

NatWest Group plc

Investor Factbook

H1 Results 2022



We have clear financial targets:

Strengthened guidance underpinned by strong customer franchises, continued lending growth and a well diversified balance sheet with strong credit quality and capital position

RoTE

RoTE target: strengthened to 14-16% for the Group in 2023

Income^{1,2}

Income target: strengthened to around £12.5bn in 2022

Costs^{1,3}

~3% reduction in 2022 and broadly stable in 2023 with positive operating jaws

Capital

CET1 ratio of 13-14% by 2023, ~14% by end 2022

1. Go-forward group excludes Ulster Bank ROI.

2. Income excluding notable items.

3. Other operating expenses defined as total operating expenses less litigation and conduct.



H1'22 results highlights

Balanced growth and strong operating performance driving attractive returns and capital generation

- Strong loan growth of £9bn (up 2.6%) in H1'22
- 17.7% positive operating jaws¹ driven by strong income growth and cost reduction
- High quality loan book with no emerging signs of stress
- Continued improvement in RoTE and further strong capital distributions in H1'22

H1'22 performance

£2,833m

Operating profit before tax² vs. £2,512m in H1'21

£1,891m

Attributable profit vs. £1,842m in H1'21

13.1%

Return on Tangible Equity vs. 11.7% in H1'21

Delivering on growth, cost reduction and capital

16.2%

Income growth³, up £819m vs. H1'21

1.5%

Cost reduction⁴ of £50m vs. H1'21

14.3%

CET1 Capital Ratio down 160bps vs. 1 Jan 22 (incl. 190bps of capital distributions)

£3.3bn shareholder distributions announced for H1'22

£0.4bn

Interim dividend (£1bn minimum annual dividend, £0.5bn accrual in 14.3% CET1 ratio)

£1.75bn

Special dividend with share consolidation announced

£1.2bn

Directed buyback completed in Mar'22

1. Operating jaws defined as year on year income growth³ less cost growth⁴ 2. Go-forward group. 3. Income excluding notable items for the Go-forward group, which excludes Ulster Bank Rol. 4. Other operating expenses for the Go-forward group, which excludes Ulster Bank Rol.

The guidance, targets, expectations and trends discussed in this document represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Summary Risk Factors" on pages 106-107 of the NatWest Group plc H1 IMS, the "Risk Factors" on pages 406-426 of the NatWest Group plc 2021 Annual Report and Accounts, pages 136-157 of NatWest Group plc's 2021 Form 20-F as well as the "Summary Risk Factors" on pages 28-29 of the NWM H1 IMS and the Risk Factors on pages 179-200 of the NWM 2021 Annual Report and Accounts, respectively. These statements constitute forward-looking statements.

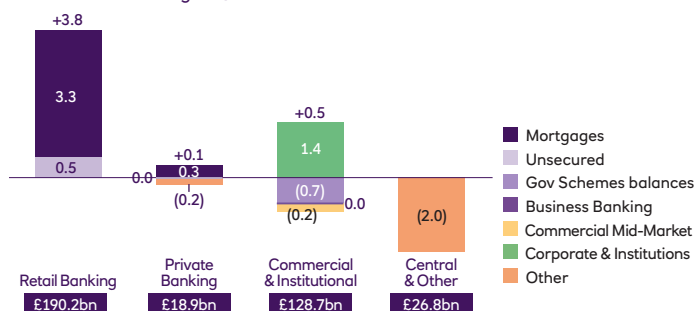
Segmental summary

Group, Q2'22 £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Go-forward Group	Ulster Bank Rol (continuing & discontinued) ²	Group incl. discontinued ops) ²
Net interest income	1.2	0.2	1.0	(0.1)	2.3	0.1	2.4
Non-interest income	0.1	0.1	0.6	0.1	0.9	–	0.9
Total income	1.3	0.2	1.6	0.1	3.2	0.1	3.3
Income ex-notable items	1.3	0.2	1.6	(0.1)	3.1	0.1	3.2
Other operating expenses	(0.6)	(0.1)	(0.9)	(0.0)	(1.6)	(0.1)	(1.8)
Litigation and conduct	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.1)
Operating expenses	(0.6)	(0.1)	(0.9)	(0.1)	(1.7)	(0.2)	(1.8)
Operating profit/(loss) before impairment releases/(losses)	0.7	0.1	0.7	0.0	1.5	(0.1)	1.4
Impairment releases/(losses)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.1
Operating profit/(loss)	0.7	0.1	0.7	0.0	1.5	(0.0)	1.5
Net loans to customers – amortised cost	188.7	18.8	127.3	26.8	361.6	15.2	376.8
Customer Deposits	190.5	41.6	223.2	20.9	476.2	15.9	492.1
RWA's	53.0	11.3	103.0	1.7	169.0	10.8	179.8
Return on equity / tangible equity	29.5%	23.5%	14.0%	n.m.	16.5%	n.m.	15.2%
Cost: income ratio	44.7%	59.6%	56.6%	n.m.	52.4%	n.m.	56.7%

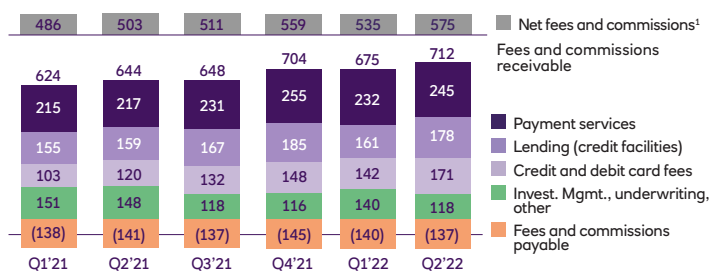
1. May not cast due to rounding. 2. Totals per slide 37 of the H1'22 Results Presentation.

Go-forward group gross customer loans¹, Q2'22 vs Q1'22, £bn

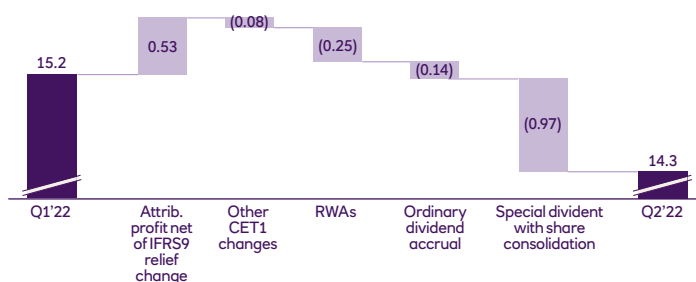
Balances outstanding at Q2'22



Go-forward group Fees and Commissions¹, £m

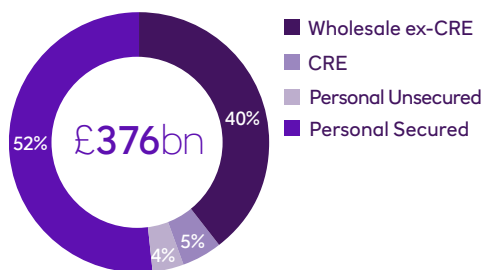


CET1 ratio, (%)²



1. Go-forward = NWG excluding Ulster Bank ROI. 2. May not cast due to rounding. 3. Other operating expenses for the Go-forward group, excluding Ulster Bank ROI.

Well diversified loan book, strong track record on risk management



- 93% Personal lending secured with 92% Mortgage book fixed
- 53% Average mortgage LTV
- 48% Average CRE LTV

We are a relationship bank for a digital world delivering improved customer experience and productivity

We are meeting our customers' needs digitally

- 61% Retail customers bank entirely digitally (50% Mar'20)¹
- 88% Retail customer needs met digitally (53% FY'19)
- 84% Commercial customers digitally active (76% FY'19)
- 93% of all youth accounts opened digitally (38% FY'19)

We are investing in improving customer journeys

- 70% Retail account opening straight through processing (14% FY'19)
- 5.3m Retail Cora conversations in H1'22, same level as FY'19; 49% required no human intervention³

Strong customer satisfaction outcomes driving customer acquisition

- +17 Retail NPS (+4 FY'19)⁴
- +28 Affluent NPS (-2 FY'19)⁴
- +52 Business Banking Mobile NPS (+51 FY'19)⁴
- +23 One of the leading Commercial Banking NPS⁵

1. Retail Banking current account customers only based on the average for the last month of the period. Mar'20 is when the metric started being tracked. 2. Excludes legacy platforms. 3. Retail also includes Business Banking customers using Online / Mobile Channels. 4. Source: Internal NPS survey. 5. Source: MarketVue Business Banking from Savanta, Q2 2022 data, compared with customers of other banks with a turnover of £2m+ in England and Wales. NatWest's main-bank NPS is 23 (n=570).

Our purpose in action

Helping people, families and businesses navigate through uncertainty

- Driven by our purpose, we are taking action in response to the changes in the cost of living to support our stakeholders
- Our strong financial performance and robust balance sheet means we are able to stand alongside our customers and colleagues
- Underpinned by proactive risk management

1. Delivered through organisations we work with, including Citizens Advice, StepChange and Money Advice Trust.

Personal customers



Supporting customers at every stage of their lives

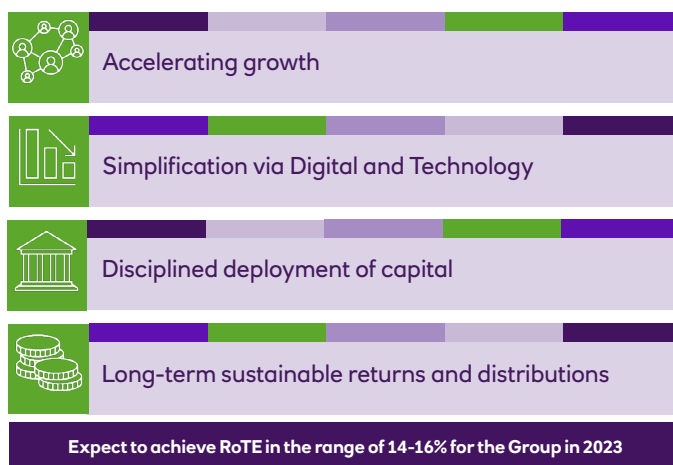
Sustainable growth: with an intelligent approach to risk:	Retail Banking	Private Banking	Commercial & Institutional
1 Deepening relationships and acquiring new customers <ul style="list-style-type: none"> • Focused on engaging customers earlier in their life cycle and anticipating customer needs with personal, data driven analytics 	<ul style="list-style-type: none"> • 310k New current accounts opened in H1'22 • Launched NatWest Rooster Money (acquired 130k customers); 17k customers signed up already in H1'22 	<ul style="list-style-type: none"> • +1.1k New connections in H1'22 (20% via group referrals) • 17k Affluent customers onboarded in H1'22 vs. 25k in all of 2021 	<ul style="list-style-type: none"> • +49k New accounts opened for start-ups in H1'22 (39% via Mettle) • Helping fast growing companies to thrive at all stages of their lifecycle by providing specialised support
2 Supporting customers through their energy transition <ul style="list-style-type: none"> • Delivered £20bn of £100bn target for Climate Sustainable Funding and Financing¹ 	<ul style="list-style-type: none"> • 90% increase in Retail Banking green mortgage cumulative completions in H1'22 to £1,397² • Over 300k customers accessed their carbon footprint so far this year via a feature in our mobile app³ 	<ul style="list-style-type: none"> • Recognised as having one of the best sustainability offerings in UK • 50% of assets under management on a net zero trajectory by 2025⁴ 	<ul style="list-style-type: none"> • No.1 in GBP and No.2 in Europe for Green, Social and Sustainability bond underwriting⁵ • Carbonplace now has 9 members, world's first transparent global marketplace for carbon offsets
3 Diversifying income streams <ul style="list-style-type: none"> • Investment-led and innovation driven approach to drive income growth 	<ul style="list-style-type: none"> • 8% increase in credit card balances in H1'22 to £4.1bn • 6.5% Credit card market share in Q2'22, +10bps vs. Q1'22; 168k cards issued in H1'22, strongest start to year since 2014 • Increased student current account flow share to 12.5% from 8.3% in FY'19⁶ 	<ul style="list-style-type: none"> • 4% increase in Affluent AuMA⁷ in H1'22 to £2.6bn (total AuMA of £32.9bn) • Personal digital investment funds⁸ grew to ~£0.8bn in 3 years through to FY'20 and more than doubled to ~£1.6bn in FY'21 • £1.4bn Net New Money in H1'22, similar amount as whole of FY'20; a strong result in a volatile market 	<ul style="list-style-type: none"> • NWM FX income up 37% in H1'22 to £280m • ~200 new Mid Corporate customers transacted FX with NatWest Markets in H1'22; ~350 since launch in Apr'21 • Strong growth in customer activity with Private Funds and Corporate customers over H1'22

1. Additional CSFF between 1 July 2021 and end of 2025. 2. Retail Banking only, mortgages labelled "green" premised on EPC A or B energy efficiency ratings of homes. Cumulative completions since launch in Q4 2020, including £8m in FY'20. 3. YTD as at 21 July. Available footprint within NatWest, Royal Bank of Scotland or Ulster Bank Northern Ireland banking app. 4. Commitment covers all core managed funds and discretionary portfolios. Net Zero Trajectory is a commitment, credible plan or action taken to achieve net zero greenhouse gas emissions by 2050. 5. #1 for supporting all UK customers who issue Green, Social and Sustainability labelled debt, 2022 year to date. NatWest Markets was also #2 lead manager for European corporate Green, Social and Sustainability labelled debt, 2022 year to date, as well as #2 lead manager of European FIs in the same sector. Year to date as at 1 July 2022. Source: Dealogic. 6. CACI - flow share of 11-17 on a 12 month rolling basis. 7. Affluent also includes Retail customers who have a NatWest/ Royal Bank Invest product. Affluent AuMA are managed by Coutts. Channels include digital, face to face, hybrid as well as dealing and administration. 8. NatWest Invest, Royal Bank Invest and Coutts Invest Digital and Hybrid channels. Excludes dealing and administration.

Returning surplus capital to shareholders

- £3.3bn shareholder distributions announced for H1'22
- £1.75bn special dividend, 16.8p per share, with share consolidation announced
- £0.4bn interim dividend, 3.5p per share announced
- £1.2bn directed buy back completed in Mar'22, Government holding c.49%
- £750m second on-market buyback complete – reducing sharecount, EPS accretive
- Inorganic opportunities will be considered if they support our strategy and deliver value

Our investment case

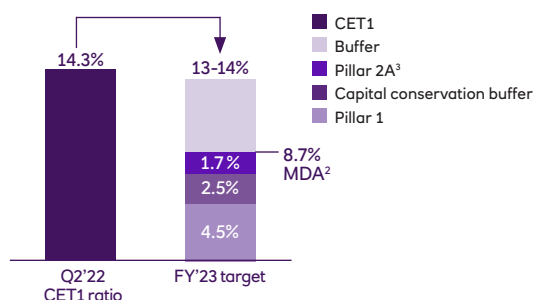


Robust balance sheet with strong capital & liquidity levels

CET1 headroom above medium term target^{1,2}

30-130bps

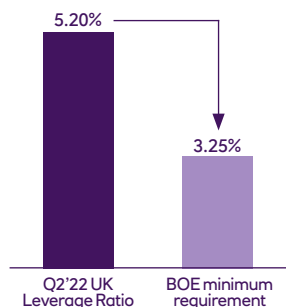
c.£0.5bn – £2.3bn of headroom as at 30 June 2022



Headroom above minimum UK leverage requirements

195bps

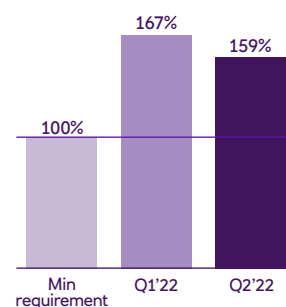
headroom above minimum requirements



Liquidity coverage ratio remains well above min UK requirement

£76.1bn

surplus liquidity over minimum requirement



1. 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. Pillar 2A requirements for NatWest Group are set on a nominal capital basis. The PRA has confirmed that from Q4 2022 Pillar 2A will be set as a variable amount with the exception of some fixed add-ons. 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.

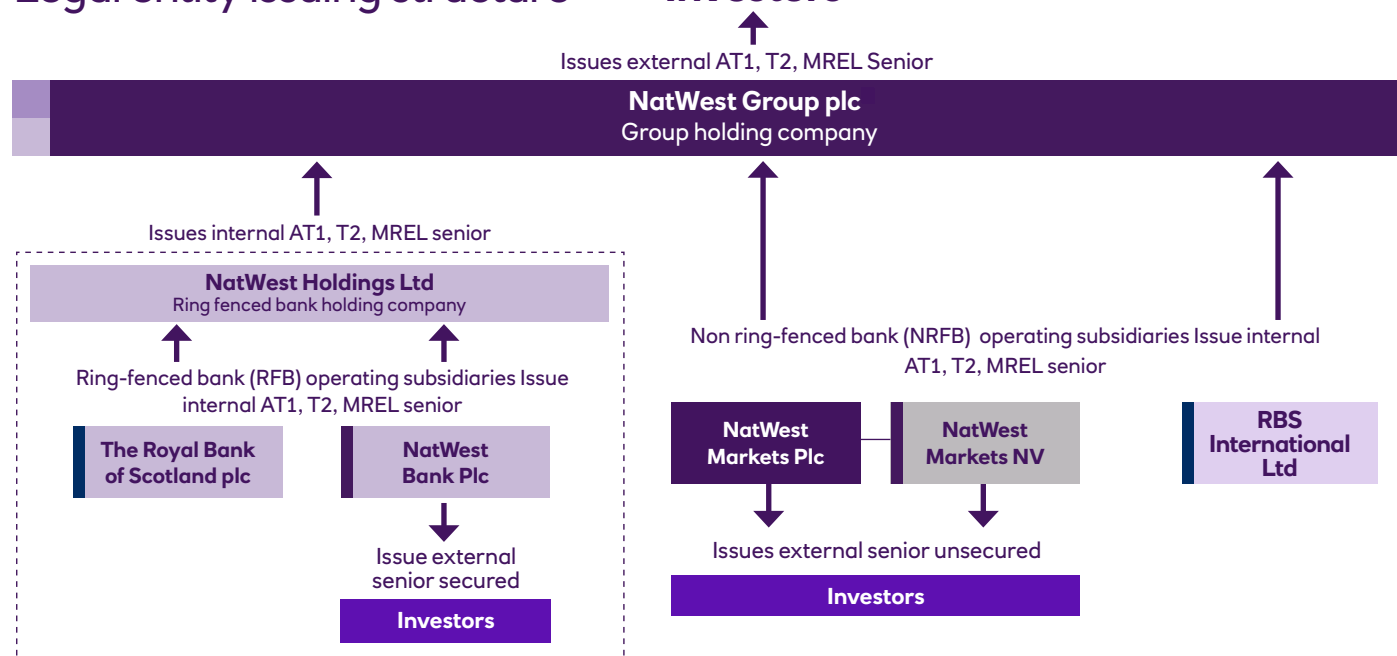
Credit ratings¹

	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*/A1/Sta	A/Sta	A+/Sta
Royal Bank of Scotland plc	A1*/A1/Sta	A/Sta	A+/Sta
Ulster Bank Ireland DAC	A1*/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	A3/Sta	A-/Sta	A/Sta

1. Ratings updated on 23/09/2022, post Moody's rating action. *Moody's Long-Term Bank Deposit Ratings.

Legal entity issuing structure

Investors



ESG Ratings and Benchmarks¹

ESG Rating	Scale:	2019:	2020:	2021:	July 2022
MSCI	AAA to CCC	BBB	▲ AA	AA	AA ²
Sustainalytics Risk Rating	1-100 Negligible to Severe	27.7 Medium risk	▼ 20.5 Medium risk	▼ 17.3 Low risk	▲ 17.7 Low risk

1. 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 29/07/22. 2. Score or rating yet to be reviewed for 2022.