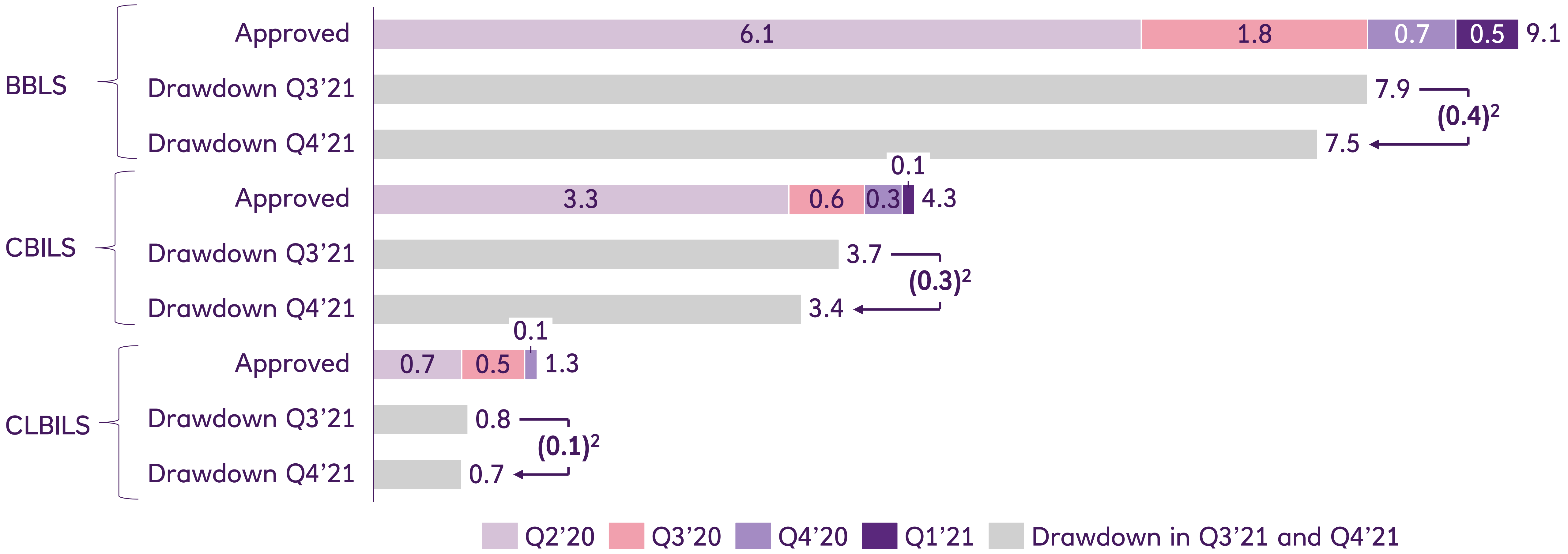


1. Loans – amortised cost and FVOCI, excluding Ulster ROI
2. Full details can be found on NWG FY'21 ARA, pg 217 and 220

Supporting our customers through Covid-19

£0.7bn of net government scheme **repayments** in Q4, £0.4bn related to BBLS

Government Lending Scheme in NWG, £bn[1]



1. The chart captures Gov schemes NatWest group, the previous disclosures were Commercial only. BBLS, CBILS and CLBILS have closed for new applications as at end of Q1'21
2. Does not cast to 0.7bn due to rounding

Structural Hedge[1]

	FY 2021					FY 2020				
	Incremental Income (£m)	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %	Incremental Income (£m)	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity structural hedging	426	448	21	22	2.05	478	580	23	24	2.43
Product structural hedging	744	861	161	145	0.59	543	958	125	115	0.83
Other Structural hedges	139	115	24	23	0.51	119	150	21	20	0.73
Total	1,309	1,424	206	190	0.75	1,140	1,688	169	159	1.06

1. Page 268 of NWG FY'21 ARA

Interest rate sensitivity[1]

FY 2021	+25 basis points parallel upward shift			-25 basis points parallel upward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	43	144	235	(43)	(144)	(235)
Managed Margin	282	220	255	(255)	(209)	(187)
Other	4			(5)		
Total	329	364	490	(303)	(353)	(422)

H1 2021	+25 basis points parallel upward shift			-25 basis points parallel upward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	39	127	215	(39)	(127)	(215)
Managed Margin	414	365	287	(374)	(420)	(395)
Other	(3)	-	-	7	-	-
Total	450	492	502	(406)	(547)	(610)

1. Page 270 of NWG FY’21 ARA; and Page 78 of the NWG H1’21 IMS

Economic Assumptions[1]

	FY'21				H1'21			
Scenario	Upside	Base Case	Downside	Extreme downside	Upside	Base Case	Downside	Extreme downside
Weighting	30%	45%	20%	5%	35%	40%	20%	5%
UK GDP – Annual Growth (%)								
2021	7.0	7.0	7.0	7.0	10.1	7.3	2.7	0.1
2022	8.1	5.0	1.5	(3.6)	5.4	5.8	4.3	-
5 year Average	3.9	3.2	2.8	2.0	3.9	3.5	2.9	2.5
UK Unemployment rate – annual average								
2021	4.6	4.6	4.6	4.6	4.7	5.3	5.4	5.9
2022	3.5	4.1	5.1	8.3	4.3	4.8	7.0	11.8
5 year Average	3.6	4.2	4.8	6.7	4.1	4.6	5.8	8.1
UK House Price Inflation – four quarter growth								
2021	6.9	6.9	6.9	6.9	8.0	2.0	(2.4)	(5.4)
2022	7.9	1.6	(2.9)	(20.4)	1.7	0.5	(3.0)	(27.0)
5 year Average	5.0	3.1	1.7	0.3	4.3	2.6	0.9	1.1
UK Commercial Real Estate Price – four quarter growth								
2021	8.4	8.4	8.4	8.4	7.0	(1.4)	(8.4)	(13.4)
2022	10.2	4.4	(2.7)	(29.8)	2.1	2.0	(1.3)	(18.2)
5 year Average	4.9	2.8	2.4	0.9	2.7	1.0	0.1	(1.1)

1. Full details of the economic assumptions can be found on page 208 of NWG FY'21 ARA, and on pages 20 to 23 of the NWG H1'21 IMS

Our Treasury and Investor Relations teams engage regularly with our investors and are available to help with your queries

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Useful links

Fixed Income Investor Relations website

NatWest Group – Fixed income investors

Green, Social and Sustainability Bonds framework

NatWest Group – Green, Social and Sustainability Bonds

ESG Disclosures

NatWest Group – ESG Disclosures

Caution About Forward-looking and other statements

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" on pages 406-426 of the NatWest Group plc 2021 Annual Report and Accounts, as well as the Risk Factors on pages 179-200 of the NWM 2021 Annual Report and Accounts, respectively.

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include 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. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, RoTE, ROE, discretionary capital distribution targets, impairment loss rates, balance sheet reduction, including the reduction of RWAs, CET1 ratio (and key drivers of the CET1 ratio including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as NatWest Group's initial areas of focus, climate and ESG-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, Climate and Sustainable Funding and Financing (CSFF) and financed emissions. In addition, this document includes forward-looking statements relating, but not limited to: the Covid-19 pandemic and its impact on NatWest Group; planned cost reductions, disposal losses and strategic costs; implementation of NatWest Group's purpose-led strategy and other strategic priorities (including in relation to: its phased withdrawal from ROI, the NWM Refocusing and investment programmes relating to digital transformation of its operations and services and inorganic opportunities); the timing and outcome of litigation and government and regulatory investigations; direct and on-market buy-backs; funding plans and credit risk profile; managing its capital position; liquidity ratio; portfolios; net interest margin and drivers related thereto; lending and income growth, product share and growth in target segments; impairments and write-downs, including with respect to goodwill; restructuring and remediation costs and charges; NatWest Group's exposure to political risk, economic assumptions and risk, climate, environmental and sustainability risk, operational risk, conduct risk, financial crime risk, cyber, data and IT risk and credit rating risk and to various types of market risk, including interest rate risk, foreign exchange rate risk and commodity and equity price risk; customer experience, including our Net Promotor Score (NPS); employee engagement and gender balance in leadership positions.

Limitations inherent to forward-looking statements

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's strategy or operations, which may result in NatWest Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required.

Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document. These factors include, but are not limited to, those set forth in the risk factors and the other uncertainties described in NatWest Group plc's Annual Report on Form 20-F and its other filings with the US Securities and Exchange Commission. The principal risks and uncertainties that could adversely NatWest Group's future results, its financial condition and prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to: economic and political risk (including in respect of: the impact of the COVID-19 pandemic on NatWest Group and its customers; political and economic risks and uncertainty in the UK and global markets; uncertainty regarding the effects of Brexit; changes in interest rates and foreign currency exchange rates; and HM Treasury's ownership of NatWest Group plc); strategic risk (including in respect of the implementation of NatWest Group's purpose-led strategy; refocusing of its NWM franchise; and the effect of the COVID-19 pandemic on NatWest Group's strategic objectives and targets); financial resilience risk (including in respect of: NatWest Group's ability to meet targets and to make discretionary capital distributions; the competitive environment; impact of the COVID-19 pandemic on the credit quality of NatWest Group's counterparties; counterparty and borrower risk; prudential regulatory requirements for capital and MREL; the adequacy of NatWest Group's resolution plans; liquidity and funding risks; changes in the credit ratings; the requirements of regulatory stress tests; goodwill impairment; model risk; sensitivity to accounting policies, judgments, assumptions and estimates; changes in applicable accounting standards; the value or effectiveness of credit protection; and the application of UK statutory stabilisation or resolution powers); climate and sustainability risk (including in respect of: risks relating to climate change and the transitioning to a net zero economy; the implementation of NatWest Group's climate change strategy and climate change resilient systems, controls and procedures; climate-related data and model risk; the failure to adapt to emerging climate, environmental and sustainability risks and opportunities; changes in ESG ratings; increasing levels of climate, environmental and sustainability related regulation and oversight; and climate, environmental and sustainability-related litigation, enforcement proceedings and investigations); operational and IT resilience risk (including in respect of: operational risks (including reliance on third party suppliers); cyberattacks; the accuracy and effective use of data; complex IT systems (including those that enable remote working); attracting, retaining and developing senior management and skilled personnel; NatWest Group's risk management framework; and reputational risk); and legal, regulatory and conduct risk (including in respect of: the impact of substantial regulation and oversight; compliance with regulatory requirements; the outcome of legal, regulatory and governmental actions and investigations; the transition of LIBOR other IBOR rates to alternative risk-free rates; and changes in tax legislation or failure to generate future taxable profits).

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or a solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.