NatWest Group Q1 2023 Results
Fixed income investors

28 April 2023

Katie Murray

Chief Financial Officer

Strong Q1 2023 performance

Strong earnings and returns	**£1.8bn** **Operating profit before tax** vs £1.2bn in Q1'22	**£1.3bn** **Attributable profit** vs £0.8bn in Q1'22	**19.8%** **Return on Tangible Equity** vs 11.3% in Q1'22
Focused on growth, efficiency and operating leverage	**+37.2%** **Income ex notable items[1]** +~£1bn vs Q1'22	**+£214m** **Other operating expenses** vs Q1'22, of which ~£60m one-off cost of living payment	**49.8%** **Cost to Income ratio[2]** vs 57.1% in Q1'22
Strong capital generation and distributions	**14.4%** **CET1 ratio** up 20bps versus Q4'22	**£0.5bn** **29bps ordinary dividend** accrual for committed 40% payout ratio	**£458m** **of £800m on-market buyback** completed[3]

1. Total income excluding notable items. 2. Cost:income ratio is total Group income, divided by total costs excluding litigation and conduct 3.On-market buyback announced 17 February 2023, £458m completed as at 26 April 2023.

We have built an all-weather balance sheet and are supporting customers

Strong funding, deposits and liquidity profile	**83%** **Loan to deposit ratio** £53bn surplus deposits	**~£422bn** **Customer Deposits[1]** down £11bn vs Q4'22	**139%** **Liquidity Coverage Ratio** £43bn headroom
Diversified and high quality loan book	**~5%** **Top 10 customers[2]** as % of wholesale loans	**<5%** **Commercial Real Estate** as % of customer loans	**93%** **Personal lending secured**
Our loan book is performing well	**7bps** **loan impairment rate** in Q1'23	**2bps** **Stage 3 impairment rate** in Q1'23	**0.89%** **ECL coverage** including 35% Stage 3 Coverage
Supporting our customers	**£5.7bn** **Lending growth[3]** up 1.6% versus Q4'22	**~17%** **Mortgage flow share[4]** versus 15% in Q4'22	**€500m** **Social bond issued** linked to women-led enterprises[5]

1. Total deposits across the three business segments – Retail, Private and Commercial & Institutional. 2. Loans to top 10 customers - drawn exposure 3. Total lending growth across the three business segments – Retail, Private and Commercial & Institutional. 4. Reflects gross new lending completed in the quarter in Retail Banking and Private Banking year to 28 Feb 2023 (latest available Bank of England data) 5. The intention of NWG is to use an amount equal to the net proceeds of the bond to finance and/or refinance lending to the following businesses identified as women-led: women sole traders, unincorporated partnerships where the majority of partners are women, and limited liability partnerships or companies that are small and medium sized enterprises ("SMEs" as defined in the Companies Act 2006) and where at least 51% of the ownership belongs to women."

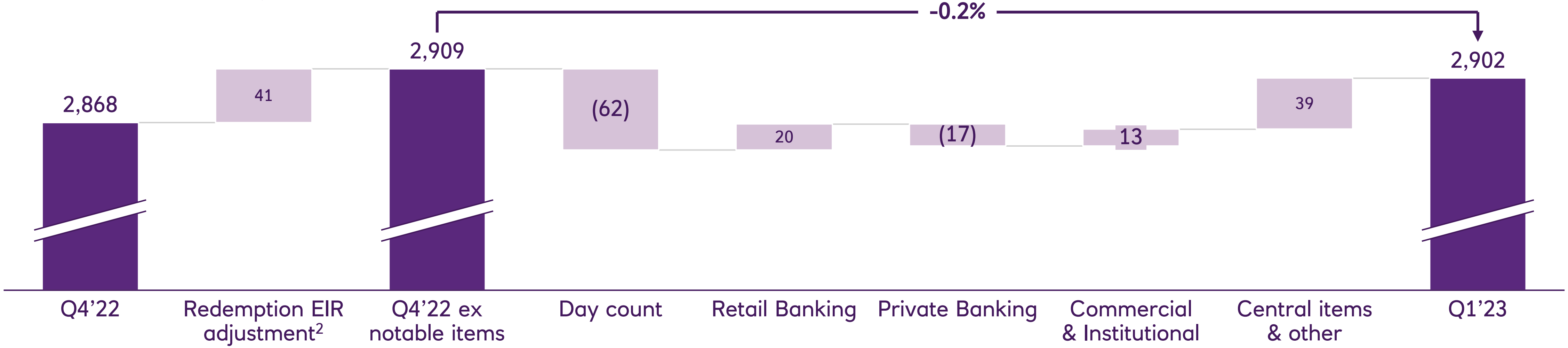
We are making good progress on our objectives

Objectives		Q1'23 progress	Status
Disciplined and responsible growth	Deliver income excluding notable items for the Group of around £14.8 billion in 2023	£3.8bn	On track
	Provide £100 billion of Climate and Sustainable Funding and Financing[1]	£40.2bn[1]	On track
Expense and investment discipline	Deliver a cost: income ratio excluding litigation and conduct below 52% or around £7.6 billion of other operating costs[2], incl. £0.3bn of Ulster Bank RoI direct costs	£1.9bn[2]	On track
	Invest ~£3.5bn across 2023-2025 in our ongoing transformation	Good progress	On track
Effective capital deployment	Phased withdrawal from the Republic of Ireland	£0.8bn RWA reduction	On track
	CET1 ratio in the range of 13-14% in medium term	14.4%	On track
Sustainable returns and distributions	Achieve a sustainable return on tangible equity for the Group of 14-16% in medium term and we expect to be at the upper end in 2023	19.8%	On track
	Pay ordinary dividends of 40% of attributable profit and maintain capacity to participate in buybacks	£0.5bn ordinary dividend accrued; 57% of £800m on-market buyback completed[3]	On track

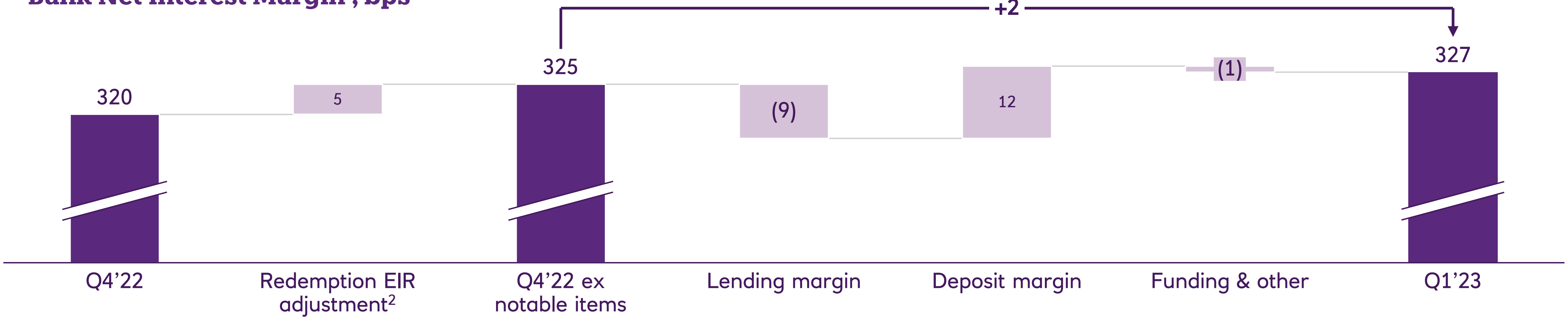
1. Between 1 July 2021 and the end of 2025, cumulative. 2. Other operating expenses defined as operating expenses less litigation and conduct costs. 3. On-market buyback announced 17 February 2023, 57% completed as at 26 April 2023.

Stable net interest income and NIM

Net Interest Income, £m



Bank Net Interest Margin[1], bps



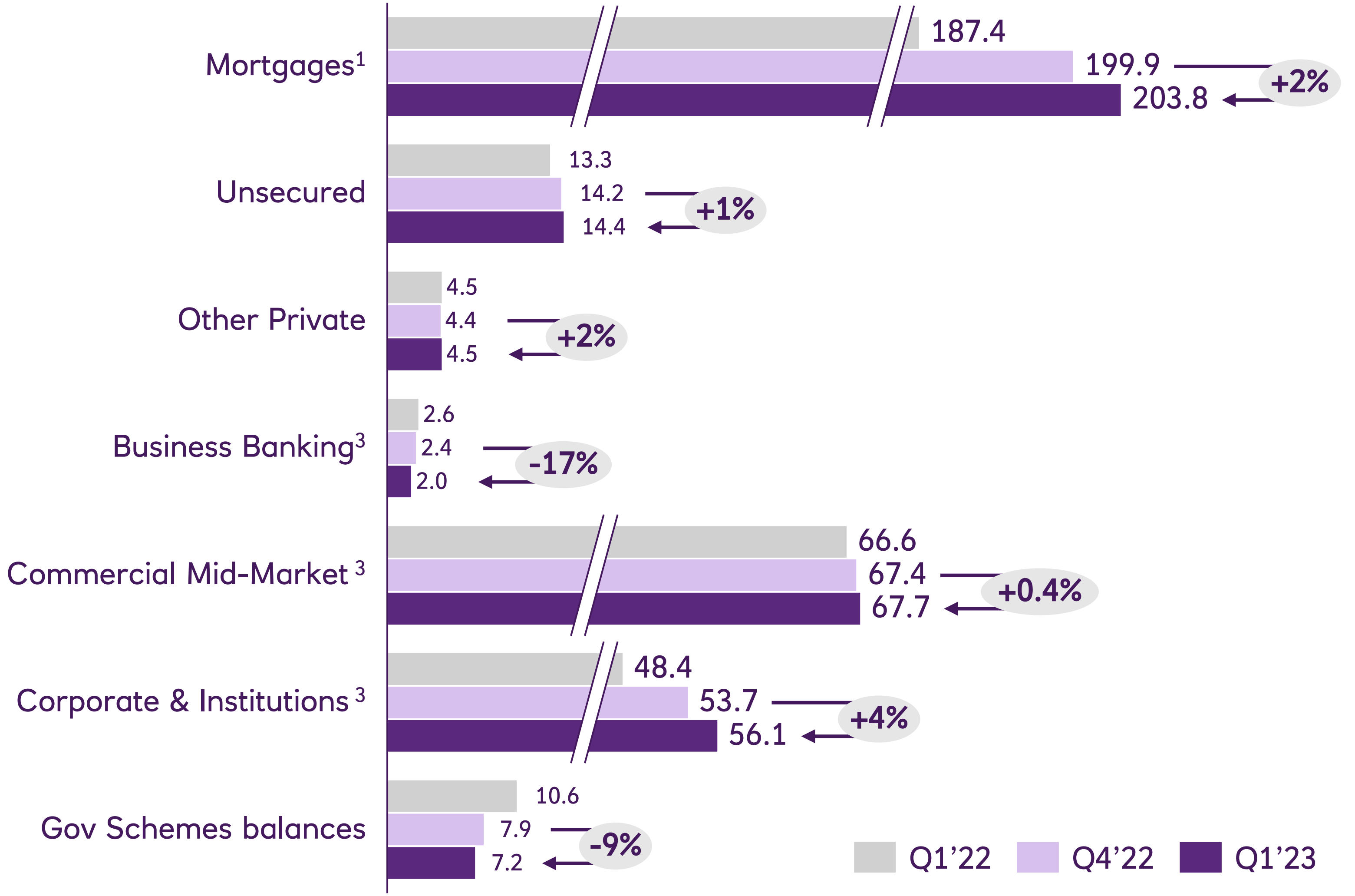
355.8	Bank Average Interest Earning Assets (AIEAs)[1], £bn	360.0
182.8	Liquid Asset Buffer Average Interest Earning Assets , £bn	162.4

1. NatWest Group excluding liquid asset buffer 2. Effective Interest Rate (EIR) adjustment as a result of redemption of own debt.

Responsible lending across all of our businesses

Gross loans to customers (amortised cost) across 3 business segments, Q1’23

£355.7bn up 1.6% or £5.7bn vs. Q4’22



Gross new lending ~10bn[1]
69% New business LTV[2]

Primarily credit card growth

Private commercial lending growth

Sensible deleveraging

Higher RCF utilisation

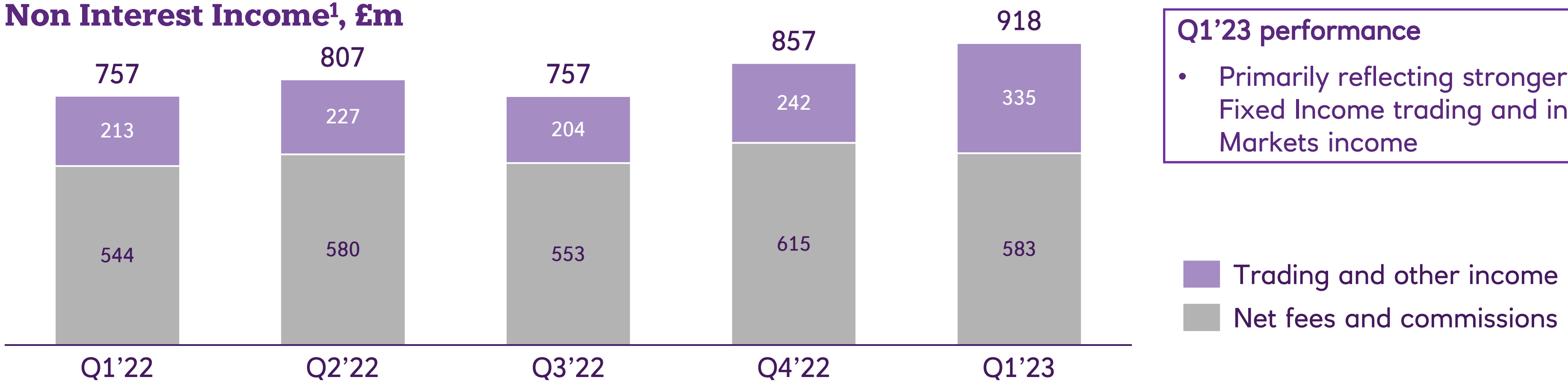
Origination deals and funds banking

Continued repayments

1. Across Retail and Private Banking 2. Average for Retail Banking only. 3. All sub-segments in Commercial & Institutional are ex government schemes

Non interest income supported by improved fixed income trading

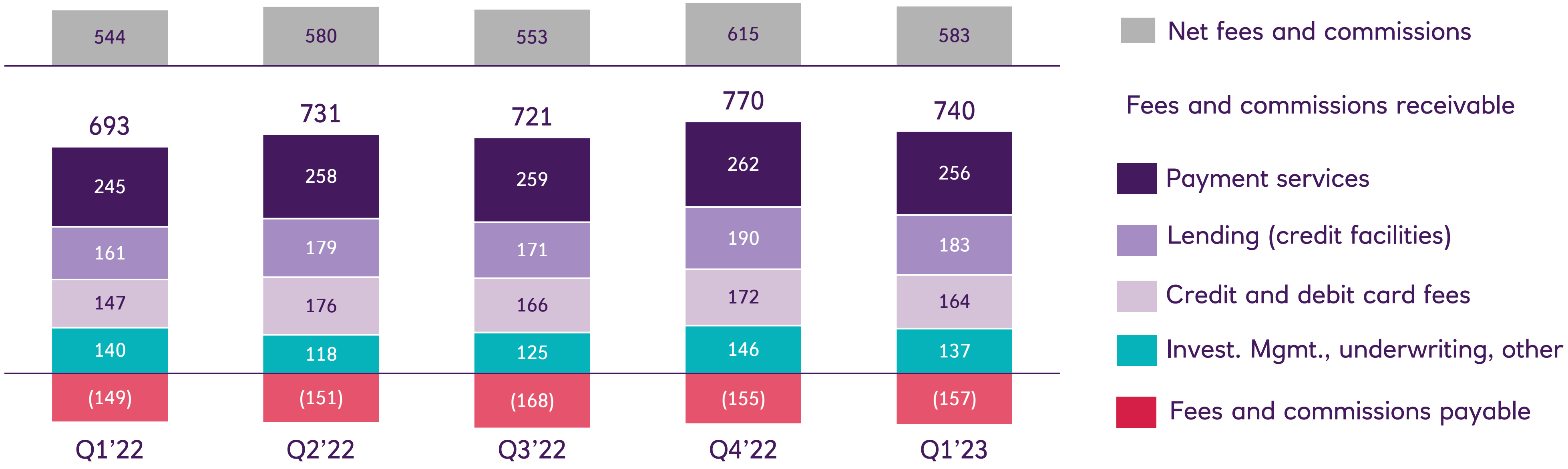
Non Interest Income[1], £m



Q1’23 performance

- Primarily reflecting stronger performance in Fixed Income trading and increased Capital Markets income

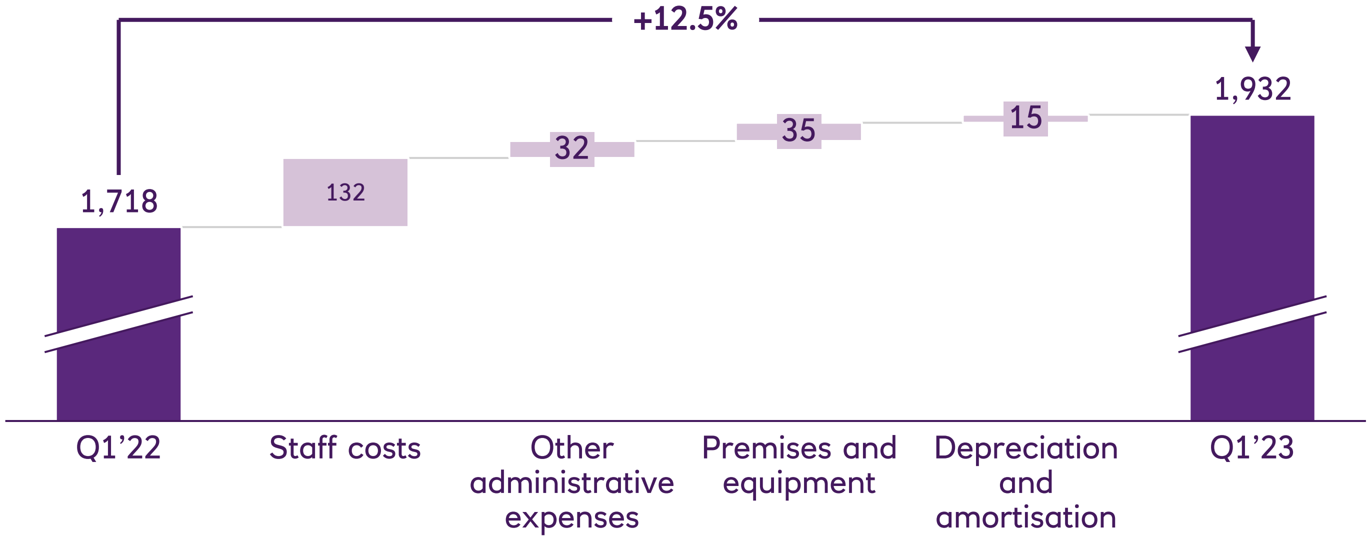
Fees and Commissions, £m



1. Excluding relevant notable income items per slide 29.

Other operating expenses increased by £214m in Q1 2023 versus Q1 2022. On track for FY 2023 guidance

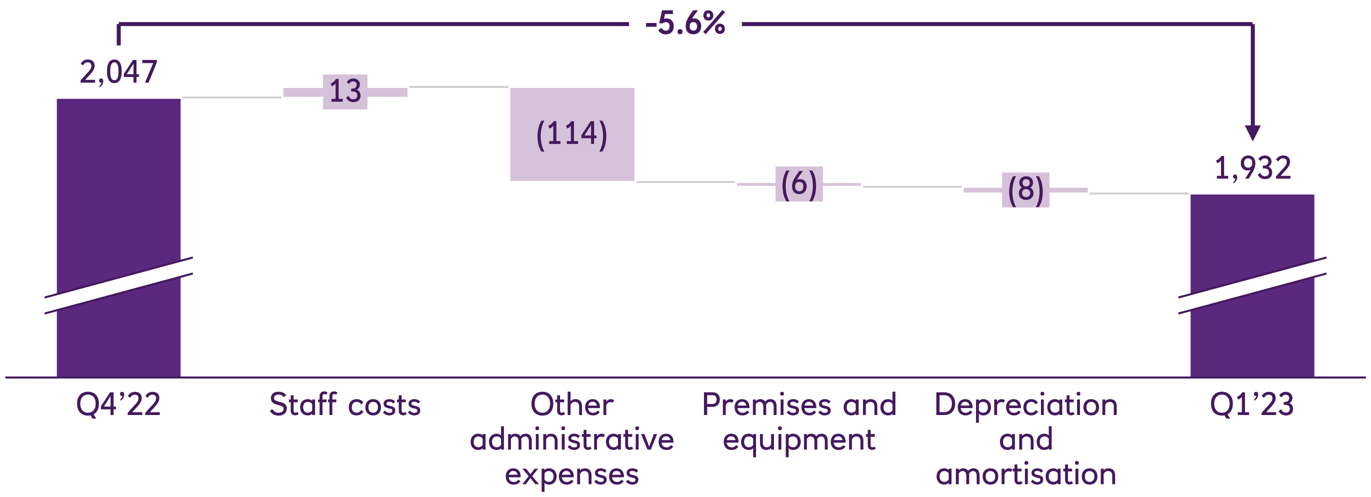
Other operating expenses Q1’23 vs Q1’22, £m



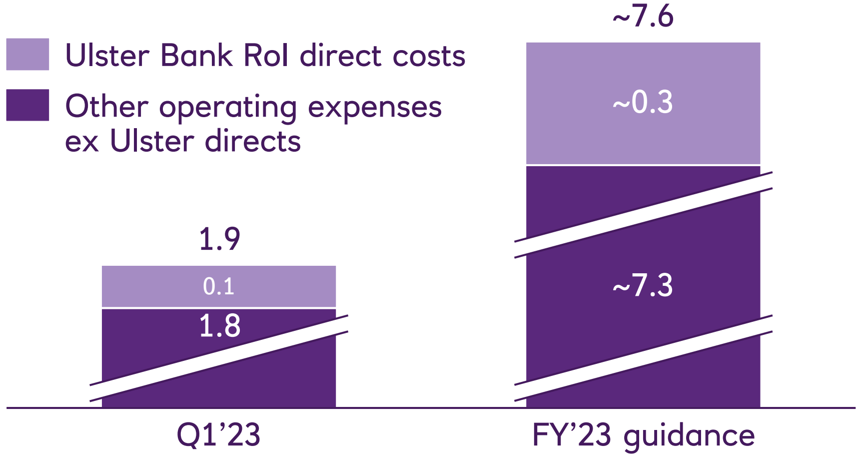
Q1’23 cost considerations

- Staff costs include ~£60m one off cash payment of £1,000, or local equivalent, for ~60,000 FTE in January
- Non repeat of ~£100m charge for bank levy in Q4’22

Other operating expenses Q1’23 vs Q4’22, £m



Progress versus cost guidance, £bn

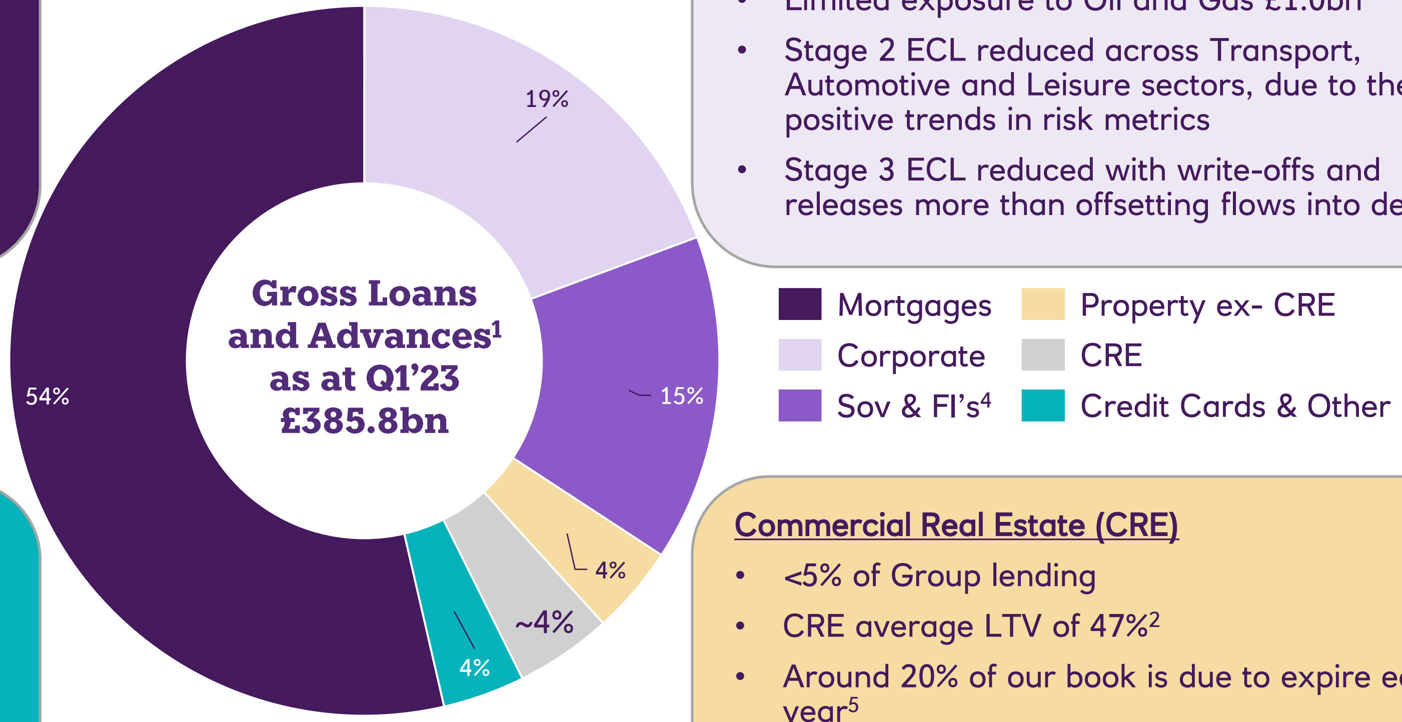


Well diversified, de-risked, high-quality loan book

Arrears levels remain broadly stable

Mortgages

- Mortgage LTV of 53%[2]
- Balances: 67% 5Y, 23% 2Y, 1% 10Y, 5% Tracker, 4% SVR
- £33.4bn or ~17% of fixed book expire by end of 2023.
- Arrears levels stabilised at pre-Covid levels
- Introduced temporary moves to interest only mortgages as a forbearance treatment



Corporate

- Diversified £74.6bn corporate loan book
- Low exposure to in focus areas such as Retail £7.9bn, Automotive £7.4bn and Leisure £7.4bn
- Limited exposure to Oil and Gas £1.0bn
- Stage 2 ECL reduced across Transport, Automotive and Leisure sectors, due to the positive trends in risk metrics
- Stage 3 ECL reduced with write-offs and releases more than offsetting flows into default

Credit cards and other unsecured

- <4% of Group Loans
- Difficulty to pay[3] indicators remained broadly stable, trending at or below pre-pandemic norms
- Cards arrears are also broadly stable, remain below pre-Covid levels
- Introduced extended arrears repayment plans from 18m to 24m

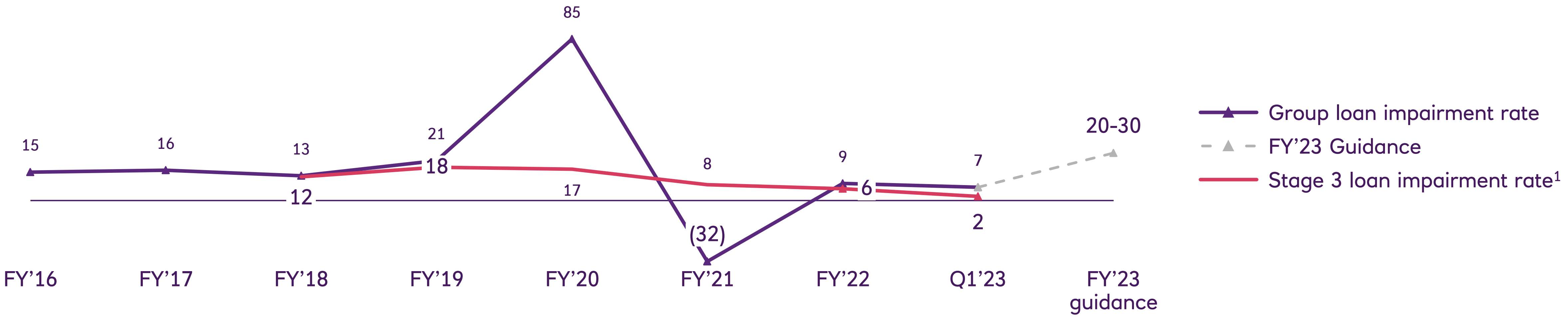
Commercial Real Estate (CRE)

- <5% of Group lending
- CRE average LTV of 47%[2]
- Around 20% of our book is due to expire each year[5]
- Exposure to the Retail and Office sector is geographically diversified across all regions of the UK

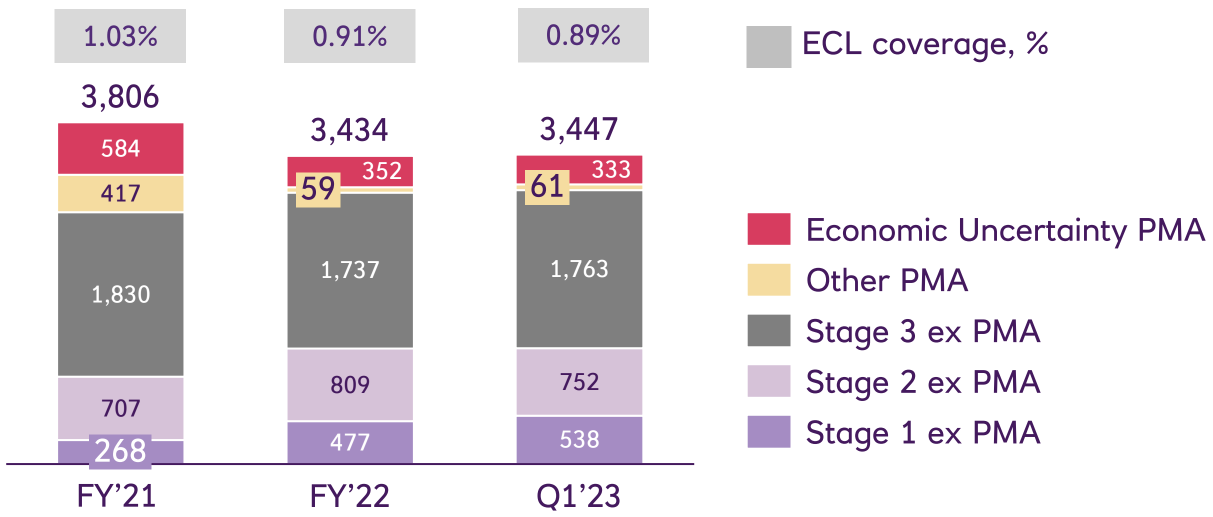
1. Loans at amortised cost and FVOCI. 2. Total portfolio average LTV% as at FY'22. 3. Such as customers switching to minimum credit cards payments. 4. Sovereigns and Financial Institutions. 5. Either to be repaid fully or refinanced

Well provided for the economic cycle and impairments remain benign

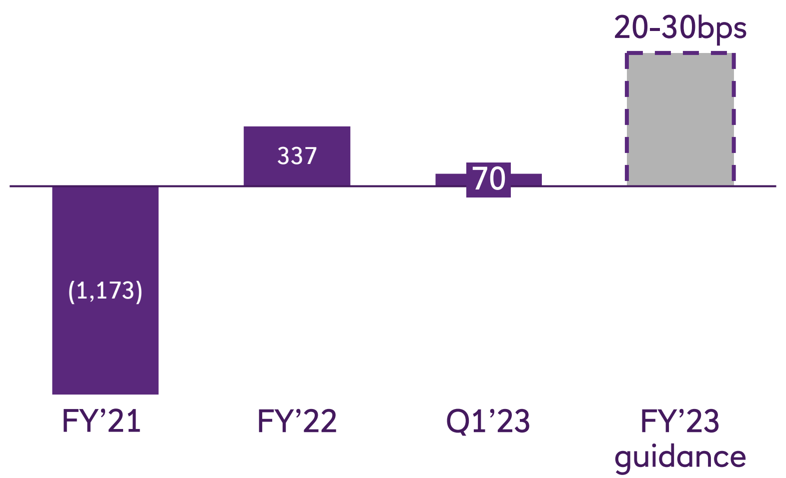
History of loan impairment rates, bps



Group ECL provisions, £bn, and coverage



Impairment charge / (release), £m



1. 2016 and 2017 did not have IFRS 9 staging disclosure

Donal Quaid
Treasurer

Strong capital, MREL and leverage positions

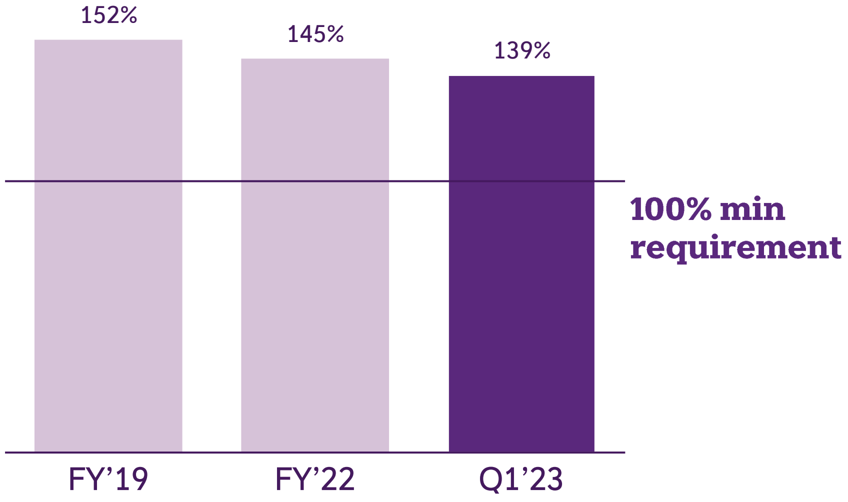
Capital and leverage					
	14.4% CET1 ratio	19.6% Total capital ratio	32.4% Loss absorbing capacity	5.4% UK leverage ratio	£178.1bn Risk weighted assets

Robust liquidity and diversified funding

Liquidity and funding					
	139% Liquidity coverage ratio	141% Net stable funding ratio	83% Loan to deposit ratio (ex repos and reverse repos)	£430.5bn Customer deposits	£79bn Wholesale funding

Strong liquidity portfolio and key metrics

Liquidity coverage ratio (LCR) as at Q1 2023
Headroom of £43.4bn

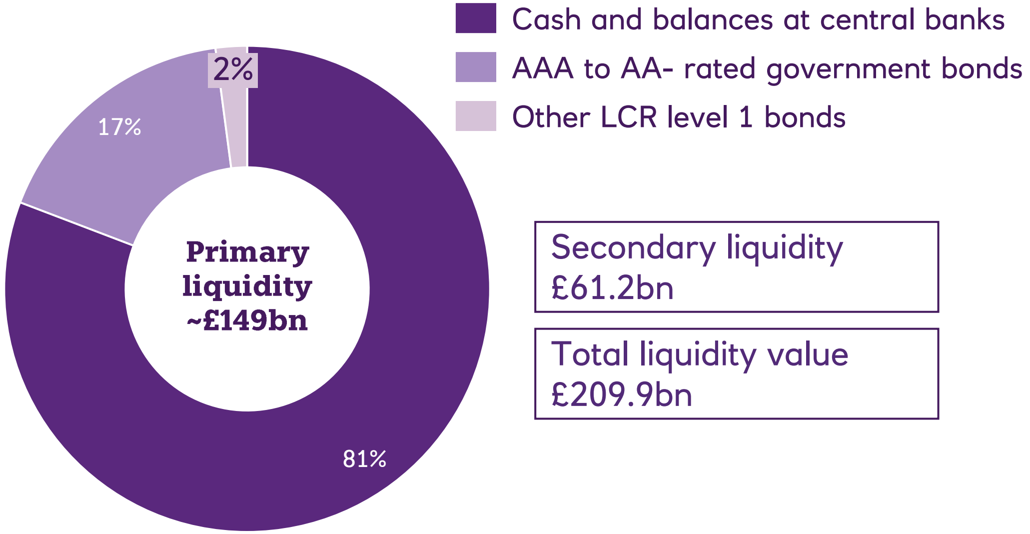


12-month average LCR 151%

Net Stable Funding Ratio 141%

TFSME £12.0bn
~£4bn due for repayment in 2025,
~£8bn in 2027

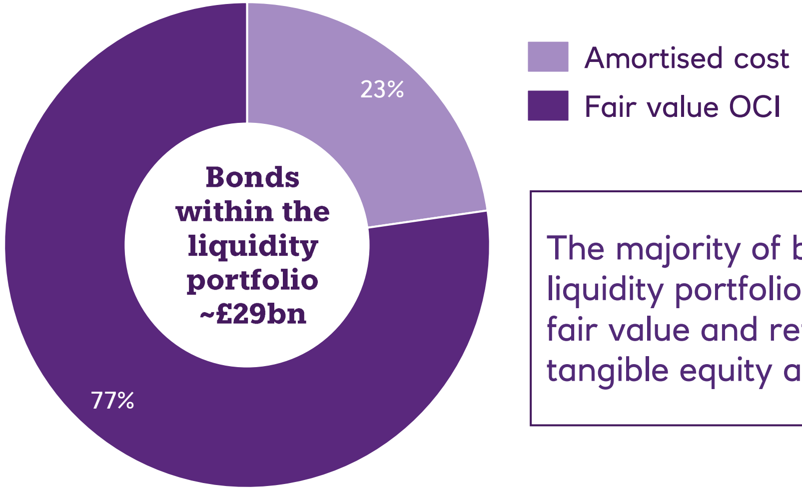
Primary liquidity portfolio composition as at Q1 2023, £bn



Secondary liquidity
£61.2bn

Total liquidity value
£209.9bn

Bonds within the liquidity portfolio as at Q1 2023, £bn

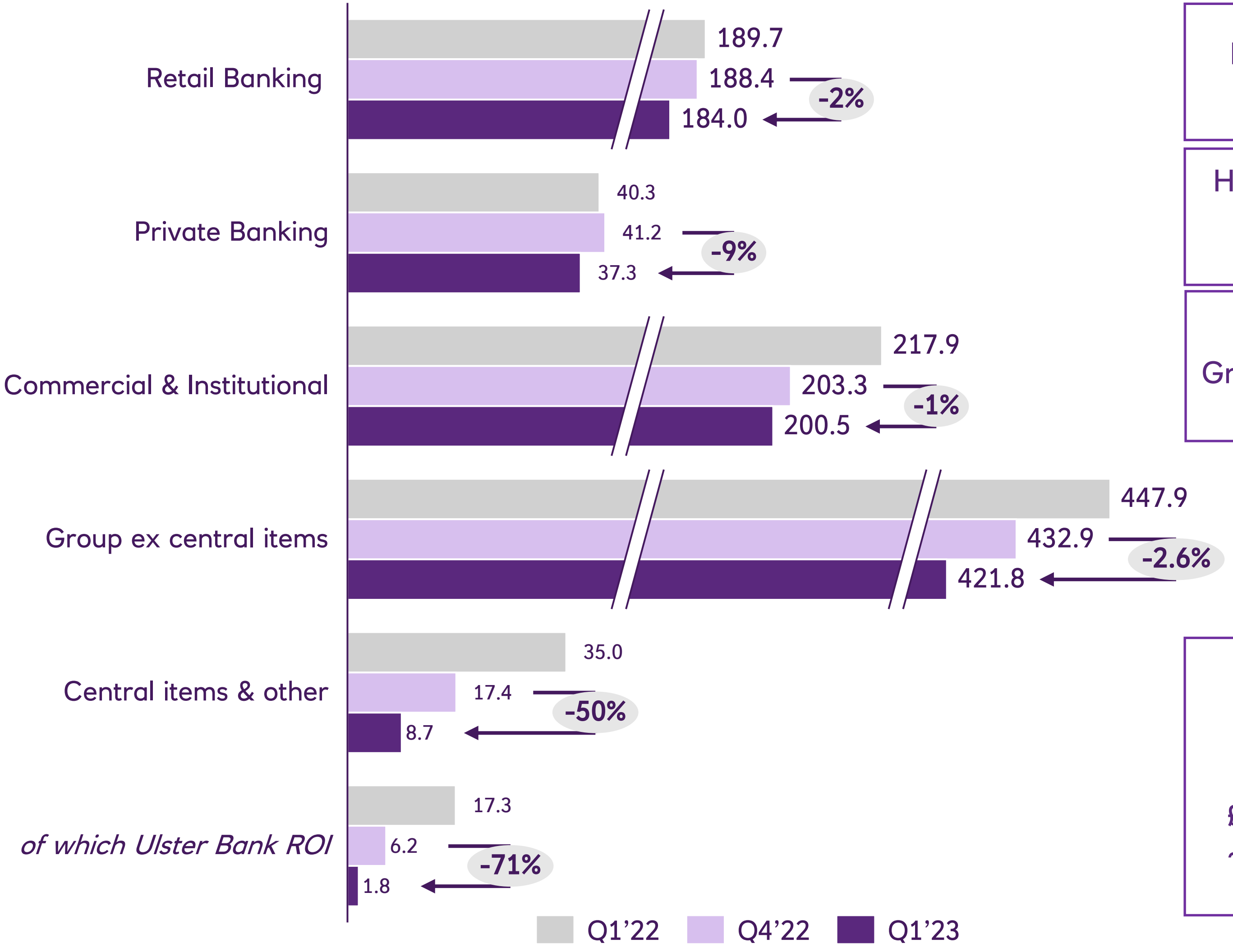


The majority of bonds in the liquidity portfolio are carried at fair value and reflected in Q1 tangible equity and CET1 capital

1. The Liquidity coverage ratio (LCR) is calculated as the simple average of the preceding 12 monthly periods ending on the quarterly reporting date.

Robust deposit funding with expected Q1 net outflows

Customer deposits across 3 business segments, Q1'23
£421.8bn down 2.6% or £11.1bn vs Q4'22, including ~£8bn higher tax payments



Higher tax payments & spending

Higher tax payments and further investment
Paydown of debt

Paydown of debt
Growth in large corporates

Normal treasury repo activity

£4.4bn Ulster reduction
~95% accounts closed[1];

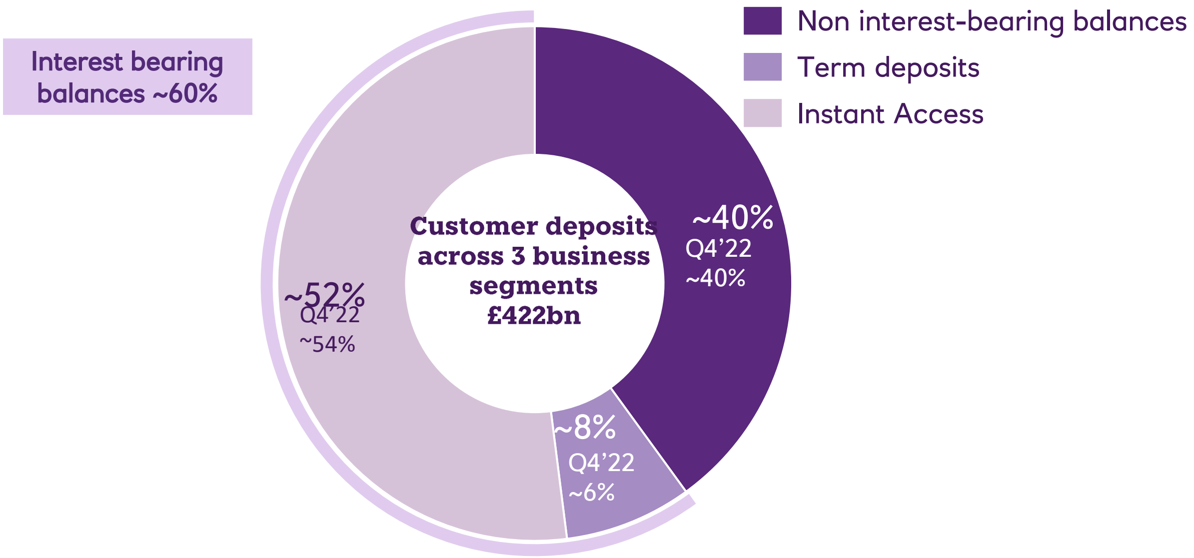
Key drivers of deposit balances:
- Macro economics
- Customer behaviour
- Competitive dynamics

1. Closed or in process of closing

Managing deposits for income and liquidity value

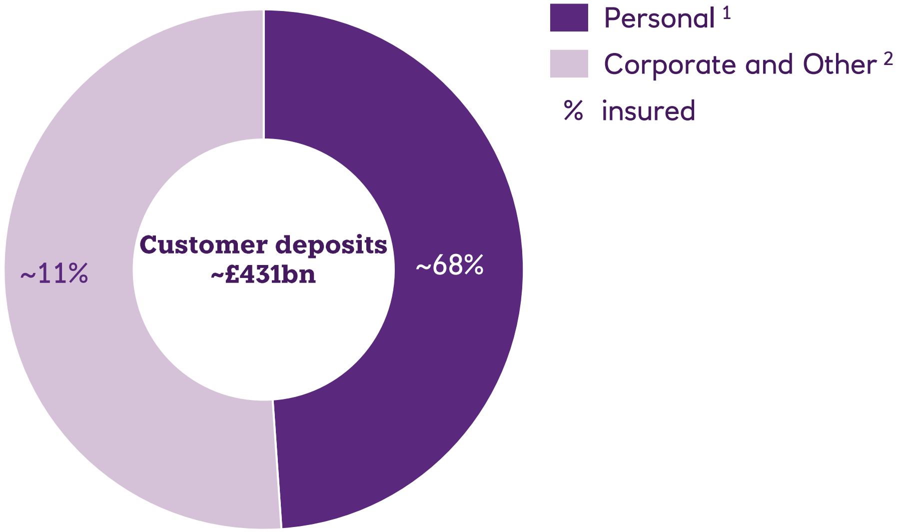
Non-interest bearing deposit mix broadly stable

Deposit mix by interest type as at Q1 2023, %

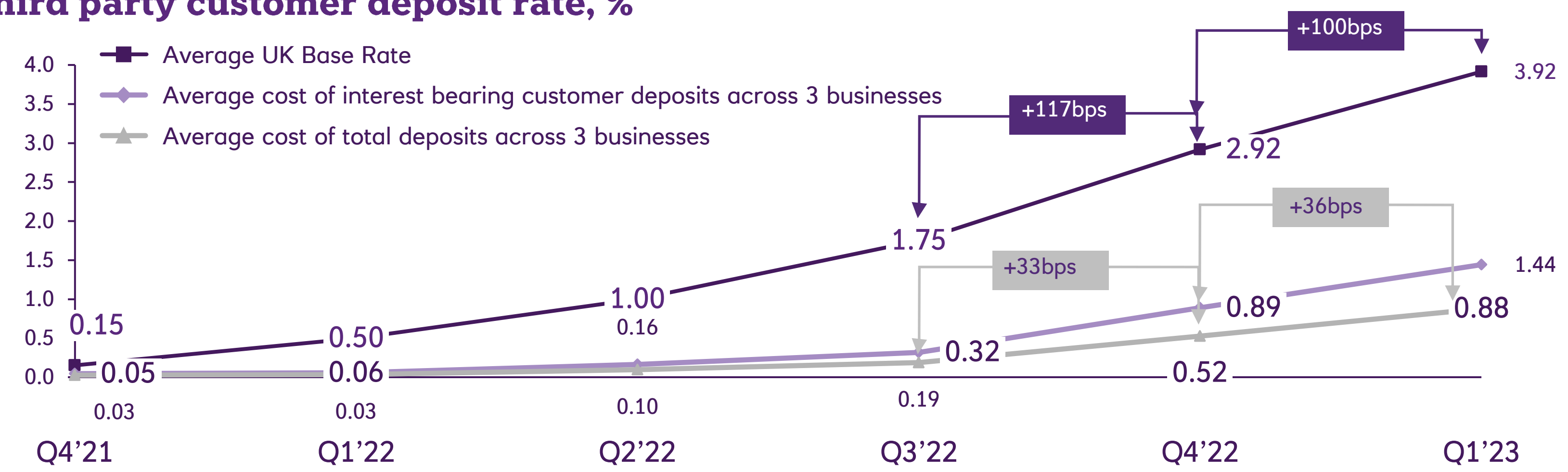


~40% of our deposits are insured

Deposits customer type and % insured as at Q1 2023, %



Third party customer deposit rate, %



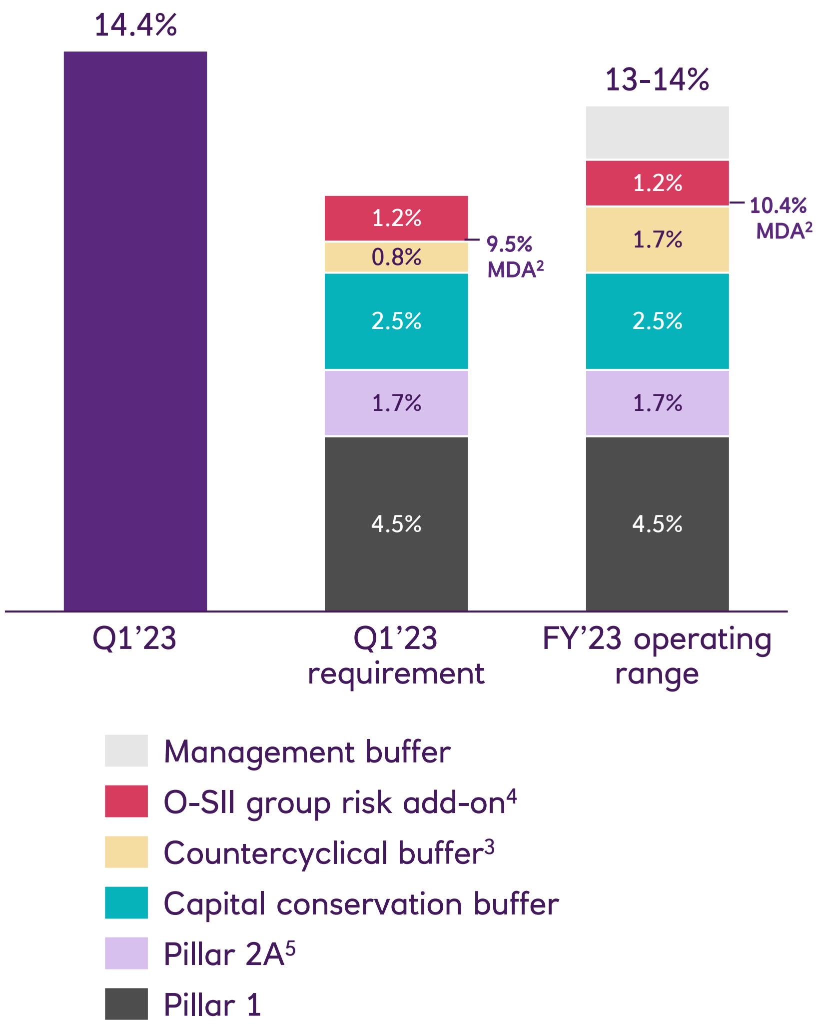
Drivers of higher deposit costs:

- Deposit repricing lags the increase in base rates
- Customer behaviour and balance migration to higher interest-paying accounts
- Pace of change is uncertain

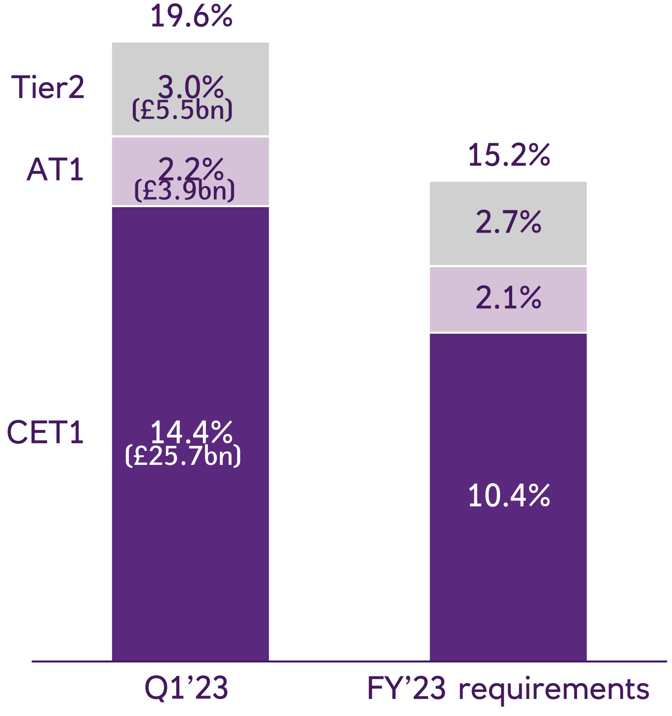
1. Personal deposits are ring fenced bank deposits attributable to individuals and sole traders, excludes Central items and other. 2. Corporate and other deposits include all non-ring fenced entities, corporate deposits in ring-fenced entities and includes Central items and other.

Strong capital and leverage positions provide flexibility

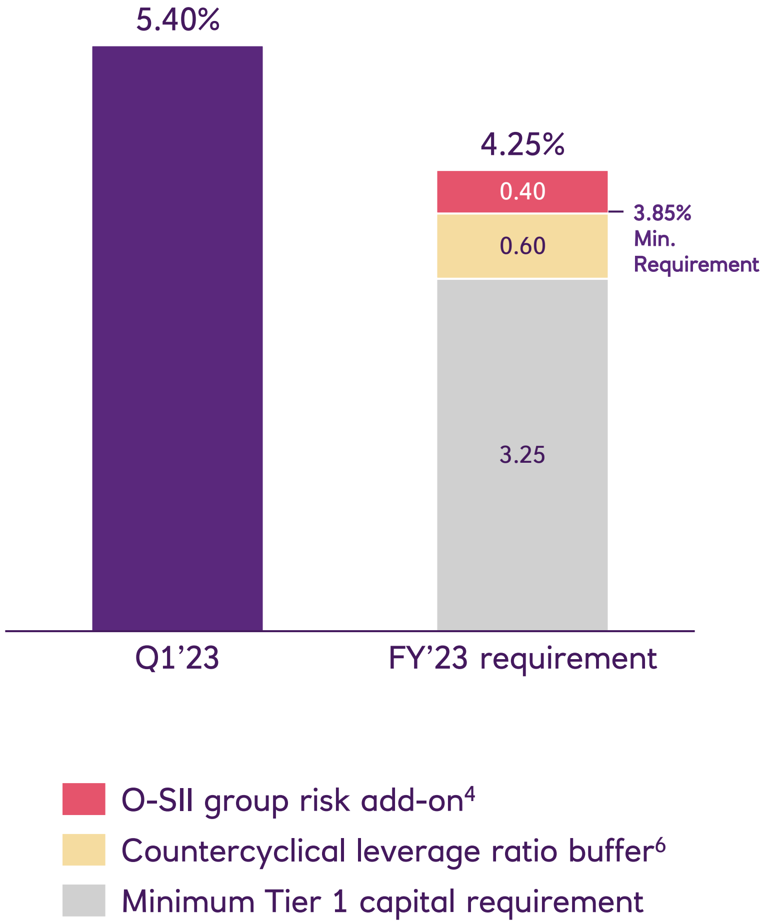
CET1 capital (% RWA)[1,2]



Total Capital (% RWA)



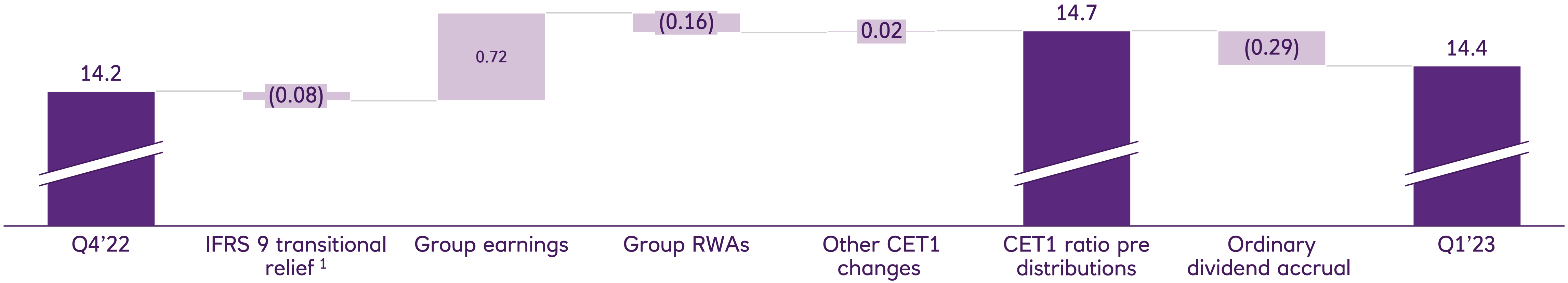
UK leverage ratio (% leverage exposure)



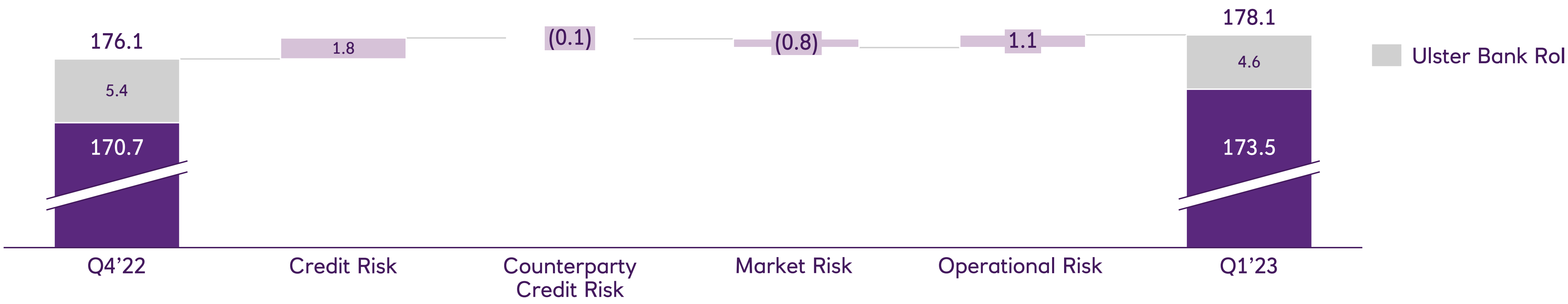
1. Operating range in 2023 reflects medium term CET1 of 13-14. 2. Based on assumption of static regulatory capital requirement. 3. Countercyclical buffer -The UK CCyB rate increased from 0% to 1% effective from 13 December 2022. A further increase from 1% to 2% was announced on 5 July 2022, effective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

Continued sustainable capital generation and distribution

CET1 ratio, %



Risk Weighted Assets, £bn[1]



1. IFRS 9 transitional relief reduced from 75% to 50% on 1 January 2023

Good progress against 2023 wholesale funding plan[1]

Across multiple currencies and tenors

		2023 guidance	Q1'23 actual	US	EU
NatWest Group plc (HoldCo)	Senior unsecured (MREL)	~£3bn to £5bn	~£2bn	• $1bn 4NC3 • $1bn 11NC10	• €500m 5NC4 Social bond
	Tier 2 capital	Up to £1bn	~£600m	-	• €700m 11NC6
NatWest Markets Plc (OpCo)	Senior unsecured (non-MREL) public benchmark issuance	~£3bn to £5bn	~£1.3bn	-	• €750m 3yr FRN • €750m 5yr FXD

1. Includes primary/benchmark transactions only. Does not include private placements.

Credit ratings - S&P raised the long-term issuer ratings for NatWest Group and its operating subsidiaries in April 2023

S&P long-term issuer rating action:

- NatWest Group plc long-term issuer ratings now rated BBB+ from BBB
- Core operating subsidiaries within the ring-fenced bank now rated A+ from A
- Other operating subsidiaries in the non ring-fenced bank now rated A from A-.

	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
Ulster Bank Ireland DAC	A1/Sta[1]	A/Sta	BBB+/Sta
Non ring-fenced bank operating companies			
NatWest Markets Plc	A1/Sta	A/Sta	A+/Sta
NatWest Markets N.V.	A1/Sta	A/Sta	A+/Sta
NatWest Markets Securities Inc	NR	A/Sta	A/Sta
RBSI Ltd	A1/Sta[1]	A/Sta	A/Sta

1. Moody's long-term Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless Moody's assigns an Issuer Rating and the outlook was changed to Negative from Stable on 25/10/22, after the Moody's UK Sovereign Rating outlook was changed to Negative from Stable.

Katie Murray
Chief Financial Officer

We are reafffirming all 2023 guidance

	Total Income	Other operating costs and C:I ratio[1]	Loan impairment rate	RoTE	Distributions
2023 GUIDANCE	~£14.8bn NIM: ~3.20% Assumes UK Base Rate of <u>4.25%</u> through the remainder of 2023	~£7.6bn <52%	20-30bps	14-16%	Payout ratio 40% + capacity for buybacks
Q1 PERFORMANCE	£3.8bn[2] NIM: 3.27%	£1.9bn C:I[1] 49.8%	7bps	22 19.8%	£0.5bn ordinary dividend accrual

1. Cost:income ratio is total Group income, divided by total costs excluding litigation and conduct 2. Total Income ex notable items

Q&A

Appendices

1. Total LCR level 1 assets liquidity value.

Strong Q1'23 operating performance

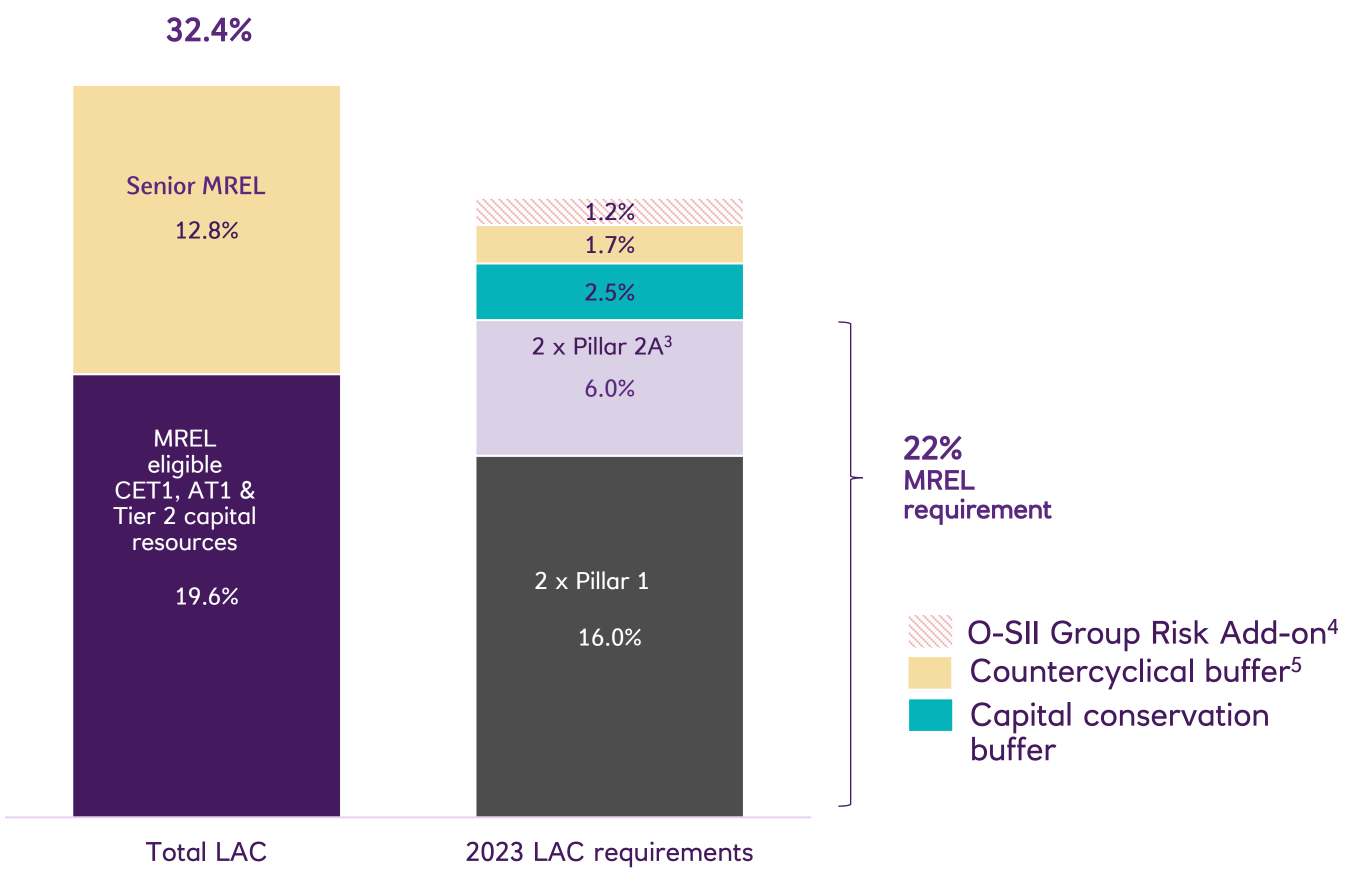
Group, £m	Q1'23	Q4'22	Q1'22	Q1'23 vs Q4'22	Q1'23 vs Q1'22
Net interest income, ex notable items[1]	2,902	2,909	2,027	(0.2%)	43.2%
Non-interest income, ex notable items[1]	918	857	757	7.1%	21.3%
Total income, ex notable items[1]	**3,820**	**3,766**	**2,784**	**1.4%**	**37.2%**
Total income	**3,876**	**3,708**	**3,008**	**4.5%**	**28.9%**
Other operating expenses	(1,932)	(2,047)	(1,718)	(5.6%)	12.5%
Litigation and conduct costs	(56)	(91)	(102)	(38.5%)	(45.1%)
Operating expenses	**(1,988)**	**(2,138)**	**(1,820)**	**(7.0%)**	**9.2%**
Operating profit before impairments	**1,888**	**1,570**	**1,188**	**20.3%**	**58.9%**
Impairment (losses)/releases	(70)	(144)	36	(51.4%)	nm
Loan impairment rate	*0.07%*	*0.16%*	*(0.04%)*	*(0.09%)*	*0.11%*
Operating profit	**1,818**	**1,426**	**1,224**	**27.5%**	**48.5%**
Attributable profit, £m	**1,279**	**1,262**	**841**	**1.3%**	**52.1%**
Return on Tangible Equity	**19.8%**	**20.6%**	**11.3%**	**(1)ppts**	**9ppts**
Cost to Income Ratio	**49.8%**	**55.2%**	**57.1%**	**(5)ppts**	**(7)ppts**

1. Note that this line excludes notable income items as per slide 29.

Total MREL resources comfortably above requirements[1]

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

£bn as at 31 March 2023



1. "MREL" = Minimum requirement for own funds and eligible liabilities. 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 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.

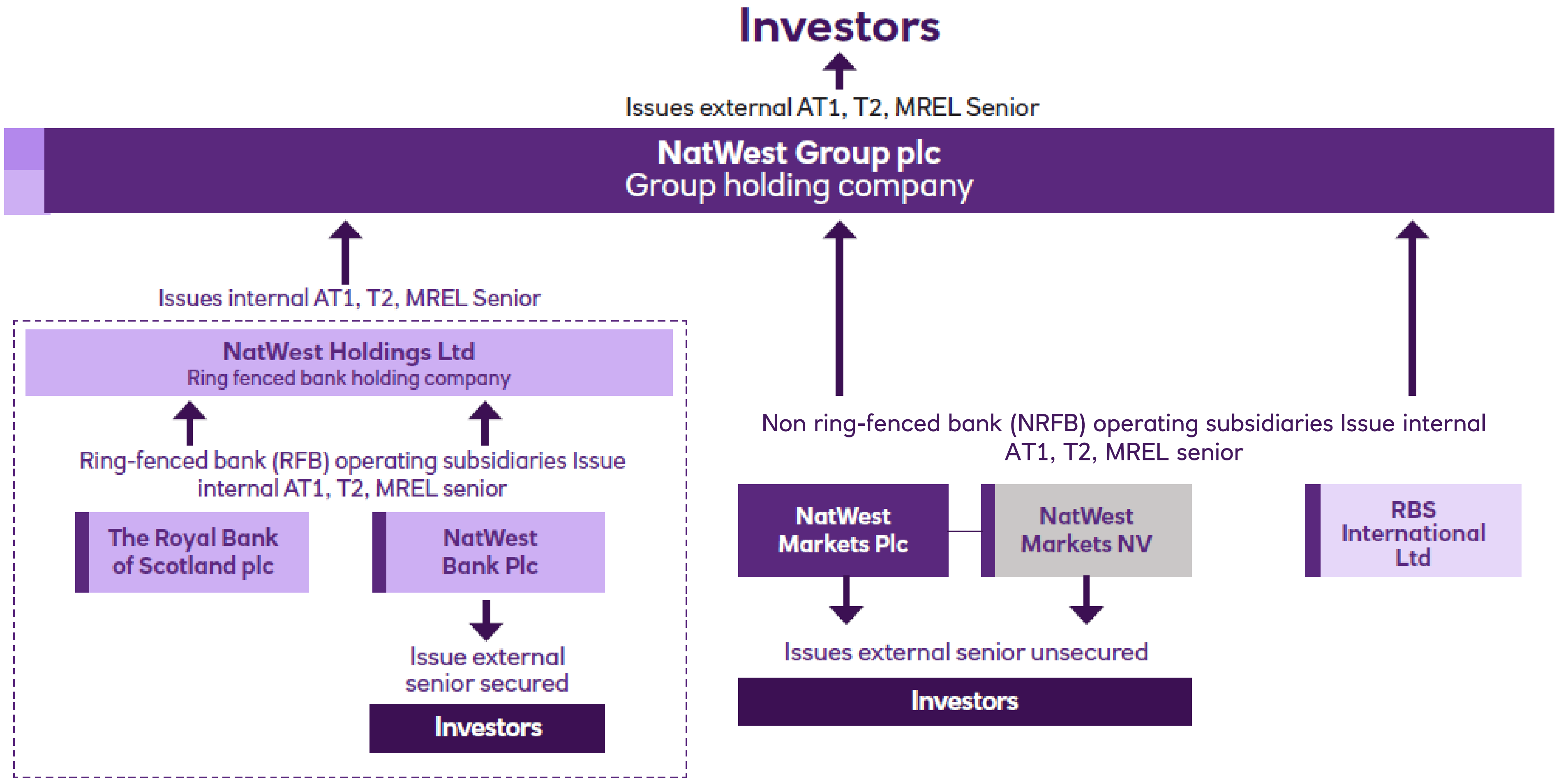
Issuing entity structure

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.

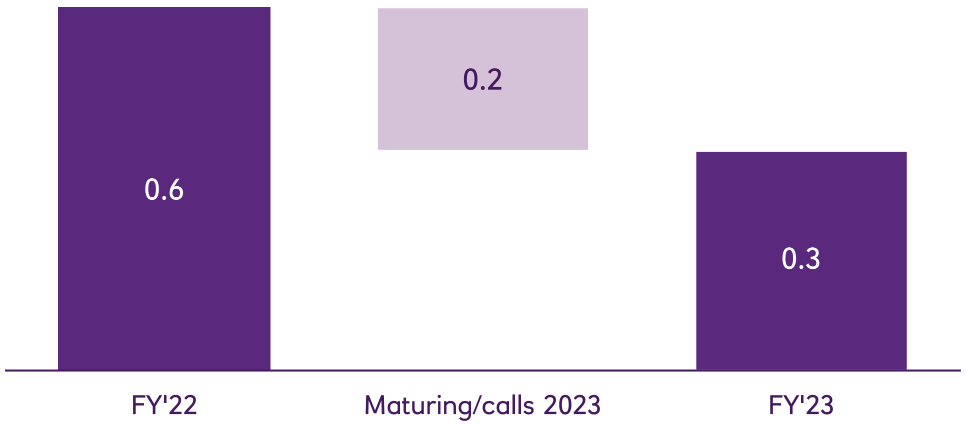


Legacy capital stack

Low residual balance of legacy capital following capital optimisation actions

Legacy capital actions 2023

Nominal value, £billion equivalent[1]



Security	Nominal value
Tier 1	
GB0006227051 NWB plc 9% Perp	£116m
Tier 2	
XS0041078535 NWB plc 11.5% Perp[2]	£31m
GB0007548026 NWG plc 5.5% Perp	£0.2m
GB0007548133 NWG plc 11% Perp	£0.2m
US00077TAA25 NWM NV 7.75% May 2023	$101m
XS0123050956 NWM NV February 2041	€170m
US00077TAB08 NWM NV 7.125% October 2093	$21.6m
XS0357281046 NWM Plc April 2023	€123m
XS0154144132 NWM Plc 5.625% September 2026	£16m
XS0138939854 NWM Plc 5.625% June 2032	£0.1m
XS0116447599 NWM Plc 3.09% Perp	£1.4m
IE0004325282 UBIDAC SONIA + 2.8266% Perp	£1.1m
IE0004325514 UBIDAC 11.75% Perp	£11.5m
IE0004325399 UBIDAC 11.375% Perp	€31m

1. Based on FX as at 31.12.2022

2. XS0041078535 NWB plc 11.5% call was announced on 12/12/2022 and redeemed on the 19/01/2023.

Fixed Income investor contacts

Group Treasury

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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
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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 NWG's 2022 Annual Report and Accounts, as well as the "Risk Factors" in the NWM 2022 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 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: implementation of NatWest Group's purpose-led strategy and other strategic priorities (including in relation to: phased withdrawal from ROI, cost-controlling measures, the NatWest Markets refocusing, the creation of the C&I franchise and the progression towards working as One Bank across NatWest Group to serve customers); 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 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/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 high inflation, supply chain disruption and the Russian invasion of Ukraine); uncertainty regarding the effects of Brexit; changes in interest rates and foreign currency exchange rates; 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 purpose-led Strategy; future acquisitions and divestments; 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; prudential regulatory requirements for capital and MREL; liquidity and funding risks; changes in the credit ratings; the requirements of regulatory stress tests; model risk; sensitivity to accounting policies, judgments, assumptions and estimates; 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 change and the transitioning to a net zero economy; the implementation of NatWest Group's climate change strategy, including publication of an initial climate transition plan in 2023 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; 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 replacement risk-free rates; and changes in tax legislation or failure to generate future taxable profits).

Climate and ESG disclosures

Climate and ESG disclosures in this document are not measures within the scope of International Financial Reporting Standards('IFRS'), use a greater number and level of judgements, 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 judgements, assumptions and estimates are highly likely to change 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 ESG 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 ESG related metrics. As a result, we expect that certain climate and ESG 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 2022 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. 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.

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