



NatWest  
Group

# NatWest Group

## Q1 2023 Results

28 April 2023



NatWest  
Group

# **Alison Rose**

## **Chief Executive 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<sup>1</sup>  
+~£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<sup>2</sup>  
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<sup>3</sup>

# 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<sup>1</sup>  
down £11bn vs Q4'22

**139%**

Liquidity Coverage Ratio  
£43bn headroom

Diversified and high  
quality loan book

**~5%**

Top 10 customers<sup>2</sup>  
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<sup>3</sup>  
up 1.6% versus Q4'22

**~17%**

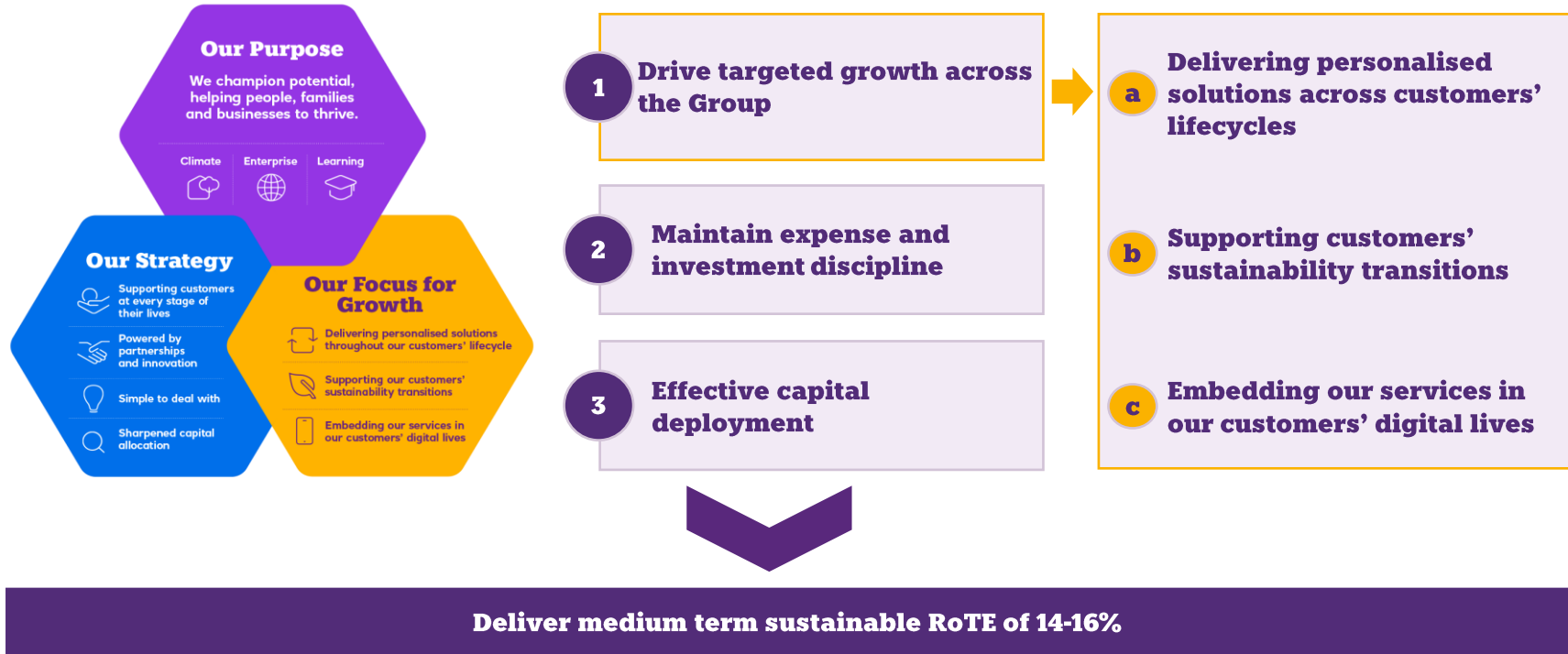
Mortgage flow share<sup>4</sup>  
versus 15% in Q4'22

**€500m**

Social bond issued linked to  
women-led enterprises<sup>5</sup>

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."

# A reminder of our purpose-led strategy focused on growth, cost and capital



# We are building on our purpose-led strategy

	Delivering personalised solutions across customers' lifecycles	Supporting customers' sustainability transitions	Embedding our services in our customers' digital lives
Delivering on Our Focus for Growth	<ul style="list-style-type: none"><li>• <b>Retail</b> - youth flow share has increased to 18.1%<sup>1</sup>, with 19% more youth accounts vs Q4'22</li><li>• <b>Private</b> – Q1 Net New Money doubled to £0.6bn vs Q4'22, 7.3% annualised growth vs opening AUMA</li><li>• <b>C&amp;I</b> – leading 16.4%<sup>2</sup> share of new enterprises with 9% more account openings<sup>3</sup> vs Q4'22</li></ul>	<ul style="list-style-type: none"><li>• Delivered <b>£40.2bn</b> of CSFF vs our £100bn 2025 target<sup>4</sup><ul style="list-style-type: none"><li>• including <b>£1.3bn</b> lending to EPC A+B properties vs our intention to make available at least <b>£10bn</b><sup>5</sup></li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>93%</b> of Retail customers' needs met digitally</li><li>• <b>64%</b> of Retail customers bank entirely digitally</li><li>• Entry to <b>whole of market</b> for credit cards supported increased share to <b>7.2% in Q1'23 from 6.9%</b><sup>6</sup></li></ul>
Maintain expense and investment discipline	<ul style="list-style-type: none"><li>• <b>On track for FY 2023 cost guidance</b> of ~£7.6bn other operating expenses</li><li>• <b>£3.5bn investment 2023-2025</b> including further optimising end-to-end customer journeys; increasing use of data and machine learning and robotics; expanding green product offering to facilitate the transition to a sustainable economy; and keeping customers safe and secure</li></ul>		
Effective capital deployment	<ul style="list-style-type: none"><li>• <b>Active capital and risk management</b> with a diversified loan book and <b>positioned for growth</b></li><li>• <b>Ulster Bank ROI RWAs reduced</b> to £4.6bn in Q1'23</li><li>• <b>Good progress with our on-market buyback</b> and accruing for 40% ordinary dividend payout</li></ul>		
Deliver medium term sustainable RoTE of 14-16%			

1. As at Jan'23 (latest available), source CACI – flow share of 11-17 with Rooster 11+ overlay (12 months rolling). 2. Based on the % of businesses, less than 2 years old, that name a NatWest Group brand as their main bank. Compared to other banks with a presence on the high street. Source: MarketVue Business Banking from Savanta at Q4 2022 (latest available data). This is a survey of 791 start-ups across Great Britain. Excludes businesses using personal bank accounts 3. Across Business Banking and Mettle, account opens in Q1'23 vs Q4'22. 4. Climate and Sustainable Funding and Financing, between 1 July 2021 and the end of 2025. 5. As part of our existing £100bn Climate and Sustainable Funding and Financing target and covers period from 1 January 2023 to the end of December 2025. 6. Credit card market share 7.2% as at 28 February 2023 (latest available Bank of England data)

# 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 <sup>1</sup>	£40.2bn <sup>1</sup>	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 <sup>2</sup> , incl. £0.3bn of Ulster Bank Rol direct costs	£1.9bn <sup>2</sup>	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 <sup>3</sup>	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.

# Delivering sustainable value creation and strong distributions

## SUSTAINABLE MEDIUM-TERM GROUP TARGETS

**Sustainable RoTE**

**14-16%**

**Cost:Income ratio<sup>1</sup>**

**<50% by 2025**

**Payout ratio**

**40%**

**+ capacity for  
buybacks**

**Provide £100 billion of Climate and Sustainable Funding and Financing by 2025**

**Operating with a CET1 ratio in the range of 13-14%**

1. Cost:income ratio is total Group income, divided by total costs excluding litigation and conduct





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# **Katie Murray**

## **Chief Financial Officer**

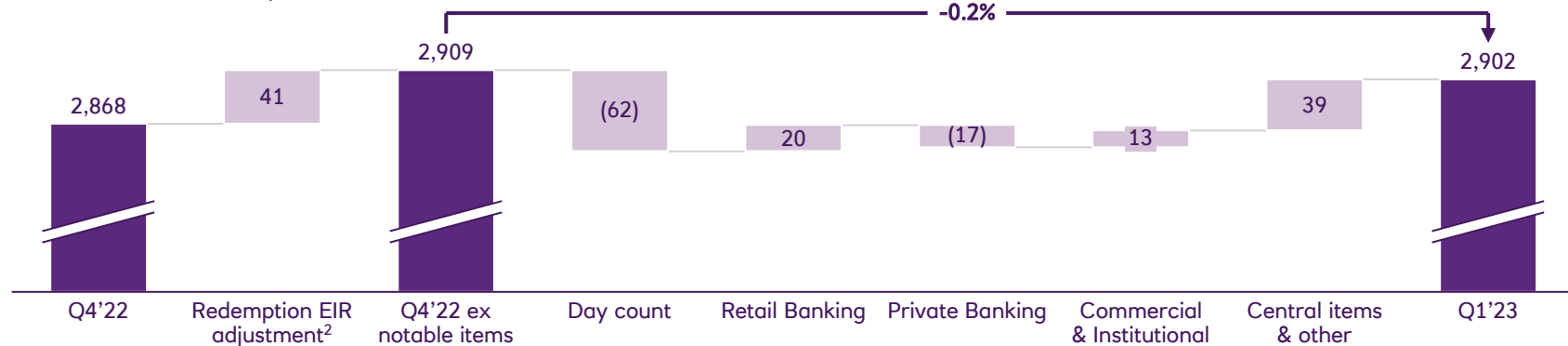
# Strong Q1'23 operating performance

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

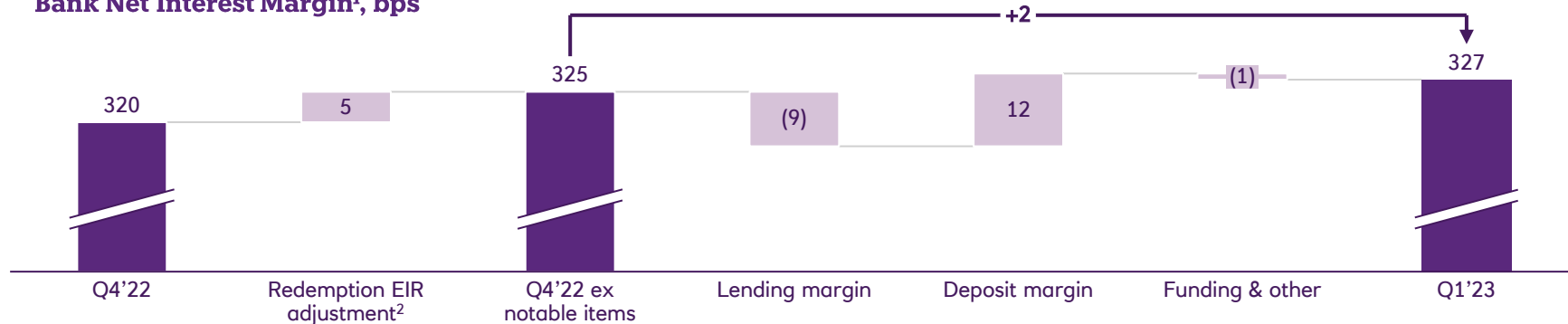
1. Note that this line excludes notable income items as per slide 29.

# Stable net interest income and NIM

## Net Interest Income, £m



## Bank Net Interest Margin<sup>1</sup>, bps



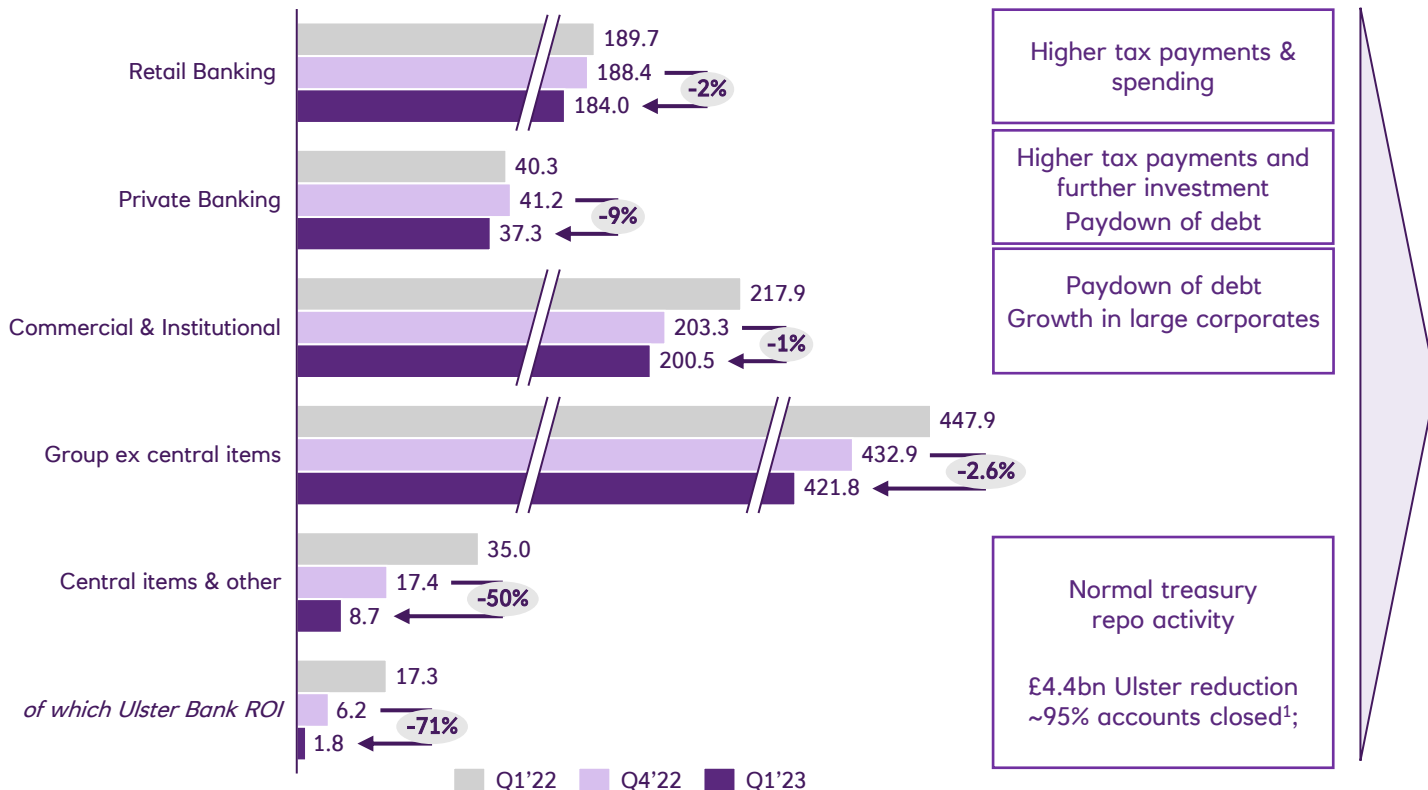
355.8	Bank Average Interest Earning Assets (AIEAs) <sup>1</sup> , £bn	360.0
182.8	Liquid Asset Buffer Average Interest Earning Assets, £bn	162.4

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

# 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<sup>1</sup>;

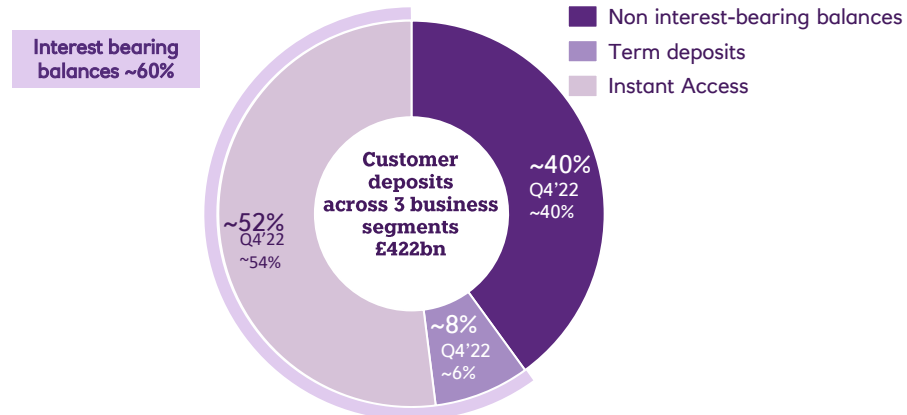
## Key drivers of deposit balances:

- Macro economics
- Customer behaviour
- Competitive dynamics

# Managing deposits for income and liquidity value

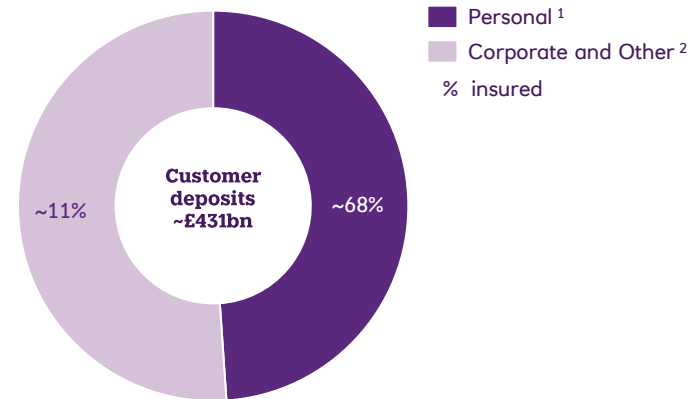
## Non-interest bearing deposit mix broadly stable

Deposit mix by interest type as at Q1 2023, %

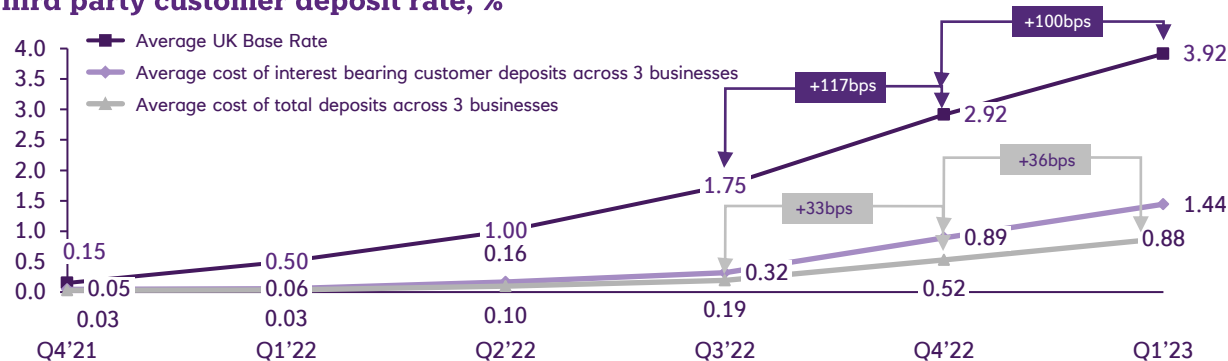


## ~40% of our deposits are insured

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



## Third party customer deposit rate, %



### Drivers of higher deposit costs:

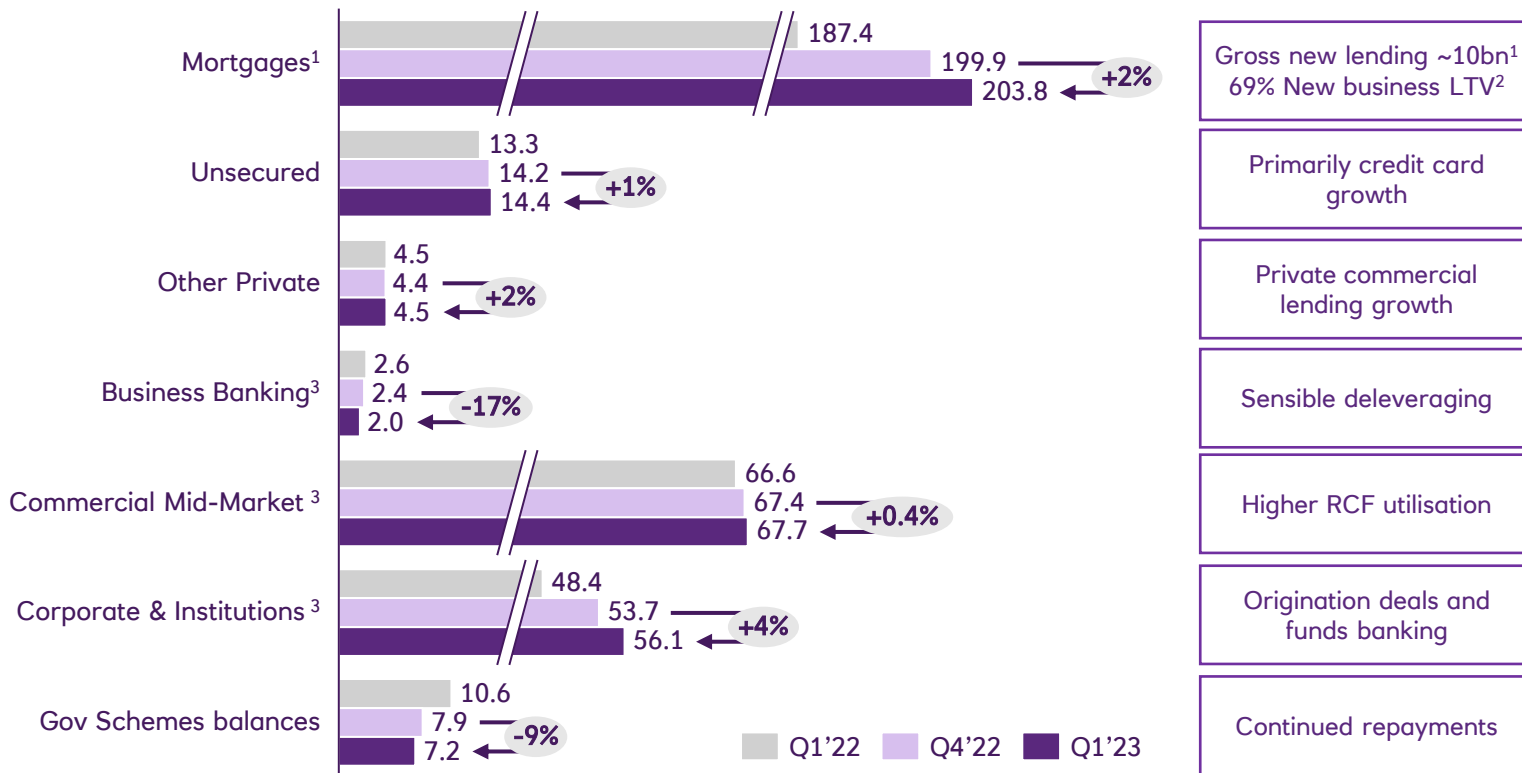
- Deposit repricing lags the increase in base rates
- Customer behaviour and balance migration to higher interest-paying accounts
- Pace of change is uncertain

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.

# Responsible lending across all of our businesses

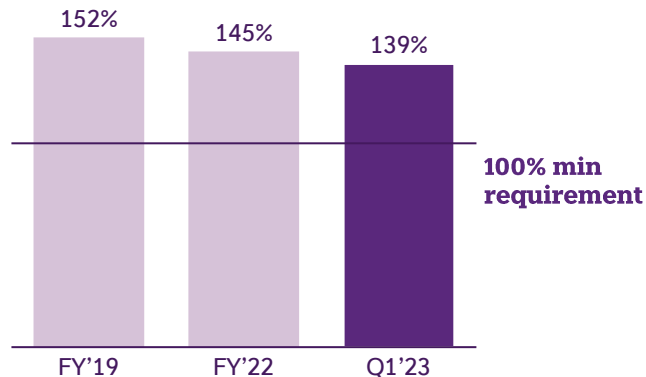
Gross loans to customers (amortised cost) across 3 business segments, Q1'23

**£355.7bn up 1.6% or £5.7bn vs. Q4'22**



# Strong liquidity portfolio and key metrics

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

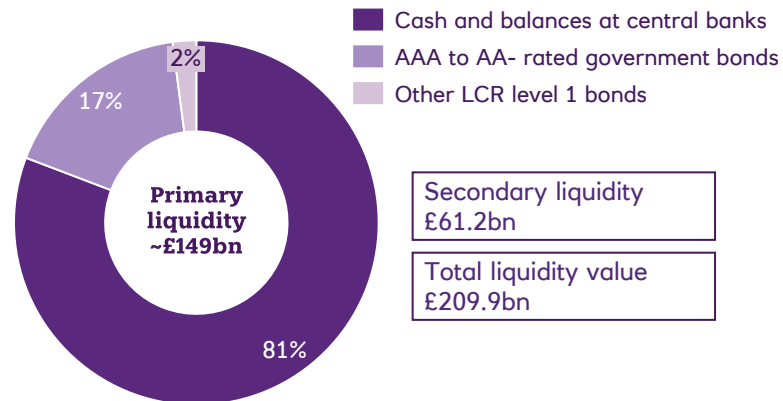


**12-month average LCR 151%**

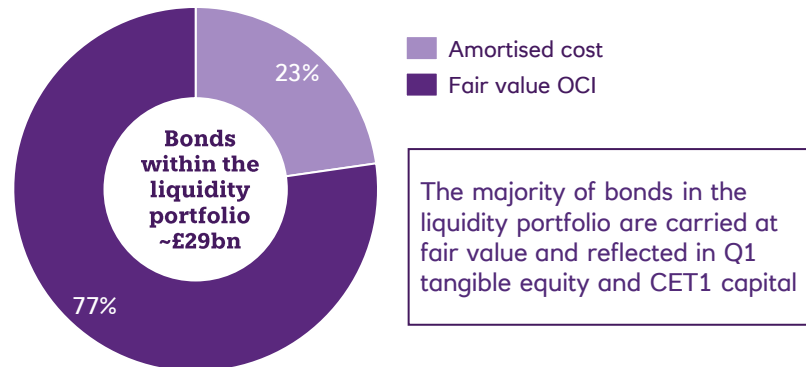
**Net Stable Funding Ratio 141%**

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

**Primary liquidity portfolio composition as at Q1 2023, £bn**

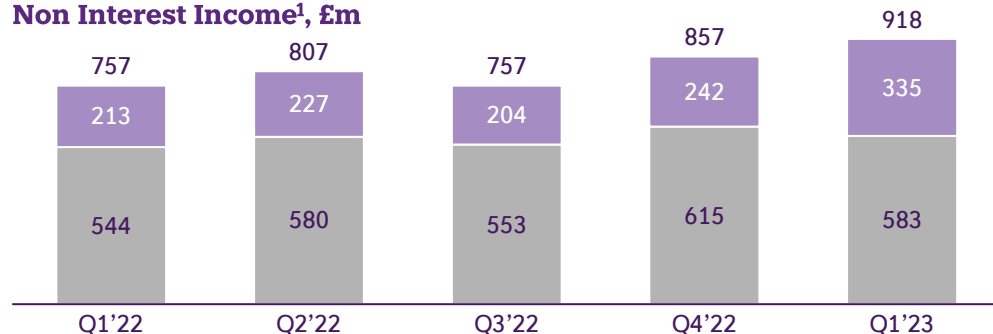


**Bonds within the liquidity portfolio as at Q1 2023, £bn**



# Non interest income supported by improved fixed income trading

## Non Interest Income<sup>1</sup>, £m

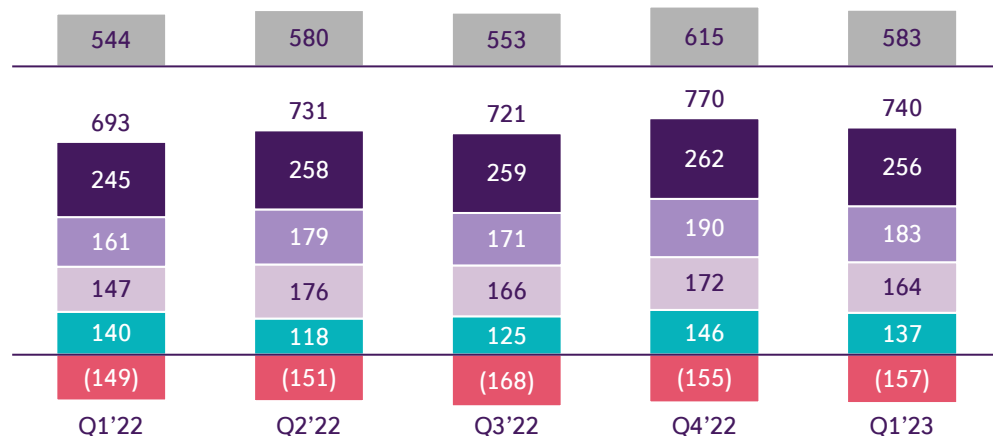


### Q1'23 performance

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

■ Trading and other income  
■ Net fees and commissions

## Fees and Commissions, £m



■ Net fees and commissions

■ Fees and commissions receivable

■ Payment services

■ Lending (credit facilities)

■ Credit and debit card fees

■ Invest. Mgmt., underwriting, other

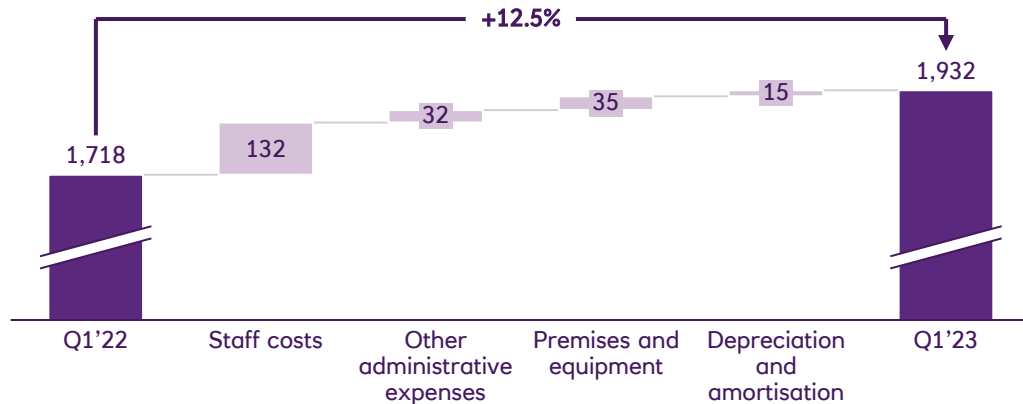
■ Fees and commissions payable

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

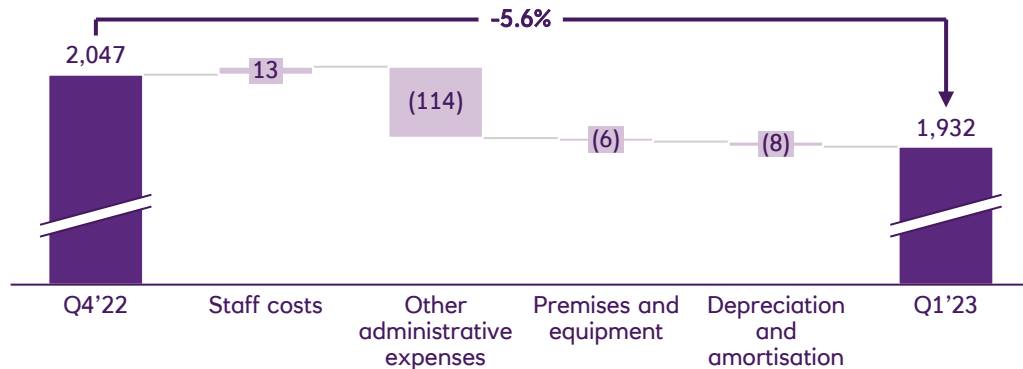
Other operating expenses Q1'23 vs Q1'22, £m



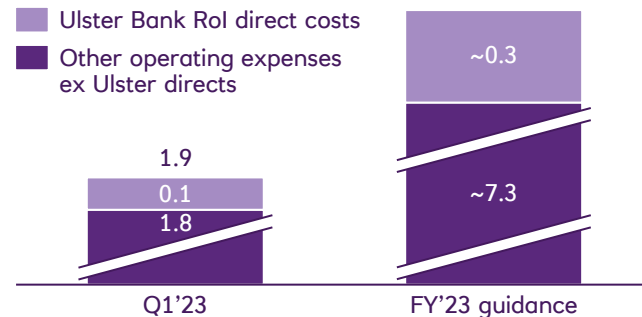
## Q1'23 cost considerations

- 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

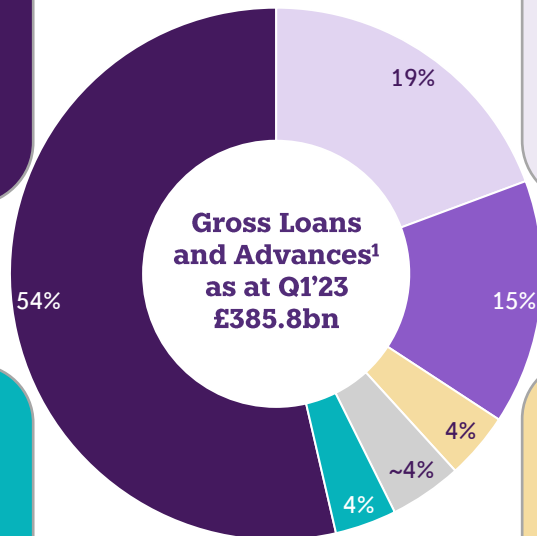
## Arrears levels remain broadly stable

### Mortgages

- Mortgage LTV of 53%<sup>2</sup>
- 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

### Credit cards and other unsecured

- <4% of Group Loans
- Difficulty to pay<sup>3</sup> 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



### 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

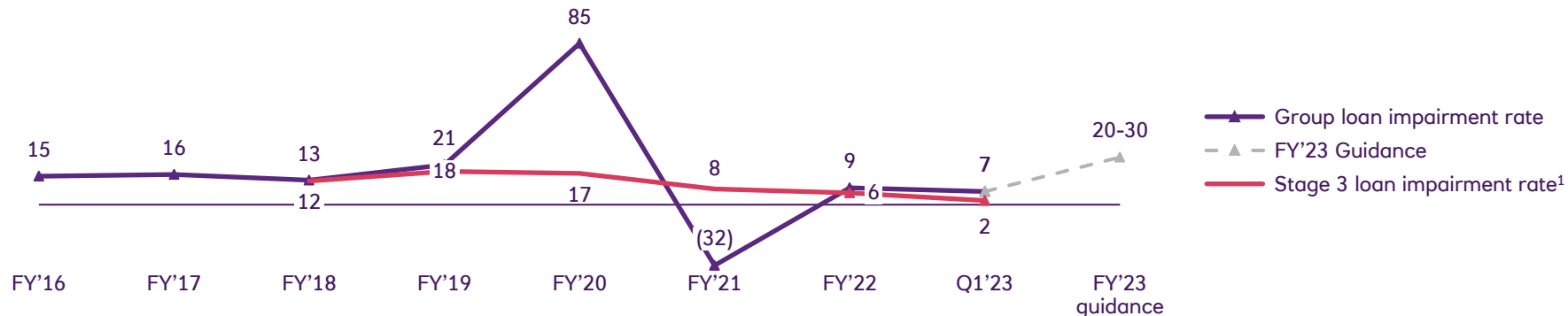
- Mortgages
- Property ex- CRE
- Corporate
- CRE
- Sov & FI's<sup>4</sup>
- Credit Cards & Other

### Commercial Real Estate (CRE)

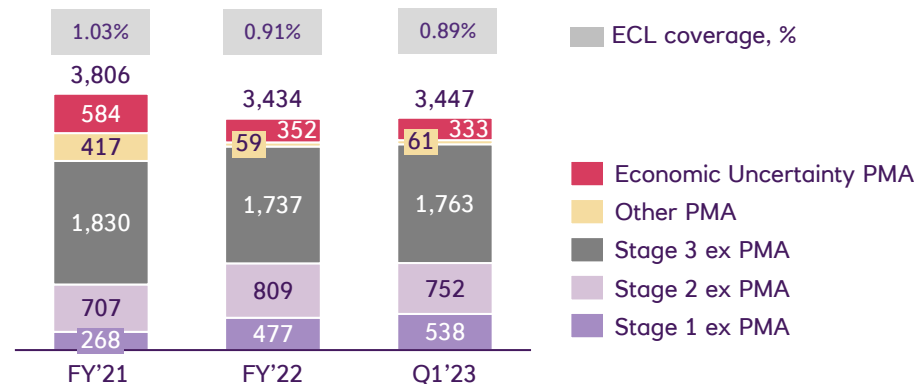
- <5% of Group lending
- CRE average LTV of 47%<sup>2</sup>
- Around 20% of our book is due to expire each year<sup>5</sup>
- Exposure to the Retail and Office sector is geographically diversified across all regions of the UK

# Well provided for the economic cycle and impairments remain benign

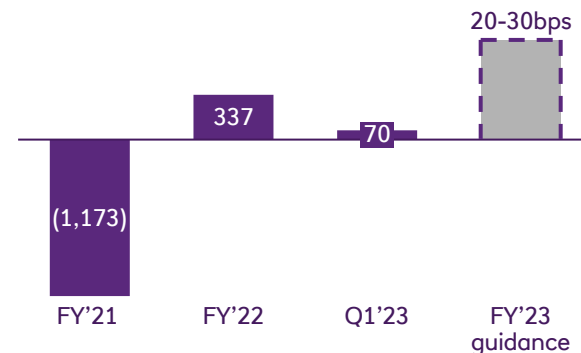
History of loan impairment rates, bps



## Group ECL provisions, £bn, and coverage



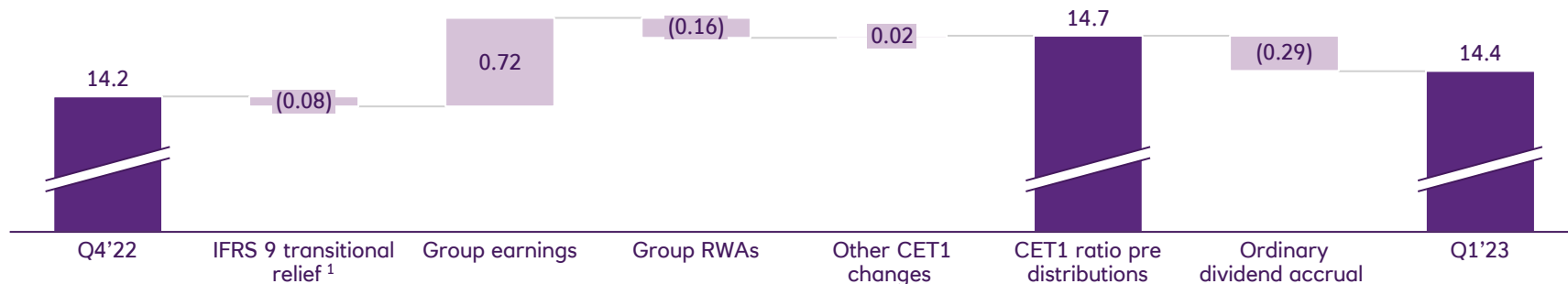
## Impairment charge / (release), £m



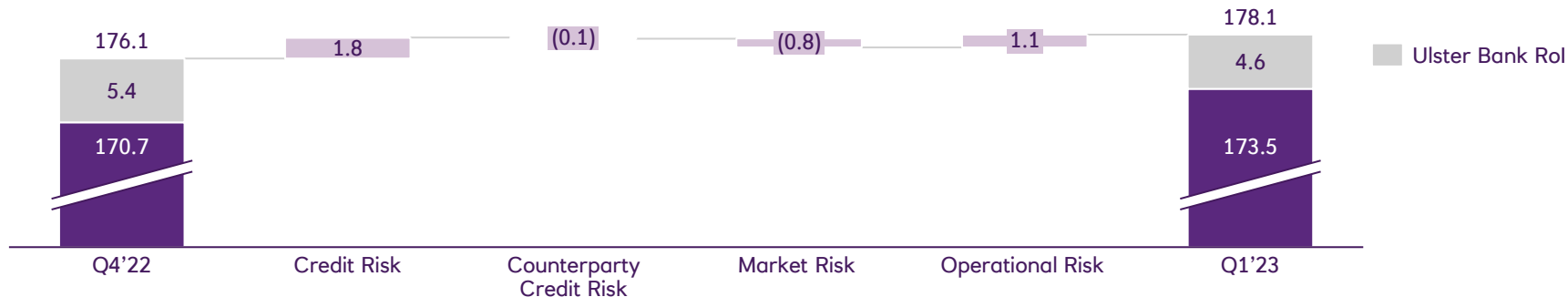
1. 2016 and 2017 did not have IFRS 9 staging disclosure

# Continued sustainable capital generation and distribution

## CET1 ratio, %



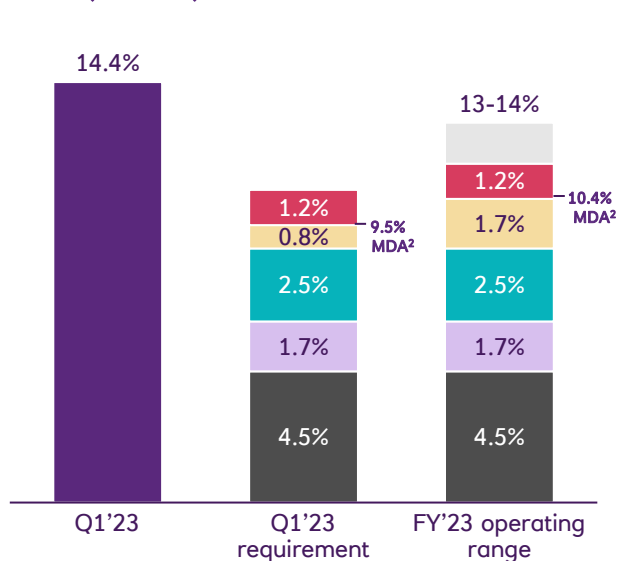
## Risk Weighted Assets, £bn<sup>1</sup>



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

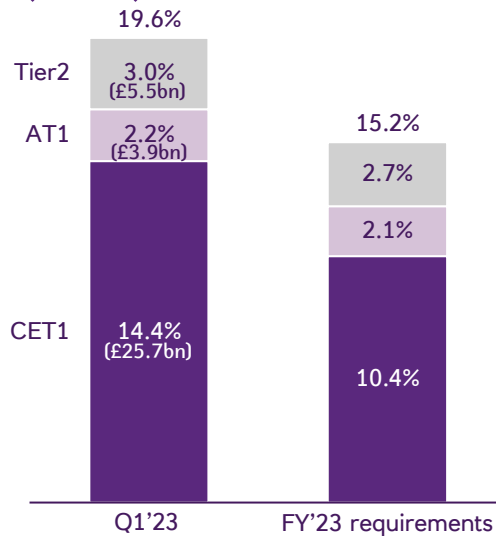
# Strong capital and leverage positions provide flexibility

**CET1 capital  
(% RWA)<sup>1,2</sup>**

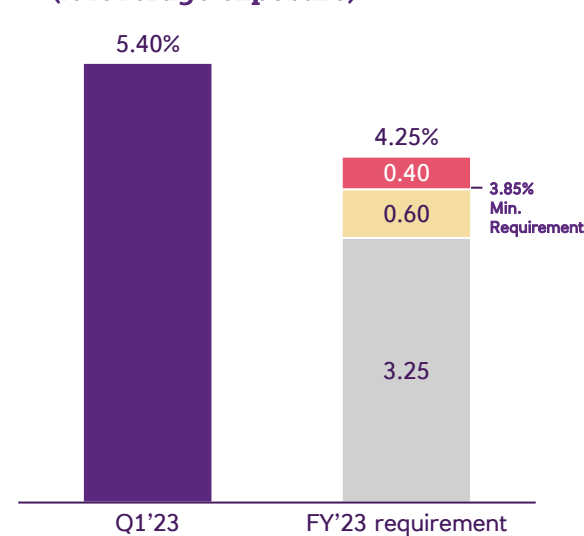


- Management buffer
- O-SII group risk add-on<sup>4</sup>
- Countercyclical buffer<sup>3</sup>
- Capital conservation buffer
- Pillar 2A<sup>5</sup>
- Pillar 1

**Total Capital  
(% RWA)**



**UK leverage ratio  
(% leverage exposure)**



- O-SII group risk add-on<sup>4</sup>
- Countercyclical leverage ratio buffer<sup>6</sup>
- Minimum Tier 1 capital requirement

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.

# We are reaffirming all 2023 guidance

## 2023 GUIDANCE

Total Income	Other operating costs and C:I ratio <sup>1</sup>	Loan impairment rate	RoTE	Distributions
<b>~£14.8bn</b> NIM: ~3.20%  Assumes UK Base Rate of 4.25% through the remainder of 2023	<b>~£7.6bn</b> <52%	<b>20-30bps</b>	<b>14-16%</b>	<b>Payout ratio 40% + capacity for buybacks</b>

## Q1 PERFORMANCE

<b>£3.8bn<sup>2</sup></b> NIM: 3.27%	<b>£1.9bn</b> C:I <sup>1</sup> 49.8%	<b>7bps</b>	<b>19.8%</b>	<b>£0.5bn</b> ordinary dividend accrual
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1. Cost:income ratio is total Group income, divided by total costs excluding litigation and conduct 2. Total Income ex notable items



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# **Alison Rose**

## **Chief Executive Officer**

# Our investment case over the medium-term

**Strong market positions across our three business segments, with targeted growth**

**Positioned well for downside and upside scenarios**

**Strong and diversified funding & liquidity profile**

**Disciplined expense and risk management, targeting a C:I ratio<sup>1</sup> <50% by 2025**

**All-weather balance sheet, operating with a CET1 ratio in the range of 13-14%**

**Pay out ratio of  
40% + capacity  
to participate  
in buy-backs**

**Sustainable medium-term RoTE of 14-16%**

1. Cost:income ratio is total Group income, divided by total costs excluding litigation and conduct.





# Q&A



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# Appendix

# Outlook statements<sup>1</sup>

Outlook	<p>We retain the outlook guidance provided in the 2022 Annual Report and Accounts.</p> <p>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.</p>
Outlook 2023	<ul style="list-style-type: none"> <li>We continue to expect to achieve a return on tangible equity for the Group of 14-16%.</li> <li>Income excluding notable items for the Group is expected to be around £14.8 billion and full year NIM around 3.20%, based on a Bank of England base rate of 4.25% through the remainder of 2023.</li> <li>We expect to deliver a Group cost:income ratio below 52% or around £7.6 billion of Group operating costs, excluding litigation and conduct costs.</li> <li>Impairment losses in 2023 are expected to be in line with our through the cycle guidance of 20-30 basis points.</li> </ul>
Capital and Funding	<ul style="list-style-type: none"> <li>We expect to generate and return significant capital to shareholders through 2023.</li> <li>We expect to pay ordinary dividends of 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 and limited to 4.99% of issued share capital in any 12-month period.</li> <li>We will also consider further on-market buybacks as part of our overall capital distribution approach as well as inorganic opportunities where the strategic case and returns are suitably compelling</li> <li>As part of the Group's capital and funding plans we intend to issue between £3 billion to £5 billion of MREL-compliant senior instruments in 2023, with a continued focus on issuance under our Green, Social and Sustainability Bond Framework, and up to £1 billion of Tier 2 capital instruments. NatWest Markets plc's funding plan targets £3 billion to £5 billion of public benchmark issuance.</li> </ul>
Medium term	<ul style="list-style-type: none"> <li>We continue to target a sustainable return on tangible equity for the group of 14-16% over the medium term.</li> <li>We expect to deliver a Group cost:income ratio of less than 50%, excluding litigation and conduct costs, by 2025.</li> <li>We expect that RWAs could increase by a further 5-10% by the end of 2025, including the impact of Basel 3.1.</li> <li>We expect to continue to generate and return significant capital via ordinary dividends and buybacks to shareholders over the medium term and continue to expect that the CET1 ratio will be in the range of 13-14%.</li> </ul>

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 in the 2022 Annual Report and Accounts. These statements constitute forward-looking statements. Refer to Forward-looking statements in this announcement.

# Segmental summary

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



Group Q1'23, £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Net interest income	1.5	0.2	1.3	(0.1)	2.9
Non-interest income	0.1	0.1	0.7	0.1	1.0
<b>Total income</b>	<b>1.6</b>	<b>0.3</b>	<b>2.0</b>	<b>0.0</b>	<b>3.9</b>
<i>Income ex-notable items</i>	<i>1.6</i>	<i>0.3</i>	<i>1.9</i>	<i>(0.0)</i>	<i>3.8</i>
Other operating expenses	(0.7)	(0.2)	(1.0)	(0.1)	(1.9)
Litigation and conduct	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
<b>Operating expenses</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>(2.0)</b>
<b>Operating profit/(loss) before impairment releases/(losses)</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>	<b>(0.1)</b>	<b>1.9</b>
Impairment releases/(losses)	(0.1)	(0.0)	0.0	0.0	(0.1)
<b>Operating profit/(loss)</b>	<b>0.8</b>	<b>0.1</b>	<b>1.0</b>	<b>(0.1)</b>	<b>1.8</b>
Net loans to customers - amortised cost	201.7	19.2	131.5	21.8	374.2
Customer Deposits	184.0	37.3	200.5	8.7	430.5
RWA's	55.6	11.4	104.8	6.3	178.1
<b>Return on equity / tangible equity</b>	<b>30.0%</b>	<b>28.5%</b>	<b>19.5%</b>	<b>nm</b>	<b>19.8%</b>
<b>Cost:income ratio</b>	<b>43.2%</b>	<b>51.4%</b>	<b>49.1%</b>	<b>nm</b>	<b>49.8%</b>

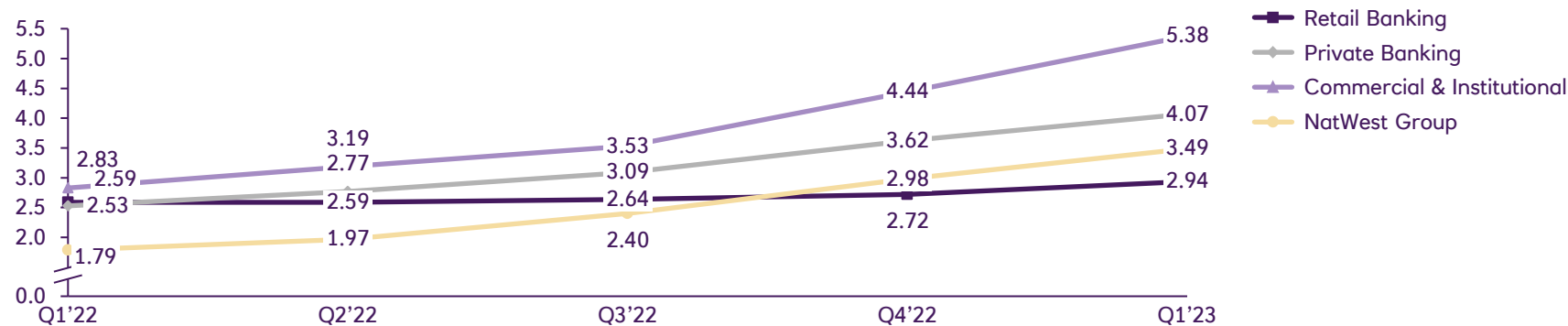
# Notable items

	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23
<b>Group income</b>	<b>3,008</b>	<b>3,211</b>	<b>3,229</b>	<b>3,708</b>	<b>13,156</b>	<b>3,876</b>
<b>Notable items in Income, £m</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>FY'22</b>	<b>Q1'23</b>
<b><i>Commercial and Institutional Banking</i></b>						
Own credit adjustments (OCA)	18	34	9	(19)	42	6
Fair value, disposal losses and strategic risk reduction	--	(45)	--	--	(45)	
<b><i>Central items &amp; other</i></b>						
Interest and FX risk management derivatives not in accounting hedge relationships	166	149	100	(46)	369	75
Loss on redemption of own debt	(24)	--	(137)	--	(161)	--
Liquidity Asset Bond sale gains	41	(5)	(124)	--	(88)	(13)
Share of associate profits/(losses) for Business Growth Fund	23	(36)	(16)	7	(22)	(12)
Effective interest rate adjustment as a result of redemption of own debt	--	--	--	(41)	(41)	--
Profit from Insurance liabilities settlement	--	--	--	92	92	--
Ulster Bank Rol fair value mortgage adjustment	--	--	--	(51)	(51)	--
<b>Total notable items in Group income</b>	<b>224</b>	<b>97</b>	<b>(168)</b>	<b>(58)</b>	<b>95</b>	<b>56</b>
<b>Group income excluding notable items</b>	<b>2,784</b>	<b>3,114</b>	<b>3,397</b>	<b>3,766</b>	<b>13,061</b>	<b>3,820</b>
	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23
<b>Group operating expenses</b>	<b>(1,820)</b>	<b>(1,833)</b>	<b>(1,896)</b>	<b>(2,138)</b>	<b>(7,687)</b>	<b>(1,988)</b>
<b>Notable items in Operating Expenses, £m</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>FY'22</b>	<b>Q1'23</b>
Litigation & Conduct	(102)	(67)	(125)	(91)	(385)	(56)
<b>Total notable items in Group Expenses</b>	<b>(102)</b>	<b>(67)</b>	<b>(125)</b>	<b>(91)</b>	<b>(385)</b>	<b>(56)</b>
<b>Group operating expenses excluding notable items</b>	<b>(1,718)</b>	<b>(1,766)</b>	<b>(1,771)</b>	<b>(2,047)</b>	<b>(7,302)</b>	<b>(1,932)</b>
Memo: Bank Levy	5	--	--	(106)	(101)	--
Group Metrics	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23
<b>Cost:income ratio – reported</b>	<b>57.1%</b>	<b>55.0%</b>	<b>54.8%</b>	<b>55.2%</b>	<b>55.5%</b>	<b>49.8%</b>
Cost:income ratio – excluding income notable items <sup>1</sup>	61.7%	56.7%	52.1%	54.4%	55.9%	50.6%
<b>RoTE – reported</b>	<b>11.3%</b>	<b>15.2%</b>	<b>2.9%</b>	<b>20.6%</b>	<b>12.3%</b>	<b>19.8%</b>
RoTE – excluding income notable items and litigation and conduct <sup>1</sup>	10.4%	15.1%	6.8%	22.8%	13.5%	20.0%

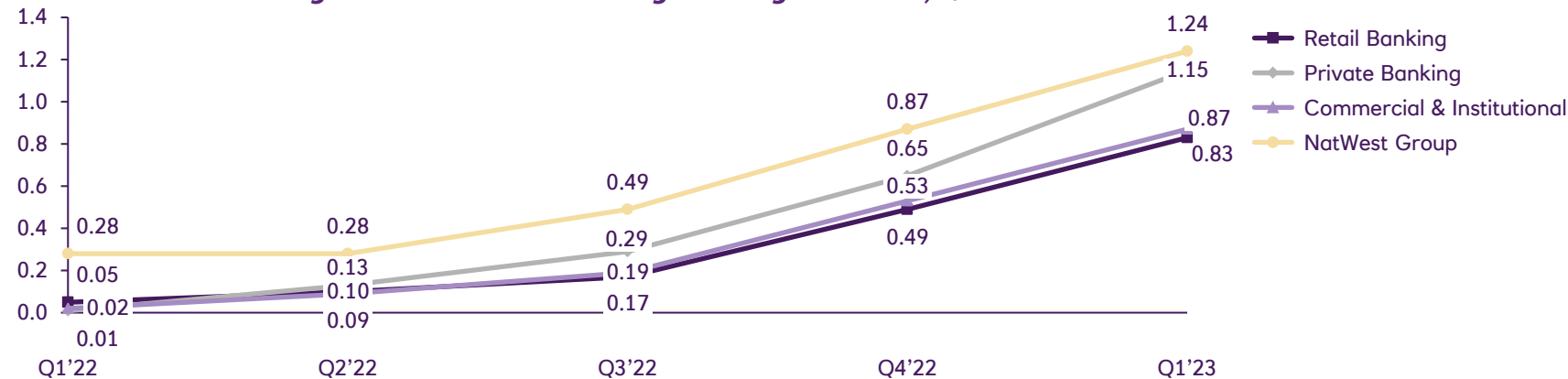
1. Excludes all notable income and cost items shown in the tables above except Bank Levy which is included. 27% tax rate assumed on all notable items excluding Litigation & Conduct costs where no tax shield is assumed.

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

## Gross yields of interest earning banking assets, %<sup>1</sup>



## Cost of interest bearing and non-interest bearing banking liabilities, %<sup>2</sup>



1. For NatWest Group plc this is the gross yield on the IEAs of the banking business; for Retail, C&I 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 and Commercial & Institutional Banking it represents the third party customer funding rate which includes both interest-bearing and non-interest bearing deposits.

# Tangible net asset value

	GBP, m	Share count, m	Pence
<b>As at 31 December 2022</b>	<b>25,482</b>	<b>9,659</b>	<b>264</b>
Attributable profit	1,279		13
Cash flow hedge reserve (net of tax)	215		2
FVOCI (net of tax)	64		1
Shares repurchased during the year	(293)	(115)	0
Other movements	(101)	37	(2)
<b>Net change</b>	<b>1,164</b>	<b>(78)</b>	<b>14</b>
<b>As at 31 March 2023</b>	<b>26,646</b>	<b>9,581</b>	<b>278</b>

## Impairment (charge)/release by segment

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Q1'23 (£m)	(114)	(8)	44	8	(70)
Q1'23 (bps)	22	17	(13)	nm	7
Q4'22 (£m)	(87)	(2)	(62)	7	(144)
Q4'22 (bps)	17	4	19	nm	16
Q1'22 (£m)	(5)	5	11	25	36
Q1'22 (bps)	1	(11)	(3)	nm	(4)



# Asset quality<sup>1</sup>

Mortgage LTV distribution by stage																
	Total				Stage 1				Stage 2				Stage 3			
	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22
≤50%	51,791	55,857	66,488	80,675	47,746	50,170	61,233	71,321	3,375	5,009	4,548	8,257	511	554	644	1,036
>50% and ≤70%	51,582	63,202	73,437	76,593	47,224	55,263	68,271	68,178	3,804	7,416	4,674	7,792	463	488	483	616
>70% and ≤80%	24,992	29,698	25,353	19,267	23,235	19,994	24,004	17,602	1,568	9,555	1,255	1,602	150	141	93	62
>80% and ≤90%	15,251	13,639	6,256	8,880	14,030	8,029	5,983	7,918	1,111	5,552	250	944	85	52	22	17
>90% and ≤100%	3,610	520	1,193	1,433	3,401	368	1,125	1,409	174	137	58	18	20	13	10	6
>100%	238	169	38	52	111	48	14	35	100	99	18	7	24	20	6	10
Total with LTVs	147,464	163,085	172,765	186,900	135,747	133,872	160,630	166,463	10,132	27,768	10,803	18,620	1,253	1,268	1,258	1,747
% of Group L&As	43.8%	43.8%	45.6%	49.4%	40.3%	35.9%	42.4%	44.0%	3.0%	7.5%	2.9%	4.9%	0.4%	0.3%	0.3%	0.5%
Total portfolio average LTV%	57%	57%	54%	53%	57%	55%	54%	53%	59%	66%	52%	52%	66%	60%	53%	47%
Commercial Real Estate (CRE) LTV distribution by stage																
	Total				Stage 1				Stage 2				Stage 3			
	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22	FY'19	FY'20	FY'21	FY'22
≤50%	10,132	9,594	7,457	7,792	8,787	4,918	6,767	7,010	468	4,538	388	658	40	138	34	57
>50% and ≤70%	6,191	6,307	5,352	4,375	4,945	2,815	4,367	3,515	252	3,266	470	798	148	226	46	43
>70% and ≤100%	618	576	705	504	380	169	377	259	138	283	192	82	88	124	127	156
>100%	309	409	312	136	104	50	215	102	51	64	7	10	153	295	86	23
Total with LTVs	17,250	16,886	13,826	12,807	14,216	7,952	11,726	10,886	909	8,151	1,057	1,548	429	783	293	279
% of Group L&As	5.1%	4.5%	3.6%	3.4%	4.2%	2.1%	3.1%	2.9%	0.3%	2.2%	0.3%	0.4%	0.1%	0.2%	0.1%	0.1%
Total portfolio average LTV%	48%	48%	50%	47%	46%	45%	48%	45%	55%	47%	58%	52%	101%	93%	88%	75%
Other	2,835	3,153	2,708	2,568	658	1,776	2,271	1,800	149	511	293	627	123	159	61	55
Development	2,971	3,320	2,103	1,949	2,377	1,362	1,736	1,553	272	1,767	228	332	144	161	62	57
Total	23,056	23,359	18,637	17,324	17,251	11,090	15,733	14,239	1,330	10,429	1,578	2,507	696	1,103	416	391

1. Full tables available on pages 222 and 225 of NWG FY'22 ARA, pages 42 and 45 of the H1'22 IMS, pages 228 & 230 of FY'21 ARA and pages 194 & 196 of the FY'20 ARA. Note that total table numbers also include mortgages not within IFRS9 ECL scope.

# UK Economic Assumptions<sup>1</sup>

Our economic assumptions and weightings are unchanged from FY'22

	Q1'23 and FY'22					Q3'22					H1'22					FY'21			
Scenario	Upside	Base Case	Downside	Extreme downside		Upside	Base Case	Downside	Extreme downside		Upside	Base Case	Downside	Extreme downside		Upside	Base Case	Downside	Extreme downside
Weighting	19%	45%	21%	16%	Weighted average	10%	35%	30%	25%	Weighted average	21%	45%	20%	14%	Weighted average	30%	45%	20%	5%
UK GDP – Annual Growth (%)																			
2023	2.2	(0.9)	(2.8)	(3.1)	(1.1)	2.9	0.8	(2.4)	(5.1)	(1.4)	2.9	0.8	(2.4)	(5.1)	(0.2)	2.1	1.6	2.4	4.1
2024	1.9	0.7	(0.4)	(1.6)	0.4	1.7	1.4	2.1	0.3	1.4	1.7	1.4	2.1	0.3	1.5	1.2	0.9	1.6	1.2
5 year - CAGR	1.6	0.8	0.2	(0.2)	0.7	1.9	1.2	0.9	0.1	0.9	1.7	1.1	0.8	(0.1)	1.0	2.4	1.7	1.4	0.6
UK Unemployment rate – annual average (%)																			
2023	3.9	4.4	5.0	6.0	4.7	3.0	3.8	4.9	5.9	4.5	3.0	3.8	4.9	5.9	4.1	3.3	4.0	5.2	8.8
2024	3.9	4.9	5.7	8.4	5.4	3.3	4.0	4.8	8.7	5.3	3.3	4.0	4.8	8.7	4.7	3.4	4.1	4.7	6.6
5 year average	3.9	4.6	5.1	7.2	5.0	3.3	4.0	4.6	6.4	4.7	3.3	4.0	4.5	6.3	4.3	3.5	4.2	4.8	6.7
UK House Price Index – four quarter growth (%)																			
2023	7.5	(7.8)	(13.7)	(10.4)	(6.6)	5.5	2.0	(11.7)	(20.4)	(7.2)	5.5	2.0	(11.7)	(20.4)	(3.0)	4.2	1.6	(0.2)	(2.6)
2024	4.5	(0.9)	(7.7)	(15.2)	(3.2)	2.9	1.9	0.4	(4.6)	0.2	2.9	1.9	0.4	(4.6)	1.2	3.1	2.9	1.7	13.0
5 year - total change	21.5	(1.3)	(6.0)	(22.4)	(1.3)	23.7	13.1	(1.4)	(11.0)	3.8	24.4	13.7	(0.9)	(10.5)	9.6	22.7	12.1	4.3	(5.3)
UK Commercial Real Estate Price – four quarter growth (%)																			
2023	2.1	(8.4)	(19.7)	(22.4)	(11.0)	3.9	0.2	(10.8)	(27.6)	(9.2)	3.9	0.2	(10.8)	(27.6)	(4.6)	3.4	1.9	4.2	17.2
2024	1.9	(0.5)	2.8	(29.1)	(3.2)	1.4	(0.1)	4.5	8.5	3.0	1.4	(0.1)	4.5	8.5	1.9	1.7	0.2	1.7	5.2
5 year - total change	(0.1)	(14.4)	(17.2)	(38.3)	(16.1)	6.4	(3.6)	(7.8)	(15.4)	(6.8)	7.5	(2.6)	(6.8)	(14.5)	(3.0)	18.2	7.2	5.5	(6.4)
Consumer price index - four quarter growth (%)																			
2023	2.2	3.7	6.0	17.0	6.0	(0.9)	1.1	8.1	13.7	6.2	(0.9)	1.1	8.1	13.7	3.9	2.2	2.2	2.4	0.9
2024	1.0	2.7	1.0	8.8	3.1	2.0	2.0	0.4	6.4	2.7	2.0	2.0	0.4	6.4	2.3	2.0	2.0	0.9	0.9
5 year - CAGR	2.4	3.0	3.1	7.0	3.6	2.0	2.2	3.3	6.5	3.6	2.7	2.9	3.9	7.2	3.7	2.7	2.5	3.1	1.5

1. Full details of the economic assumptions can be found on pages 196 and 198 of NWG FY'22 ARA, pages 21 and 22 of NWG H1'22 IMS, and pages 206 to 208 of NWG FY'21 ARA

# Structural Hedge<sup>1</sup>

	FY 2022			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	363	21	21	1.77
Product	1571	184	176	0.89
Other	201	25	26	0.77
Total	2,135	230	223	0.96

	H1 2022			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	178	20	20	1.77
Product	585	182	168	0.70
Other	76	28	27	0.57
Total	839	230	215	0.78

	FY 2021			
	Total Income (£m)	Period end notional (£bn)	Average Notional (£bn)	Total Yield %
Equity	448	21	22	2.05
Product	861	161	145	0.59
Other	115	24	23	0.51
Total	1,424	206	190	0.75

1. Page 266 pf NWG FY'22 ARA, page 75 of NWG H1'22 IMS and page 268 of NWG FY'21 ARA

# Interest rate sensitivity<sup>1</sup>

Assumes constant balance sheet as at 31 December 2022

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)

H1 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	45	150	253	(45)	(150)	(253)
Managed Margin	231	227	223	(219)	(205)	(227)
Total	276	377	476	(264)	(355)	(480)

FY 2021	+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	40	132	224	(40)	(132)	(224)
Managed Margin	269	203	239	(245)	(199)	(177)
Total	309	335	463	(285)	(331)	(401)

1. Page 268 of NWG FY'22 ARA, page 76 of NWG H1'22 IMS.

**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 CeI 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 Promoter 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 affect 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 adopt 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.

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.