NatWest Group

Q1 2024 Results

26 April 2024

NatWest Group

Paul Thwaite
Chief Executive Officer

Supporting our 19m customers

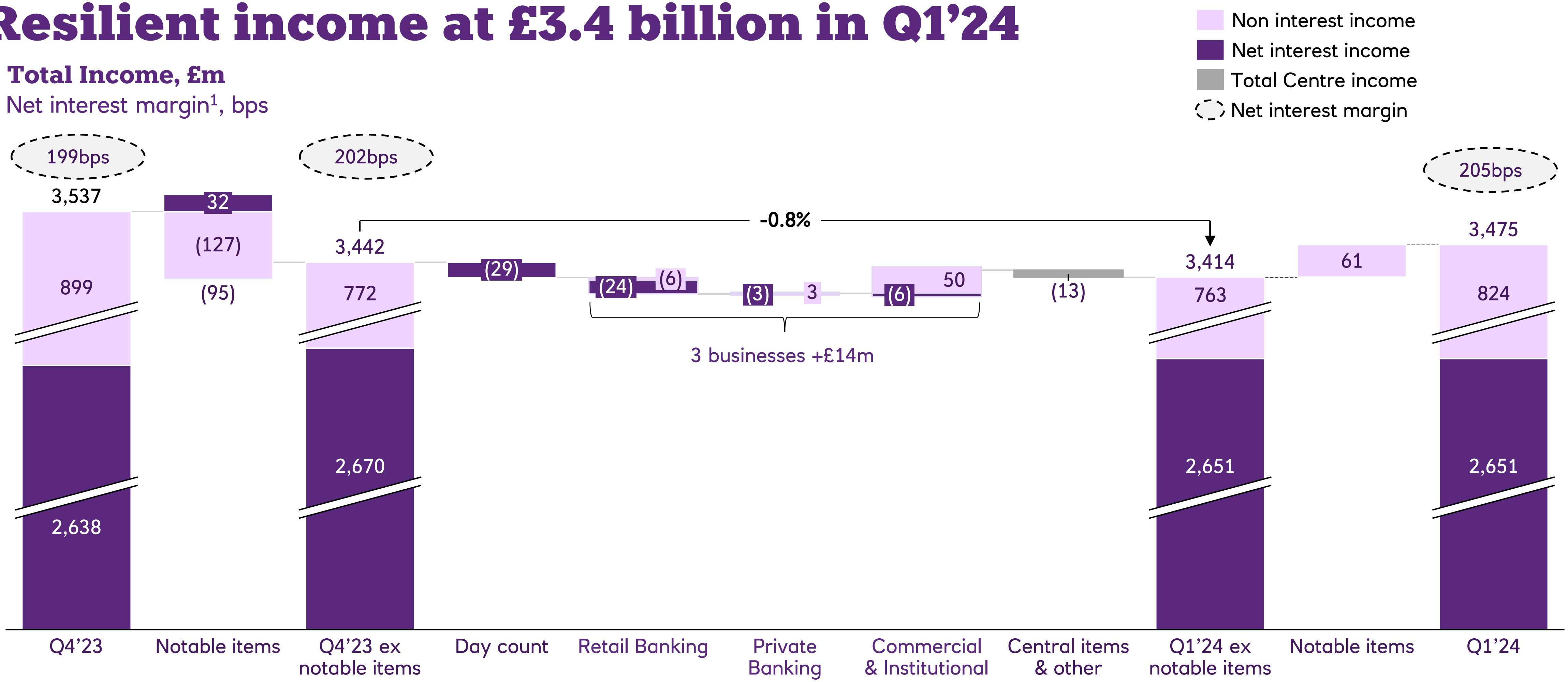
Disciplined approach to growth	**£361bn** Customer Loans[1] +£1.4bn vs Q4'23	**£420bn** Customer Deposits[2] +£0.9bn vs Q4'23	**£43bn** AUMA[3] +£2.3bn vs Q4'23
Strong returns with attributable profit of £0.9bn	**£3.4bn** Income ex notable items[4] vs £3.8bn in Q1'23	**£2.0bn** Costs[5] vs £1.9bn in Q1'23	**14.2%** Return on Tangible Equity vs 19.8% in Q1'23
Continued capital generation and distributions	**302p** TNAV per share +10p vs Q4'23	**13.5%** CET1 ratio vs 13.4% in Q4'23	**£0.4bn** Ordinary dividend accrual for targeted ~40% payout ratio

Katie Murray
Chief Financial Officer

Strong financial performance

Group, £m	Q1'24	Q4'23	Q1'23	Q1'24 vs Q4'23	Q1'24 vs Q1'23
Net interest income, ex notable items[1]	2,651	2,670	2,902	(0.7%)	(8.6%)
Non-interest income, ex notable items[1]	763	772	918	(1.2%)	(16.9%)
Total income, ex notable items[1]	**3,414**	**3,442**	**3,820**	**(0.8%)**	**(10.6%)**
Total income	**3,475**	**3,537**	**3,876**	**(1.8%)**	**(10.3%)**
Other operating expenses	(2,028)	(2,041)	(1,932)	(0.6%)	5.0%
o.w. bank levies[2]	*(87)*	*(105)*	*(4)*		
Litigation and conduct costs	(24)	(113)	(56)	(78.8%)	(57.1%)
Operating expenses	**(2,052)**	**(2,154)**	**(1,988)**	**(4.7%)**	**3.2%**
Operating profit before impairments	**1,423**	**1,383**	**1,888**	**2.9%**	**(24.6%)**
Impairment losses	(93)	(126)	(70)	(26.2%)	32.9%
Loan impairment rate	*10bps*	*13bps*	*7bps*	*(3bps)*	*3bps*
Operating profit	**1,330**	**1,257**	**1,818**	**5.8%**	**(26.8%)**
Attributable profit	**918**	**1,229**	**1,279**	**(25.3%)**	**(28.2%)**
Return on Tangible Equity	**14.2%**	**20.1%**	**19.8%**	**(6)ppts**	**(6)ppts**

Resilient income at £3.4 billion in Q1'24



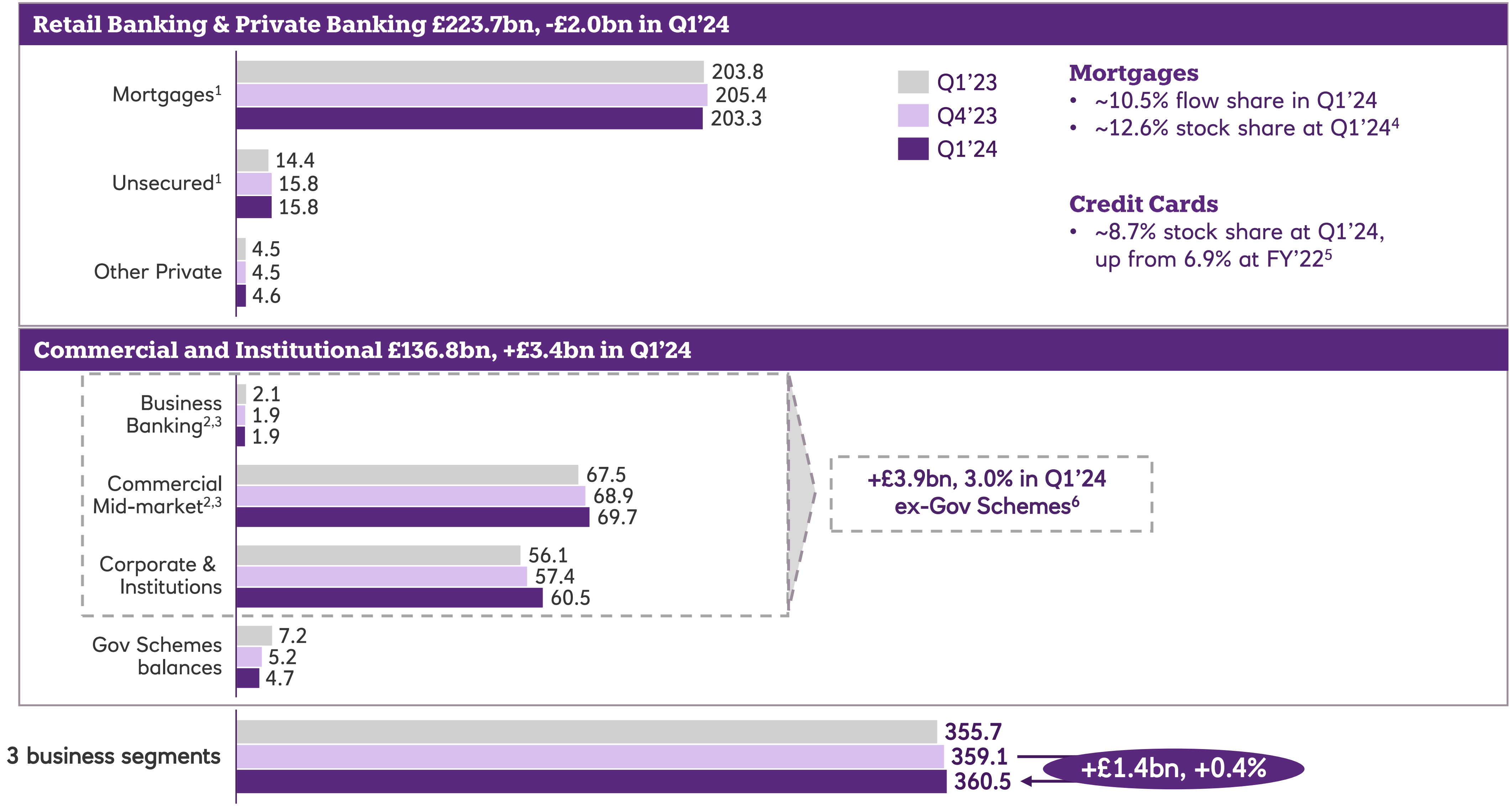
Retail Banking -£30m
NII – lower mortgage income primary driver
Non II – lower seasonal spending

Private Banking +£1m
NII – lower balances and mortgage margin
Non II – higher average AUMA

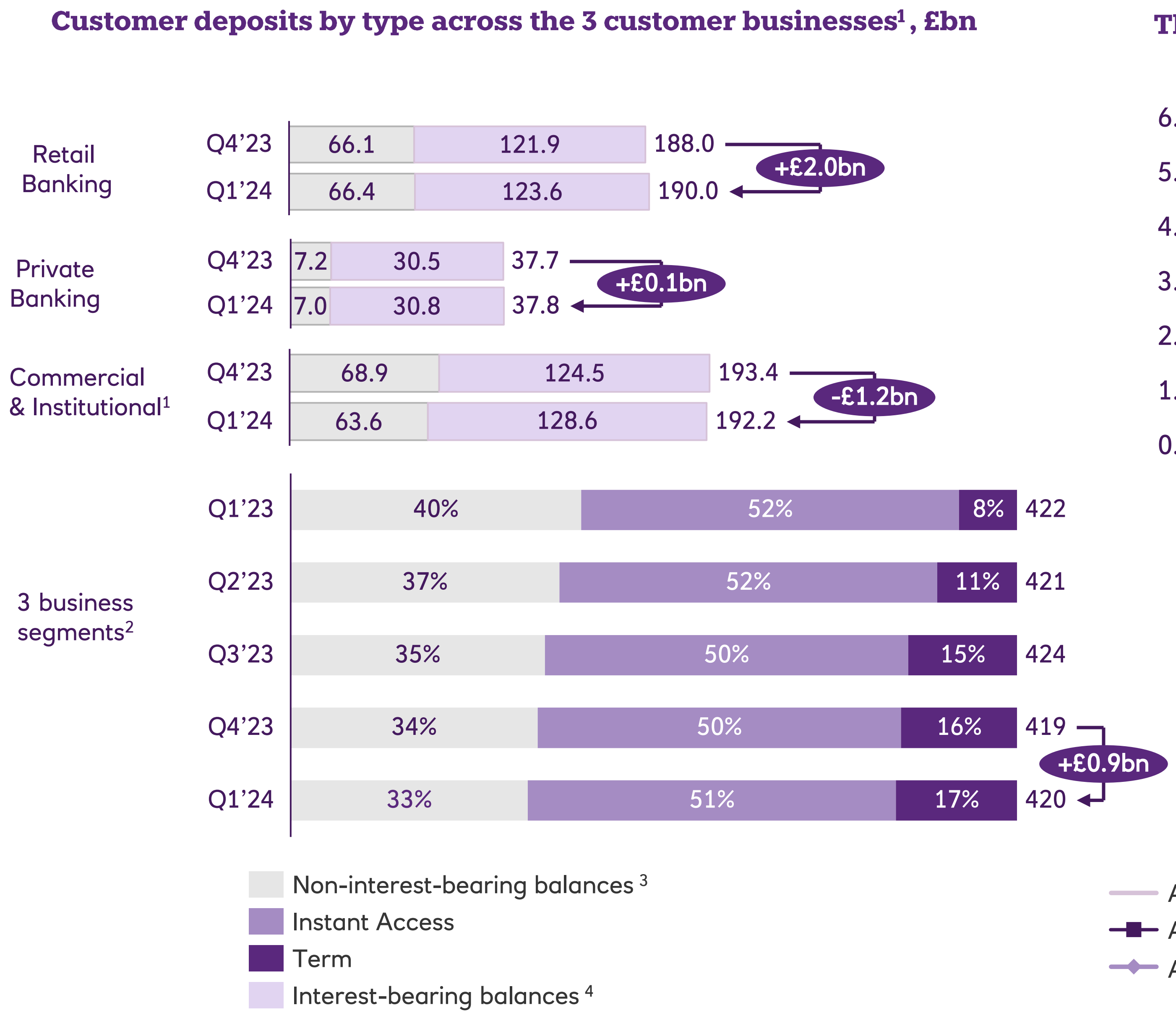
C&I +£44m
NII – lower deposit balances
Non II – higher markets income

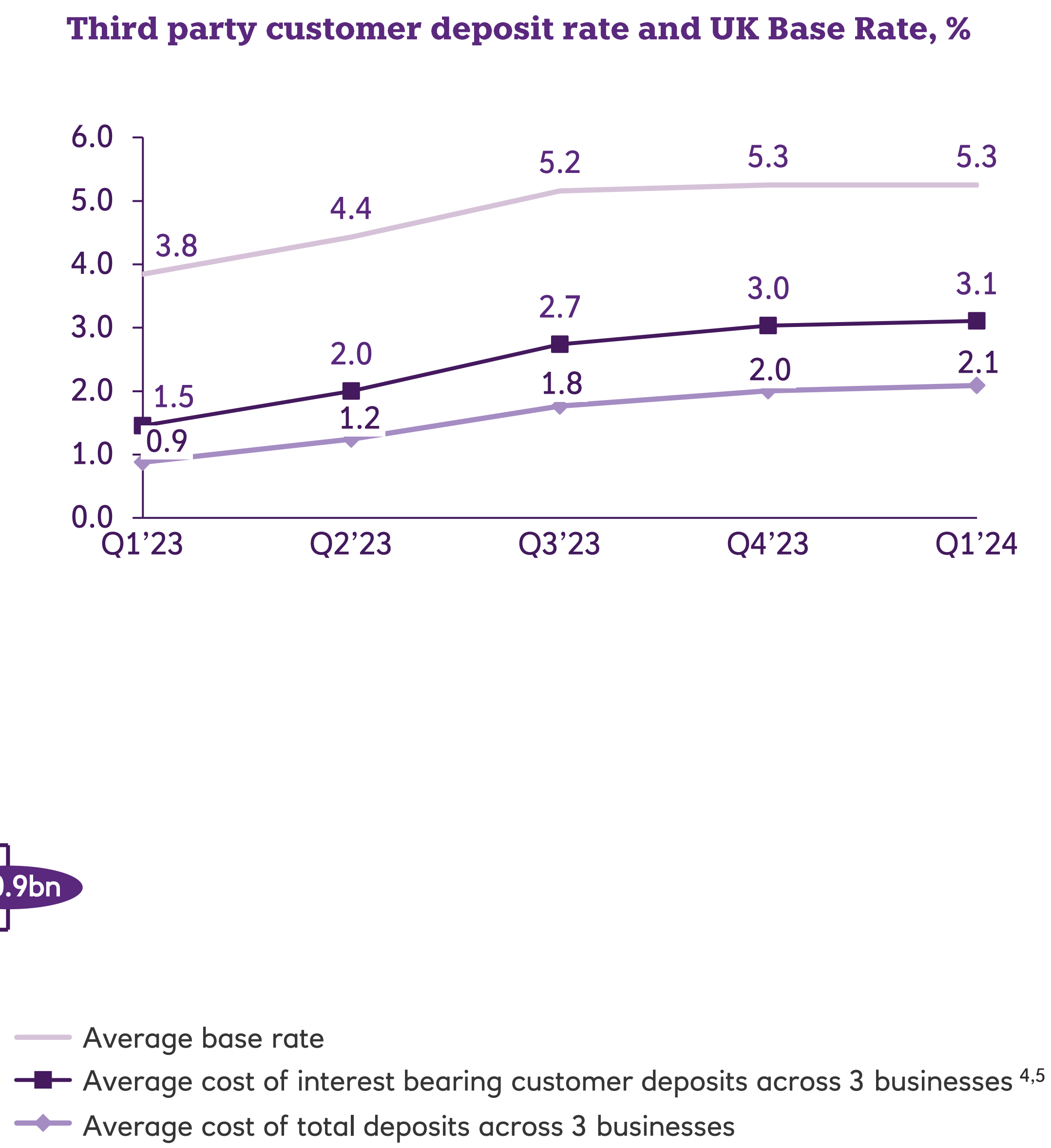
Disciplined approach to growth

Gross loans to customers (amortised cost) at Q1’24, £bn



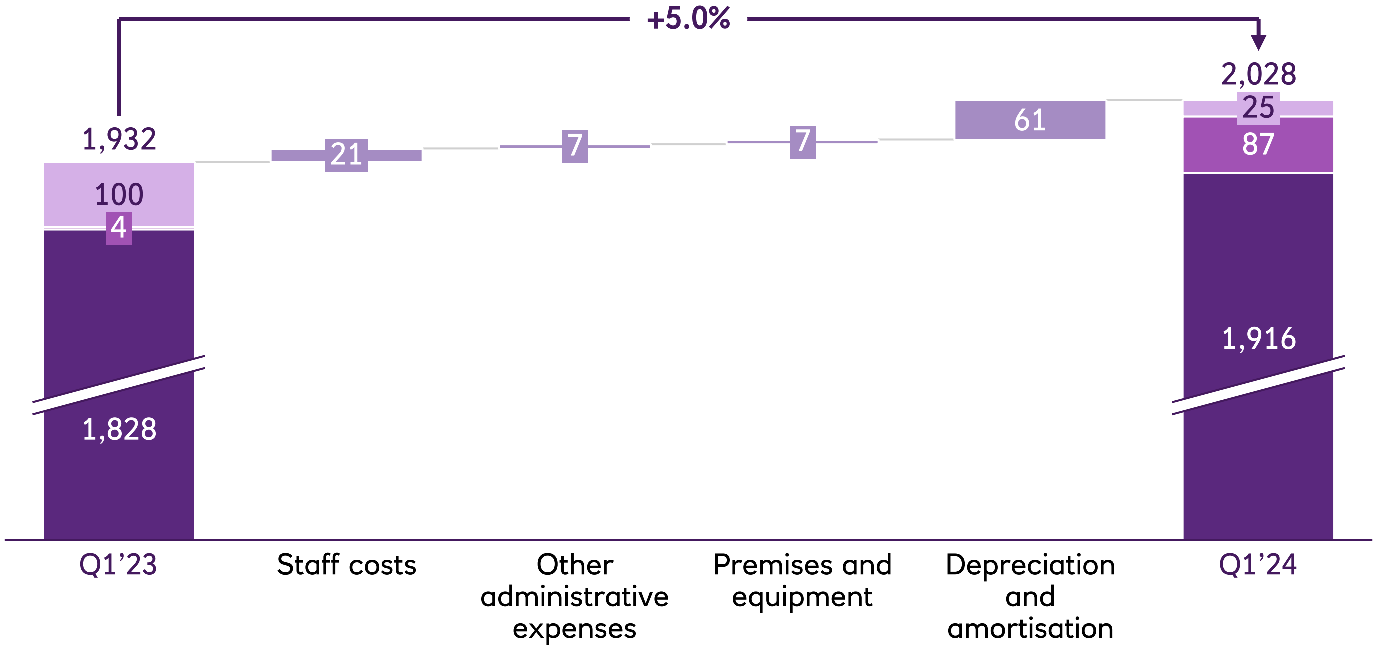
Deposits stable with migration slowing as expected



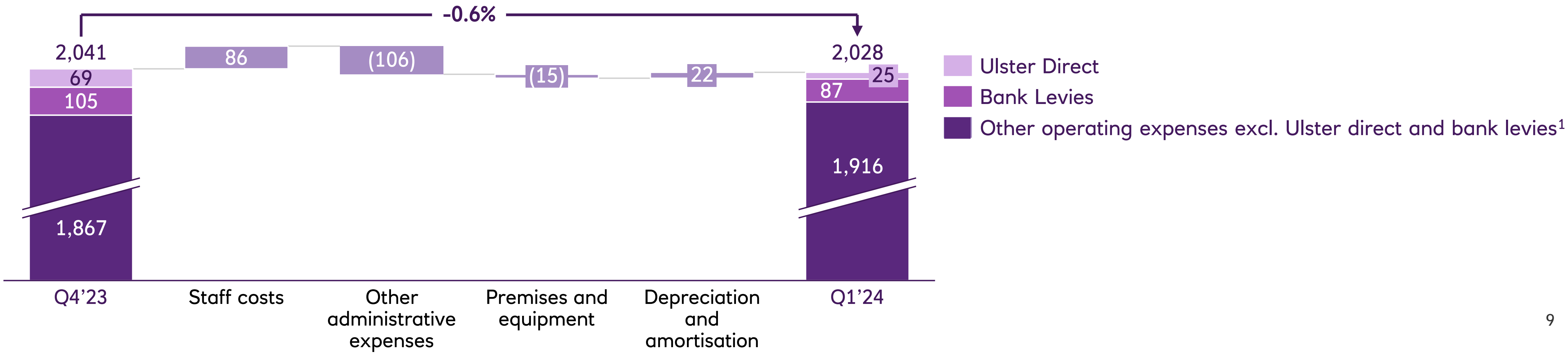


Other operating expenses on track

Other operating expenses, £m

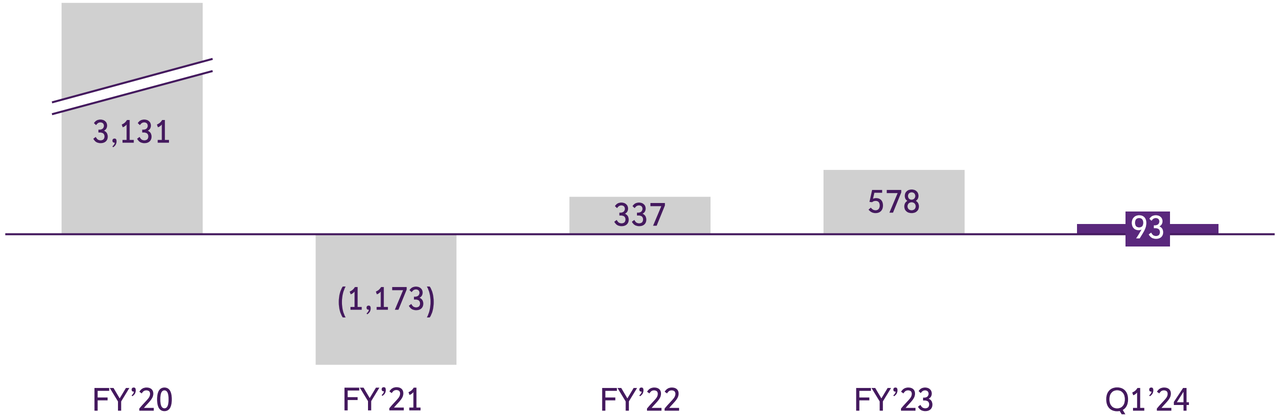


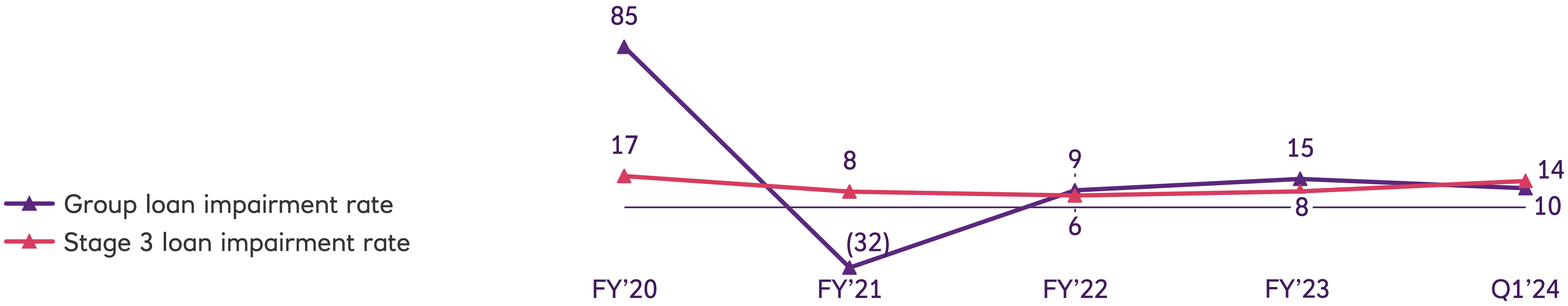
- FY'24 severance and property exit costs more weighted to first half
- New BOE levy recognised annually in March with income recovery through the year
- **In 2024, we expect other operating expenses to be broadly stable compared with 2023, excluding around £0.1 billion increase in bank levies**



Asset quality remains strong

Loan Impairment charge / (release), £m

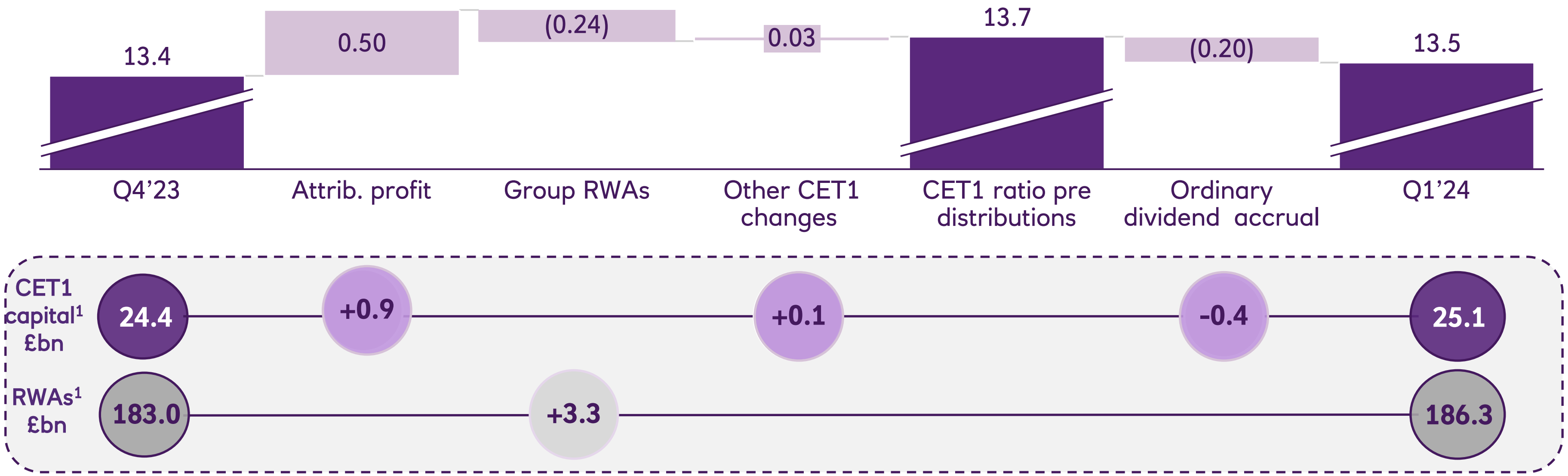




Balance Sheet Post Model Adjustment For Economic uncertainty, £m	878	584	352	429	411

CET1 13.5% post dividend accrual, retain capacity for buybacks

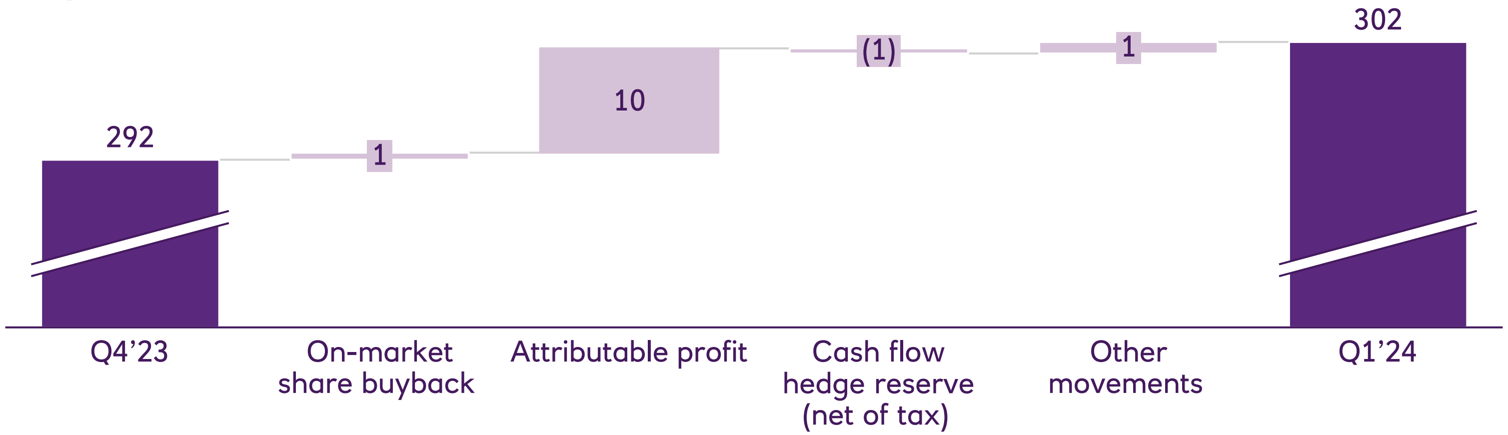
Common Equity Tier 1 (CET1) ratio, %



Target CET1 ratio in 13-14% range

~£200bn end 2025[2]

Tangible Net Asset Value (TNAV) per share, pence



Targets and 2024 guidance[1]

2024 Guidance

Total Income	Other operating expenses	Loan impairment rate	RoTE
£13.0-13.5bn[2]	Broadly stable vs 2023[3]	Below 20bps	~12%

Q1 Performance

Total Income	Other operating expenses	Loan impairment rate	RoTE
£3.4bn[2]	£2.0bn	10bps	14.2%

Targets

2026 RoTE target of >13%

Ordinary dividend payout ratio ~40%

Capacity for buybacks

CET1 ratio in the range of 13-14%

Q&A

Appendix

Outlook statements[1]

Outlook Q1'24	We retain the outlook guidance provided in the 2023 Annual Report and Accounts with the exception of full year 2024 Group operating costs (excluding litigation and conduct costs) which is now expected to be broadly stable compared with 2023 excluding around £0.1 billion increase in bank levies.
Outlook FY'23	The economic outlook remains uncertain. We will monitor and react to market conditions and refine our internal forecasts as the economic position evolves. The following statements are based on our current expectations for interest rates and economic activity. **In 2024 we expect:** - to achieve a return on tangible equity of around 12%. - income excluding notable items to be in the range of £13.0-13.5 billion. - Group operating costs, excluding litigation and conduct costs, to be broadly stable compared with 2023 - our loan impairment rate to be below 20 basis points. **In 2026 we expect:** - to achieve a return on tangible equity for the Group of greater than 13% **Capital** - target a CET1 ratio in the range of 13-14%. - expect RWAs to be around £200 billion at the end of 2025, including the impact of Basel 3.1, however this remains subject to final rules and approval. - expect to pay ordinary dividends of around 40% of attributable profit and maintain capacity to participate in directed buybacks from the UK Government, recognising that any exercise of this authority would be dependent upon HMT's intentions. We will also consider further on-market buybacks as appropriate.

Notable items

	Q1'23	Q2'23	Q3'23	Q4'23	FY'23	Q1'24
Group income	**3,876**	**3,851**	**3,488**	**3,537**	**14,752**	**3,475**

Notable items in Income, £m	Q1'23	Q2'23	Q3'23	Q4'23	FY'23	Q1'24
Commercial and Institutional Banking						
Own credit adjustments (OCA)	6	3	(6)	(5)	(2)	(5)
Tax interest on prior periods (Net Interest Income)	--	--	--	3	3	--
Central items & other						
Interest and FX risk management derivatives not in accounting hedge relationships	75	(23)	48	(21)	79	59
Loss on redemption of own debt	--	--	--		--	
Liquidity Asset Bond sale losses	(13)	(11)	(9)	(10)	(43)	--
Share of associate profits/(losses) for Business Growth Fund	(12)	(3)	10	1	(4)	7
Property Restructuring	--	--	(69)	--	(69)	--
FX recycling gains	--	322	--	162	484	--
Tax interest on prior periods (Net Interest Income)	--	--	--	(35)	(35)	--
Total notable items in Group income	**56**	**288**	**(26)**	**95**	**413**	**61**
Group income excluding notable items	**3,820**	**3,563**	**3,514**	**3,442**	**14,339**	**3,414**

Segmental summary[1]

Group Q1'24, £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Net interest income	1.2	0.1	1.2	0.1	2.7
Non-interest income	0.1	0.1	0.6	0.0	0.8
Total income	**1.3**	**0.2**	**1.9**	**0.1**	3.5
Income ex-notable items	*1.3*	*0.2*	*1.9*	*0.0*	3.4
Other operating expenses	(0.8)	(0.2)	(1.0)	(0.1)	(2.0)
Litigation and conduct	(0.0)	(0.0)	(0.0)	0.0	(0.0)
Operating expenses	**(0.8)**	**(0.2)**	**(1.1)**	**(0.0)**	(2.1)
Operating profit/(loss) before impairment releases/(losses)	**0.6**	**0.0**	**0.8**	**0.0**	1.4
Impairment releases/(losses)	(0.1)	0.0	(0.0)	0.0	(0.1)
Operating profit/(loss)	**0.5**	**0.0**	**0.8**	**0.0**	1.3

£bn					
Net loans to customers - amortised cost	203.5	18.2	135.3	21.0	378.0
Customer Deposits	190.0	37.8	192.2	12.8	432.8
RWAs	62.5	11.3	109.9	2.6	186.3

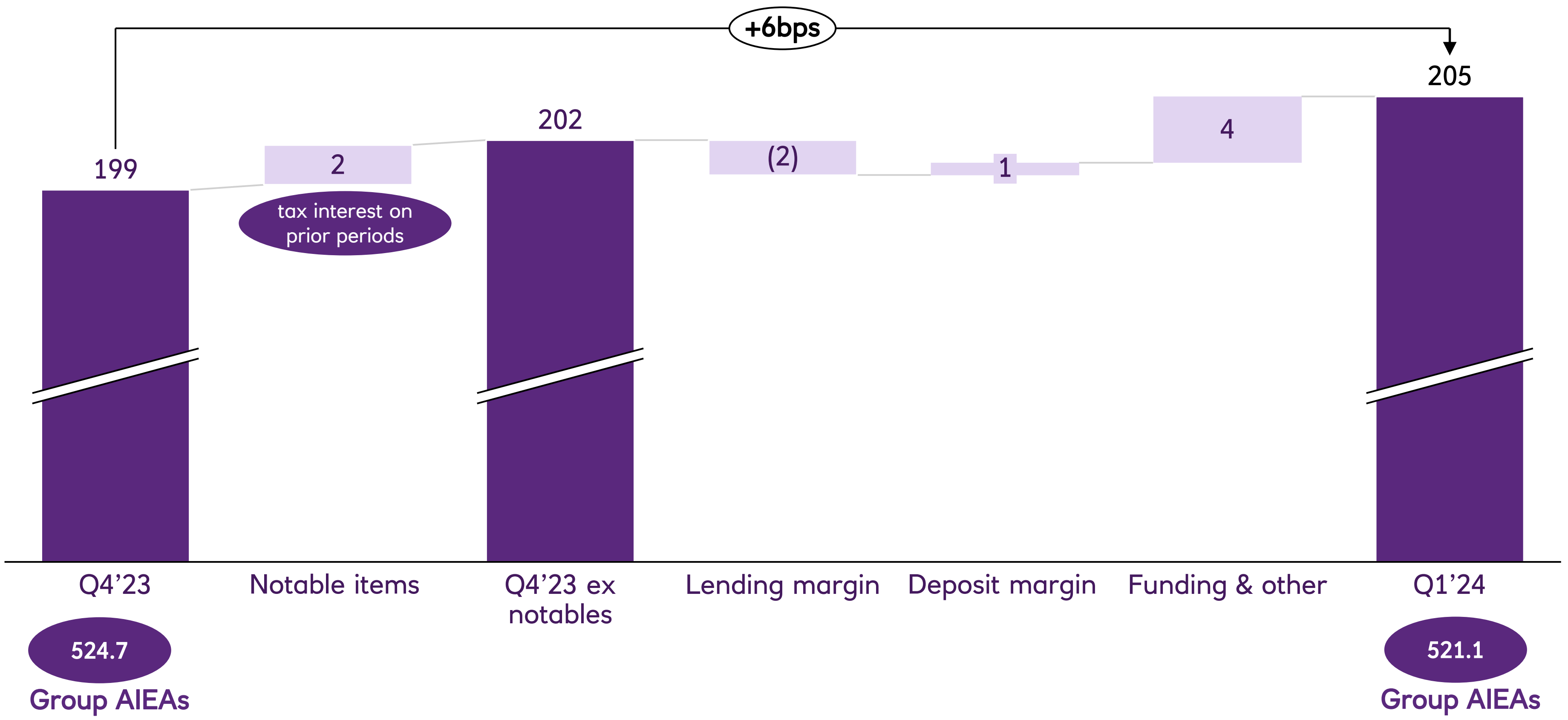
Return on equity / tangible equity	**16.5%**	**6.7%**	**14.6%**	**nm**	**14.2%**
Cost:income ratio	**57.9%**	**86.5%**	**54.9%**	**nm**	**58.4%**

Tangible net asset value

	GBP, m	Share count, m	Pence
As at 31 December 2023	**25,653**	**8,792**	**292**
On-market share buyback	(235)	(102)	1
Attributable profit	918		10
Cash flow hedge reserve (net of tax)	(45)		(1)
Other movements	69	37	1
Net change	**707**	**(65)**	**10**
As at 31 March 2024	**26,360**	**8,727**	**302**

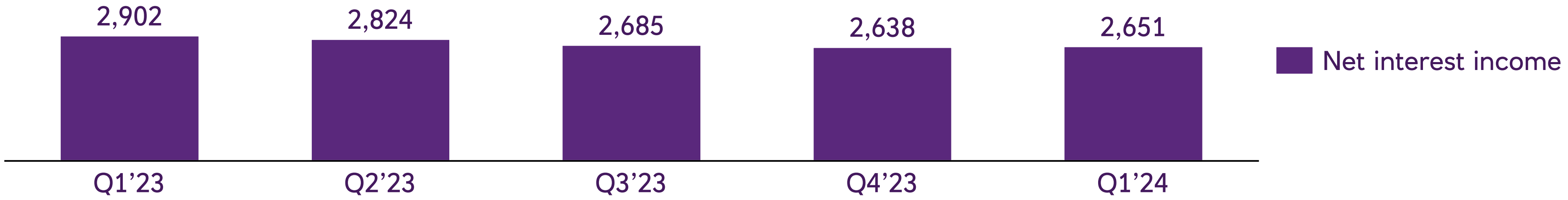
Net Interest Margin in Q1'24

Net Interest Margin[1], (NIM) bps
Average Interest Earning Assets (AIEA's), £bn

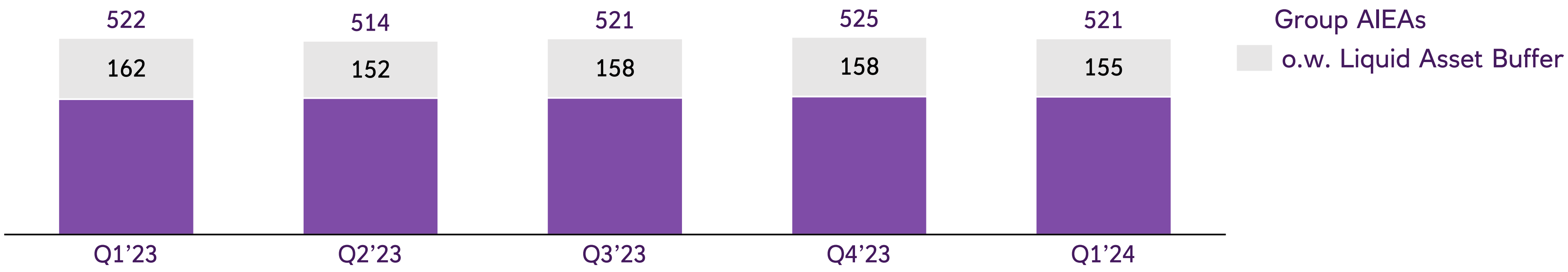


Net Interest Income, margin and AIEAs

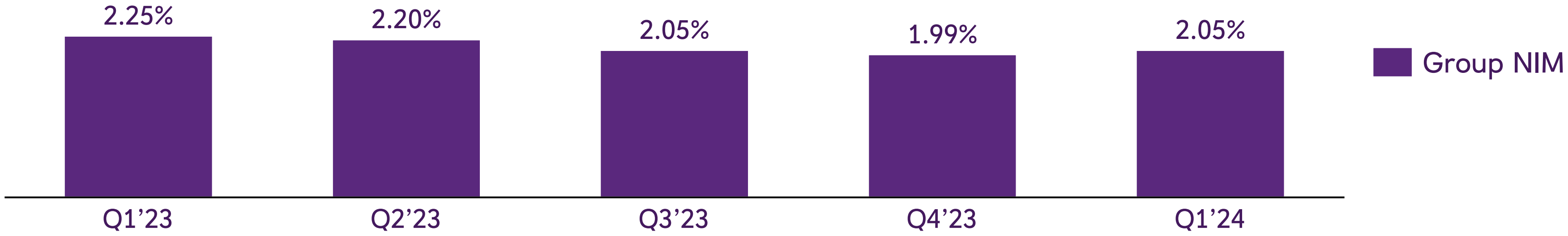
Net Interest Income, £m



Average Interest Earning Assets, £bn

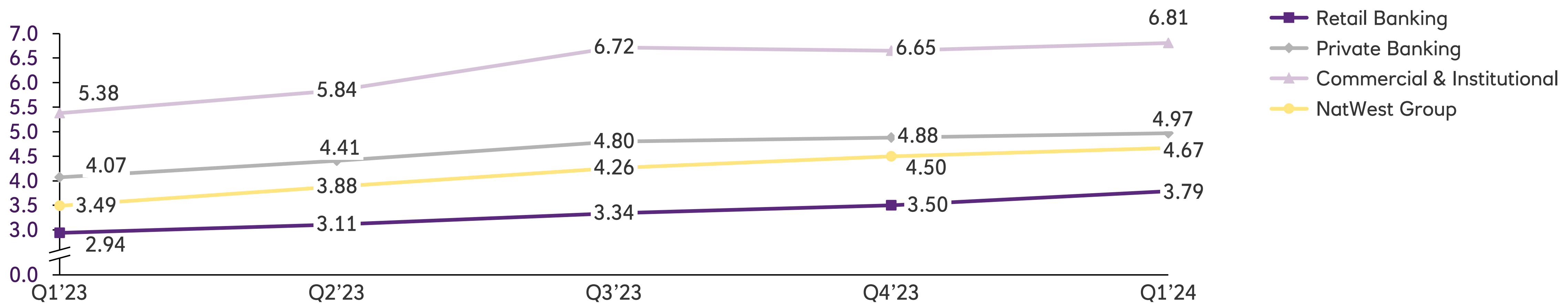


Net Interest Margin, %

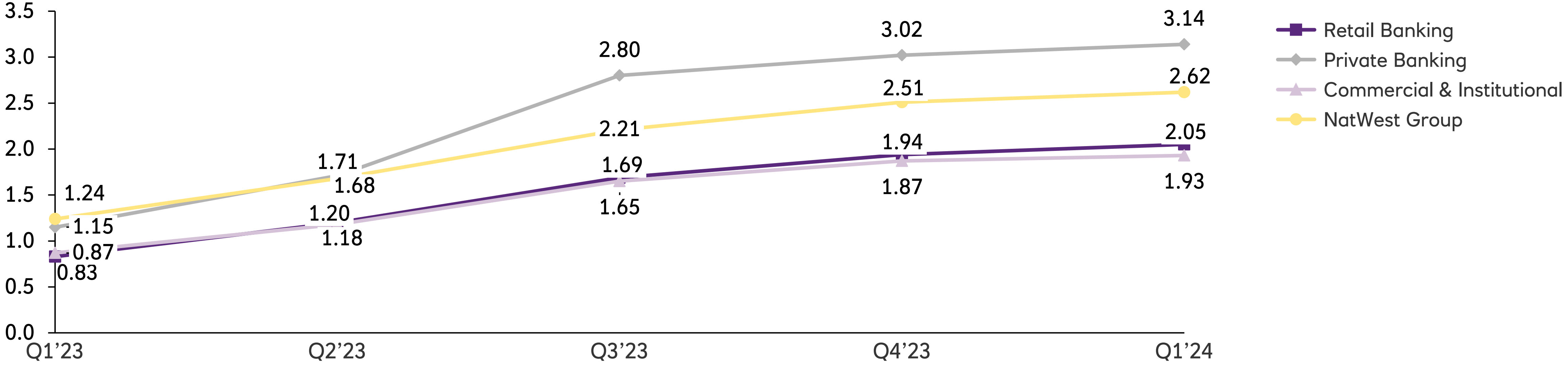


Higher interest rates are feeding through to customer lending and deposit rates

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



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



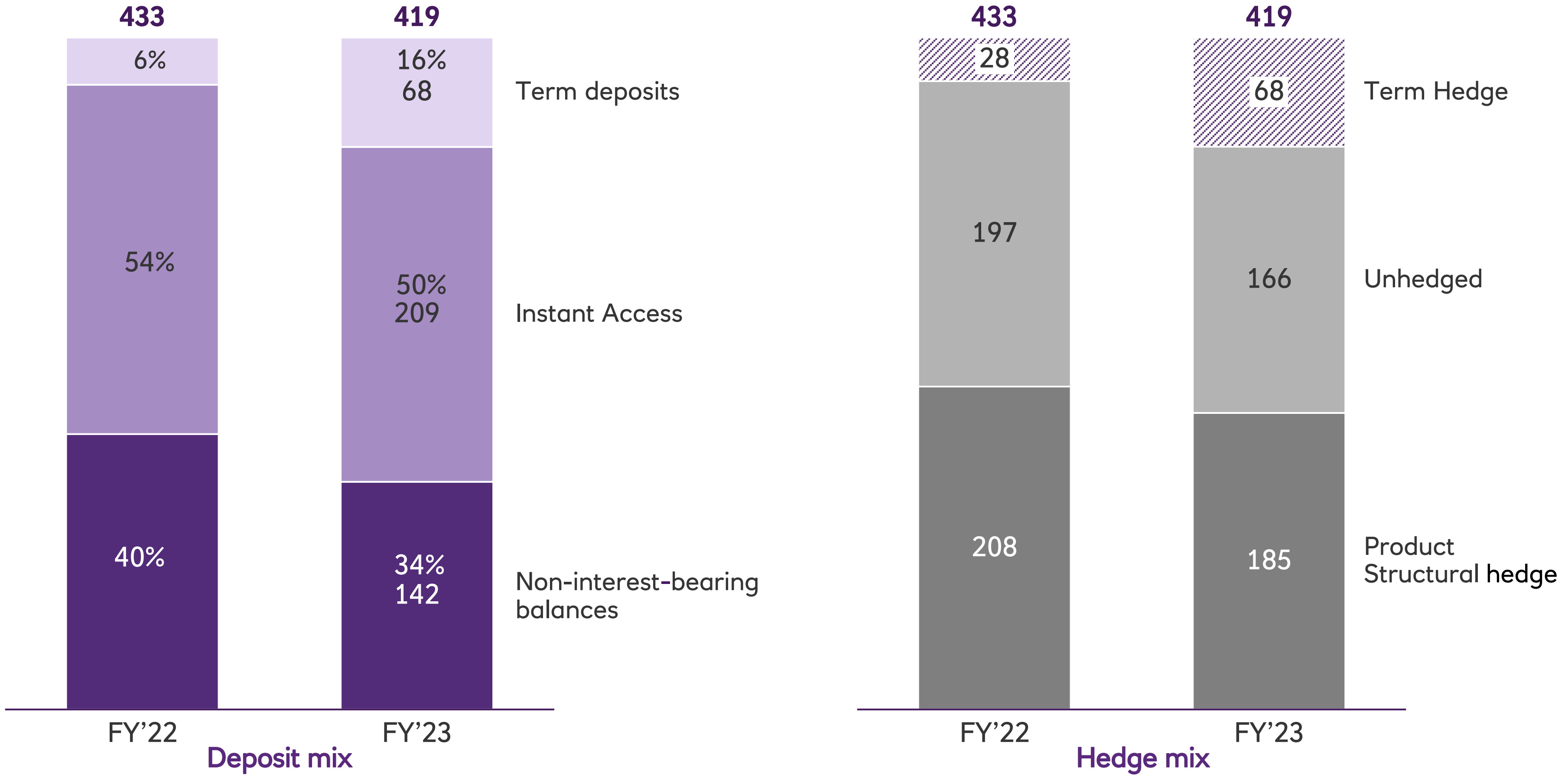
Structural Hedge[1]

	FY 2023			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	418	22	22	1.87
Product	2822	185	199	1.42
Total	3,240	207	221	1.47

	H1 2023			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	204	23	22	1.83
Product	1,362	202	205	1.33
Total	1,566	225	227	1.38

	FY 2022			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	372	23	22	1.72
Product	1780	208	197	0.90
Total	2,152	231	219	0.98

Deposit mix by interest and hedge type[1], £bn



Interest rate sensitivity[1]

Assumes constant balance sheet as at 31 December 2023

FY 2023	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	44	138	227	(44)	(138)	(227)
Managed Margin	120	117	114	(125)	(121)	(105)
Total	164	255	341	(169)	(259)	(332)

H1 2023	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	49	151	249	(49)	(151)	(248)
Managed Margin	86	76	157	(121)	(75)	(168)
Total	135	227	406	(170)	(226)	(416)

FY 2022	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	50	158	260	(50)	(158)	(260)
Managed Margin	148	141	136	(170)	(140)	(129)
Total	198	299	396	(220)	(298)	(389)

UK Economic Assumptions[1]

Our economic assumptions and weightings are unchanged from FY'23

	Q1'24 and FY'23					H1'23					Q1'23 and FY'22				
Scenario	Upside	Base Case	Downside	Extreme downside		Upside	Base Case	Downside	Extreme downside		Upside	Base Case	Downside	Extreme downside	
Weighting	21%	45%	20%	13%	Weighted average	19%	45%	21%	16%	Weighted average	19%	45%	21%	16%	Weighted average
UK GDP – Annual Growth (%)															
2024	3.6	0.4	(1.1)	(2.7)	0.3	3.8	0.8	(1.4)	(4.1)	0.3	1.9	0.7	(0.4)	(1.6)	0.4
2025	2.3	1.3	0.4	(1.6)	1.0	1.4	1.0	1.0	0.9	1.1	1.2	1.0	1.9	1.2	1.3
5 year - CAGR[2]	1.8	1.0	0.5	(0.3)	0.9	1.8	0.9	0.4	(0.2)	0.8	2.2	1.3	0.8	0.4	1.2
UK Unemployment rate – annual average (%)															
2024	3.9	4.7	5.2	6.2	4.8	3.3	4.2	5.1	7.3	4.7	3.9	4.9	5.7	8.4	5.4
2025	3.2	4.7	5.8	8.4	5.1	3.3	4.4	5.3	7.7	4.8	4.0	4.8	5.2	8.0	5.2
5 year average[2]	3.5	4.6	5.2	6.8	4.8	3.5	4.2	4.9	6.6	4.6	3.9	4.5	4.9	6.7	4.8
UK House Price Index – four quarter growth (%)															
2024	7.2	(5.0)	(7.1)	(11.5)	(3.7)	10.4	(1.0)	(13.2)	(14.1)	(3.1)	4.5	(0.9)	(7.7)	(15.2)	(3.2)
2025	9.4	3.1	(3.1)	(14.2)	1.2	6.1	2.9	0.9	(16.4)	0.9	3.0	2.9	4.8	(8.3)	1.8
5 year - CAGR[2]	3.9	0.3	(0.4)	(5.7)	0.3	3.8	0.3	(0.8)	(6.0)	0.0	5.1	0.8	(0.7)	(4.4)	0.6
UK Commercial Real Estate Price – four quarter growth (%)															
2024	12.7	0.0	(7.3)	(18.4)	(1.2)	5.5	0.5	(13.4)	(35.3)	(6.1)	1.9	(0.5)	2.8	(29.1)	(3.2)
2025	3.5	2.7	(2.0)	(20.0)	(0.5)	4.6	2.5	2.5	2.5	3.0	2.7	1.3	3.7	6.7	2.6
5 year - CAGR[2]	3.1	(0.2)	(2.0)	(6.8)	(0.6)	3.3	0.2	(2.7)	(7.6)	(0.7)	1.2	(1.9)	(2.8)	(9.1)	(2.5)
Consumer price index - four quarter growth (%)															
2024	0.9	2.5	8.5	(1.2)	2.9	1.1	2.3	4.3	6.8	3.2	1.0	2.7	1.0	8.8	3.1
2025	0.7	2.0	5.3	1.7	2.4	1.8	1.9	3.9	1.7	2.3	2.0	2.0	2.0	2.7	2.1
5 year - CAGR[2]	1.7	2.6	5.2	1.8	2.8	1.7	2.3	4.2	3.7	2.8	3.6	4.2	4.4	8.2	4.8

Impairment charge/(release) by customer businesses

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Q1’24 (£m)	63	(6)	39	(3)	93
Q1’24 (bps)	12bps	(13)bps	11bps	nm	10bps
Q4’23 (£m)	103	5	15	3	126
Q4’23 (bps)	20bps	11bps	4bps	nm	13bps
Q1’23 (£m)	114	8	(44)	(8)	70
Q1’23 (bps)	22bps	17bps	(13)bps	nm	7bps

Well diversified, high-quality loan book

Arrears levels remain broadly stable

Personal: £221.9bn, 57% of group

Wholesale: £165.8bn, 43% of group

Group mortgages £206.1bn

Loan-to-value of 55%[1], stable year-on-year

64% 5Y, 25% 2Y, 1% 10Y, 6% Tracker[2], 4% SVR

£34bn or 19% of fixed book expires in 2024[3]

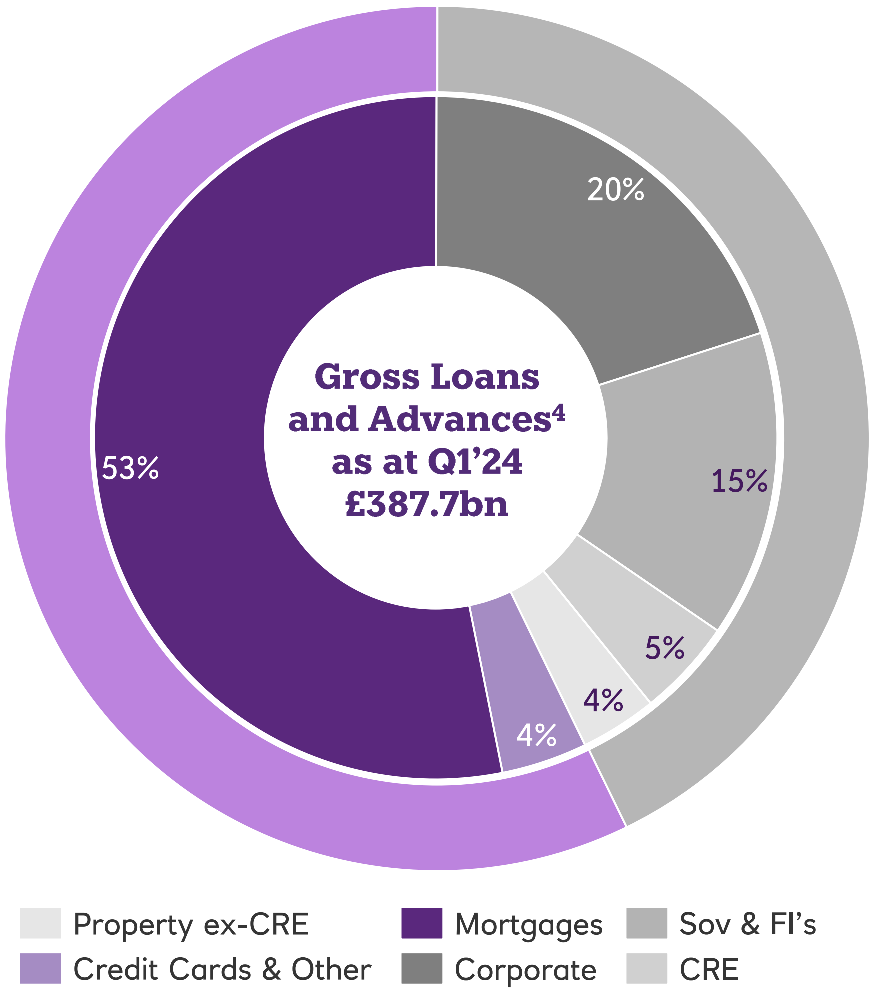
Arrears levels increasing but remain low

Credit cards and other unsecured £15.8bn

4% of Group Loans

Credit card growth has continued although at a slower pace than 2023

Portfolio default rates remain low



Corporate £77.5bn

Diverse corporate loan book, with exposure across a broad range of sectors

Default levels remain below historic trends

Commercial Real Estate (CRE)

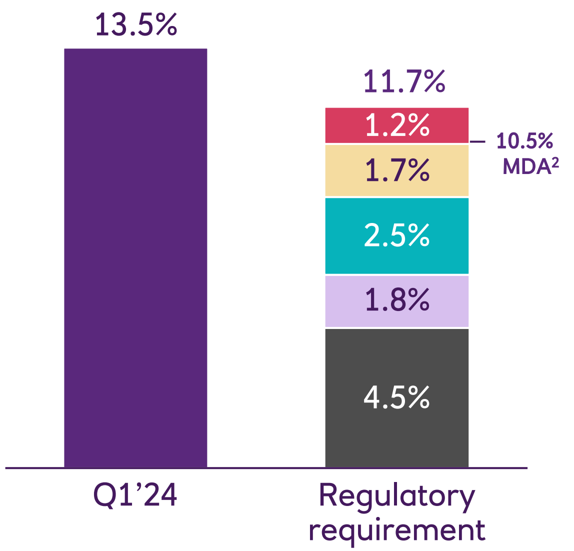
5% of Group lending

Loan-to-value of 48%[1]

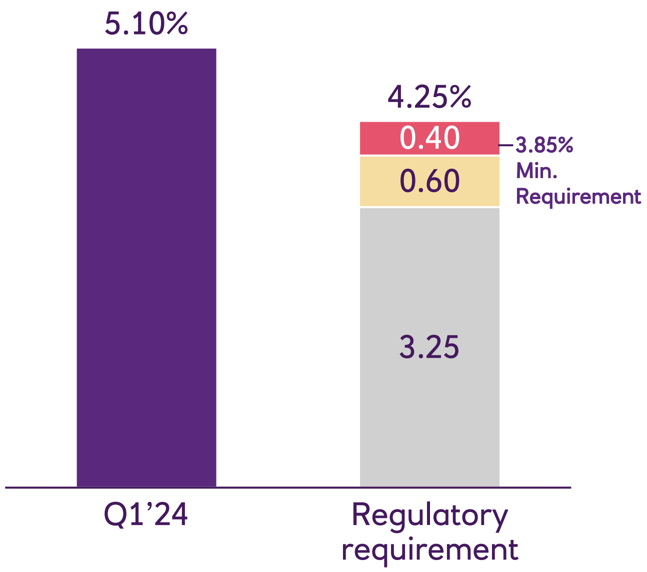
Exposure to the Retail and Office sector is geographically diversified across all regions of the UK and remains closely managed

Strong capital and liquidity positions provide confidence and flexibility

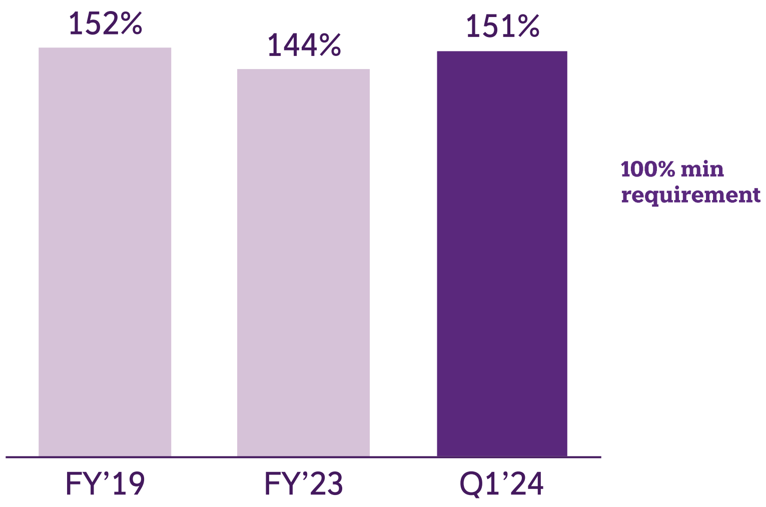
CET1 capital (% RWA)[1,2]



UK leverage ratio (Tier 1 capital as % leverage exposure)



Liquidity coverage ratio (LCR) as at 1Q'24 Headroom of £53.8bn

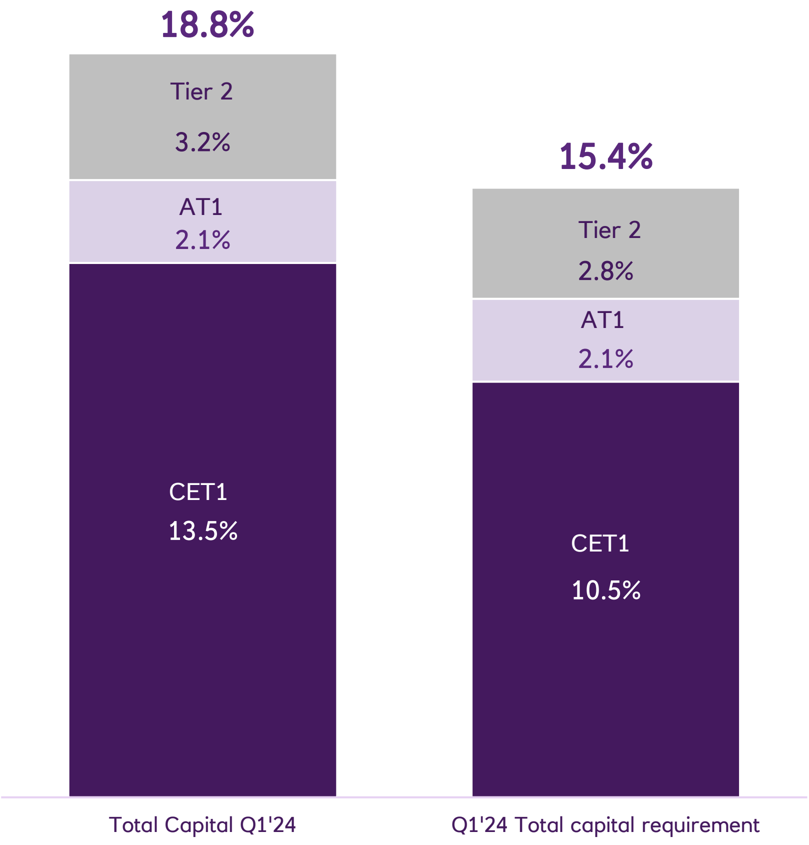


O-SII group risk add-on[3]
Countercyclical buffer[4]
Capital conservation buffer
Pillar 2A[5]
Pillar 1

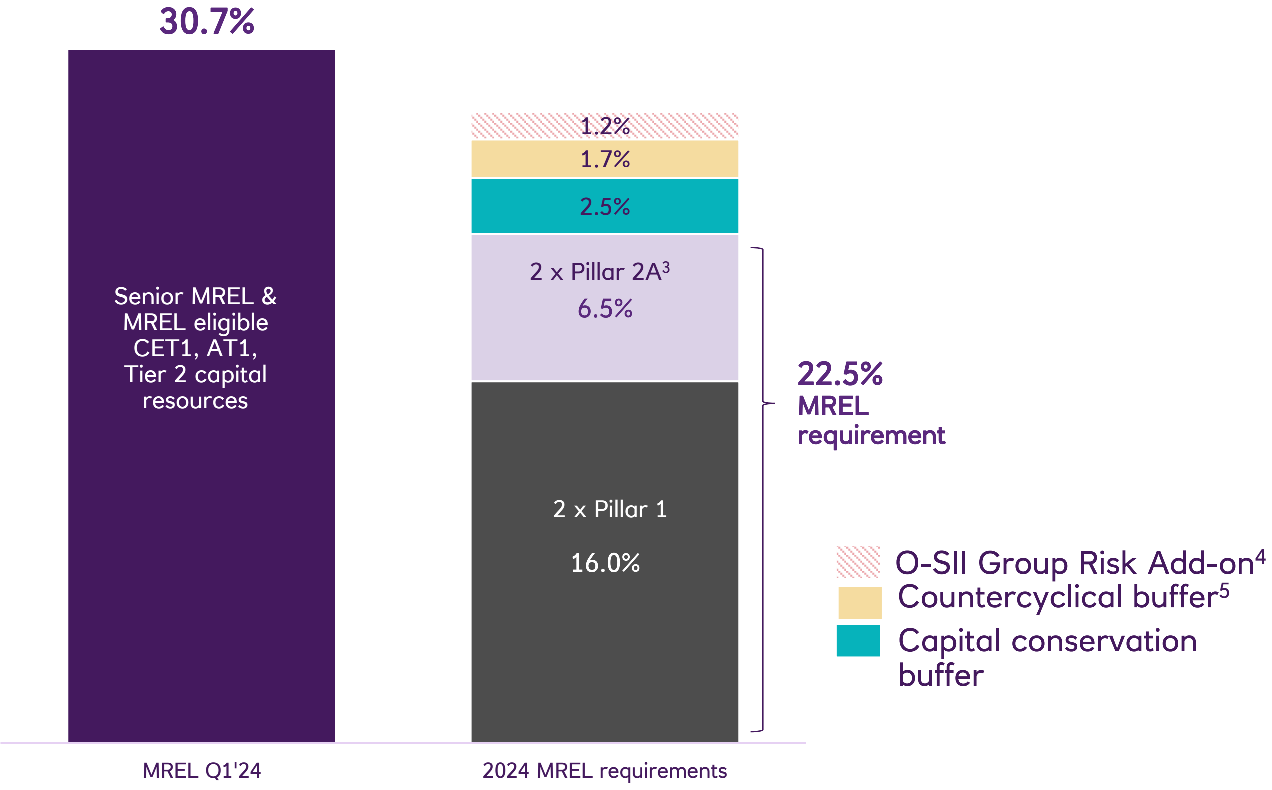
O-SII group risk add-on[3]
Countercyclical leverage ratio buffer[6]
Minimum Tier 1 capital requirement

Total Capital and MREL resources above requirements[1]

Total Capital (%RWA) as at 31st March 2024



Minimum requirements of own funds and eligible liabilities (MREL)[1,2] (%RWA) as at 31st March 2024



Good progress against 2024 wholesale funding plan[1]

Across multiple currencies and tenors

		2024 guidance	2024 YTD issuance[2]			
Holding company						
NatWest Group plc	Senior unsecured MREL	£4bn to £5bn	~£2.2bn	-	• $1.3bn 4NC3 • $1.5bn 11NC10	-
	Tier 2 capital	£1bn to £2bn	~£800m	-	• $1bn 10.25NC5.25	-
	Additional Tier 1	Up to £1bn	-	-	-	-
Operating companies						
NatWest Markets Plc	Senior unsecured (non-MREL)[1]	£3bn to £5bn	~£2.2bn	-	-	• €1.75bn 2Yr FRN • €750m 5Yr FXD
NatWest Bank Plc	Senior secured (Covered bond)	Up to £1bn	£750m	• £750m 5Yr FRN	-	-

Credit ratings

	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[1]	A+/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta[1]	A+/Sta	A+/Sta
NatWest Bank Europe GMBH	NR	A+/Sta	A+/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[2]	A/Sta	A/Sta

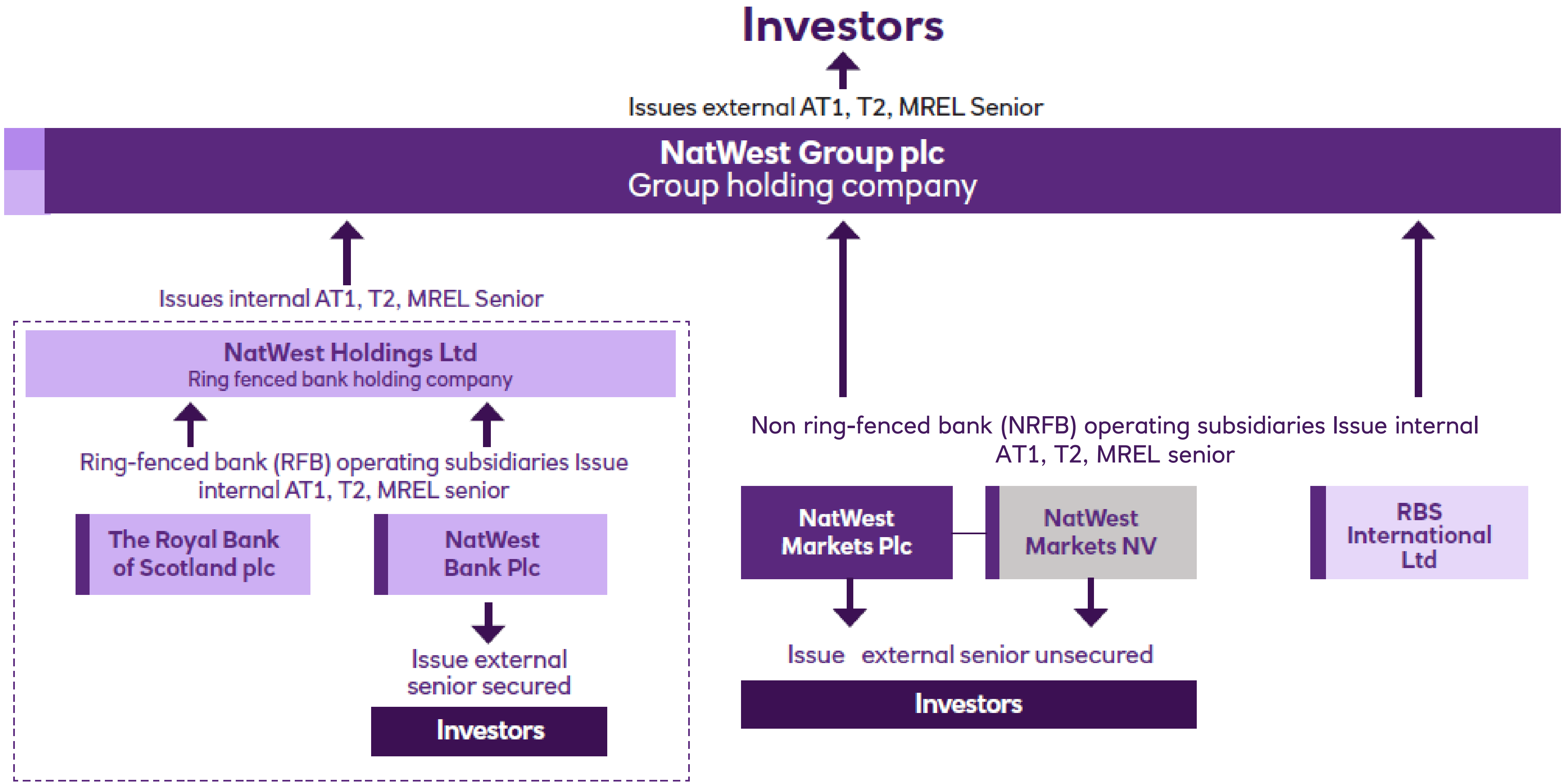
Issuing entity structure

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.



Footnotes

Slide 3: 1. Gross Loans and Advances to Customers at amortised cost across the three business segments – Retail, Private and Commercial & Institutional. 2. Customers Deposits across the three business segments – Retail, Private and Commercial & Institutional. 3. Assets under management and administration (AUMA) comprising Assets under management (AUMs) and Assets under administration (AUAs) serviced through Private Banking. 4. Excludes notable items per slide 16. 5. Costs excluding litigation and conduct.
Slide 5: 1. Excludes notable items per slide 16. 2. HMRC bank levy and Bank of England levy.
Slide 6: 1. Net Interest Margin = Reported Group Net Interest Income / Group Average Interest Earning Assets.
Slide 7: 1. Across Retail and Private Banking 2. All sub-segments in Commercial & Institutional are ex government schemes. 3. Business Banking (BB) and Commercial Mid-Market (CMM) segment balances have been restated in Q4'22, Q1'23 and Q2'23 by c.£0.1bn each quarter. This was as a result of a proportion of customers moving from BB to CMM intra quarter and their repayment balances adjusted accordingly. Totals may not cast due to rounding. 4. Stock share of Retail Banking and Private Banking mortgages, calculated as a percentage of Monthly amounts outstanding of total sterling net secured lending to individuals (in sterling millions) not seasonally adjusted as per Dec'23 and Feb'24 BoE data. 5. Stock share of Retail Banking and Private Banking credit cards management estimate calculated as a percentage of total sterling net credit card lending to individuals (in sterling millions) not seasonally adjusted as per Dec'23 and Feb'24 BoE data. 6. Excluding Government schemes, also note this will not cast to numbers on the chart due to rounding.
Slide 8: 1. The Non-interest-bearing and Interest-bearing split for Commercial & Institutional is implied from the Total for the three businesses and the disclosures for Retail Banking and Private Banking. 2. May not cast due to rounding. 3. Non-Interest-bearing balances for Retail Banking and Private Banking are current accounts. 4. Interest-bearing balances Retail Banking and Private Banking are savings. 5. Q1'23 and Q4'23 numbers restated due to reflect updated methodology.
Slide 9: 1. HMRC bank levy and Bank of England levy.
Slide 11: 1. May not cast due to rounding 2. Guidance includes the impact of Basel 3.1, subject to final rules and approval.
Slide 12: 1. This page contains forward-looking statements. See p. 35 of this presentation. 2. Total Income ex notable items. 3. In 2024, we expect other operating expenses to be broadly stable compared with 2023, excluding around £0.1 billion increase in bank levies.
Slide 15: 1. The guidance, targets, expectations, and trends discussed in this section represent NatWest Group plc management's current expectations and are subject to change, including as a result of the factors described in the NatWest Group plc Risk Factors section of the 2023 Annual Report and Form 20-F. These statements constitute forward-looking statements. Refer to Forward-looking statements in this announcement.
Slide 17: 1. May not cast due to rounding.
Slide 19: 1. Adjusting for tax interest on prior periods, Q4'23 NIM was 202bps. Net Interest Margin = Reported Group Net Interest Income / Group Average Interest Earning Assets.
Slide 21: 1. For NatWest Group plc this is the gross yield on the IEAs of the banking business; for Retail, Commercial & Institutional and Private 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 Banking and Commercial & Institutional it represents the third party customer funding rate which includes both interest-bearing and non-interest-bearing deposits.
Slide 22: 1. The basis of preparation of the table above has changed since December 2022. UBIDAC is no longer included. In addition, the 'Other' category is no longer used: hedges booked in Coutts & Co. have now been allocated between product hedges and equity hedges, while hedges booked in RBS International have been allocated to product hedges.
Slide 23: 1. May not cast due to rounding.
Slide 24: 1. Page 266 of NWG FY'23 ARA, Page 268 of NWG FY'22 ARA, page 76 of NWG H1'22 IMS, page 73 NWG H1'23 IMS.
Slide 25: 1. Full details of the economic assumptions can be found on pages 191-196 of NWG FY'23 ARA, 19-22 of H1'23 IMS, pages 196 and 198 of NWG FY'22 ARA and pages 21 and 22 of NWG H1'22 IMS. 2. The basis for the average calculations has changed from H1 '23 reporting. We now provide averages for 5 calendar year period that starts from reporting year (e.g., 2023-27 for H1'23 reporting). Historical periods have also been recalculated following the same approach to ensure comparability. The average for the parameters are based on: Five calendar year CAGR for GDP; Five calendar year average for Unemployment rate; Q4 to Q4 five-year CAGR for other parameters.
Slide 27: 1. Total portfolio average LTV% as at FY'23. 2. This includes ~2% of other off-sale mortgage products. 3. Does not include any GNL assumption, but only based on contractual maturity. 4. Loans at amortised cost and FVOCI.

Footnotes

Slide 28: 1. Operating range in 2023 reflects medium term CET1 of 13-14%. 2. Based on assumption of static regulatory capital requirement. 3. 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. 4. 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. 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 increased 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.
Slide 29: 1. "MREL" = Minimum requirement for own funds and eligible liabilities. MREL eligible liabilities excludes securities issued from operating subsidiaries. 2. Illustration, based on assumption of static regulatory capital requirements. MREL requirement is set at 2x (Pillar 1+ Pillar 2A) per Bank of England guidance. 3. Pillar 2A requirement held constant over the period for illustration purposes. Pillar 2A requirements are expected to vary over time and are subject to at least an annual review. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. 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. The UK CCyB rate increased from 1% to 2%, effective 5 July 2023. Note: numbers may not cast due to rounding.
Slide 30: 1. Includes primary/benchmark transactions only. Does not include private placements. 2. 2024 YTD issuance as at 31st March 2024.
Slide 31: 1. Moody's long-term Issuer and Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless, Moody's assigns an Issuer Rating. The outlook on both ratings is Stable. 2. Moody's deposit rating. RBSI senior unsecured debt rating is A2.

Disclaimer

Cautionary and Forward-looking 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" in the NatWest Group plc 2023 Annual Report and Accounts and the "Risk Factors" in the NatWest Markets Plc 2023 Annual Report and Accounts.

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, 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 area of focus, climate and sustainability-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: implementation of NatWest Group's strategy (including in relation to:, cost-controlling measures, the creation of the C&I franchise and achieving a number of various targets within the relevant timeframe); 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; 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 Promoter Score; 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/or 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: political and economic risks and uncertainty in the UK and global markets, including due to GDP growth, inflation and interest rates, political uncertainty and instability, supply chain disruption and geopolitical tensions and armed conflict); changes in foreign currency exchange rates; uncertainty regarding the effects of Brexit; and HM Treasury's ownership as the largest shareholder of NatWest Group plc); strategic risk (including in respect of the implementation of NatWest Group's strategy; future acquisitions and divestments (including the phased withdrawal from ROI), and the transfer of its Western European corporate portfolio); financial resilience risk (including in respect of: NatWest Group's ability to meet targets and to make discretionary capital distributions; the competitive environment; counterparty and borrower risk; liquidity and funding risks; prudential regulatory requirements for capital and MREL; reductions in the credit ratings; the requirements of regulatory stress tests; model risk; sensitivity to accounting policies, judgments, estimates and assumptions (and the economic, climate, competitive and other forward looking information affecting those judgments, estimates and assumptions); changes in applicable accounting standards; the value or effectiveness of credit protection; the adequacy of NatWest Group's future assessments by the Prudential Regulation Authority and the Bank of England; and the application of UK statutory stabilisation or resolution powers); climate and sustainability risk (including in respect of: risks relating to climate-related and sustainability-related risks; both the execution and reputational risk relating to NatWest Group's climate change-related strategy, ambitions, targets and transition plan; climate and sustainability-related data and model risk; the failure to implement climate change resilient governance, systems, controls and procedures; increasing levels of climate, environmental, human rights and sustainability-related regulation and oversight; increasing anti-greenwashing regulations; climate, environmental and sustainability-related litigation, enforcement proceedings investigations and conduct risk; and reductions in ESG ratings); 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; attracting, retaining and developing diverse 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; the outcome of legal, regulatory and governmental actions, investigations and remedial undertakings; and changes in tax legislation or failure to generate future taxable profits).

Climate and sustainability-related disclosures

Climate and sustainability-related disclosures in this document are not measures within the scope of International Financial Reporting Standards ('IFRS'), use a greater number and level of judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities, than our reporting of historical financial information in accordance with IFRS. These judgments, assumptions and estimates are highly likely to change materially over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, our climate risk analysis, net zero strategy, including the implementation of our climate transition plan remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. The process we have adopted to define, gather and report data on our performance on climate and sustainability-related measures is not subject to the formal processes adopted for financial reporting in accordance with IFRS and there are currently limited industry standards or globally recognised established practices for measuring and defining climate and sustainability-related related metrics. As a result, we expect that certain climate and sustainability-related disclosures made in this document are likely to be amended, updated, recalculated or restated in the future. Please also refer to the cautionary statement in the section entitled 'Climate-related and other forward-looking statements and metrics' of the NatWest Group 2023 Climate-related Disclosures Report.

Cautionary statement regarding Non-IFRS financial measures and APMs

NatWest Group prepares its financial statements in accordance with generally accepted accounting principles (GAAP). This document may contain financial measures and ratios not specifically defined under GAAP or IFRS ('Non-IFRS') and/or alternative performance measures ('APMs') as defined in European Securities and Markets Authority ('ESMA') guidelines. Non-IFRS measures and APMs are adjusted for notable and other defined items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. Non-IFRS measures provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. Any Non-IFRS measures and/or APMs included in this document, are not measures within the scope of IFRS, are based on a number of assumptions that are subject to uncertainties and change, and are not a substitute for IFRS measures.

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.