

NatWest Group plc

Investor Factbook

Q3 Results 2022



Strategic priorities driving sustainable returns

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

RoTE

Confident in our RoTE target in the range of 14-16% for the Group in 2023

Income^{1,2}

2022 Income guidance updated to around £12.8bn based on current interest rates

Costs^{1,3}

Expect to reduce other operating expenses by around 3% in 2022. Continued cost discipline delivering positive jaws

Capital

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

1. Go-forward group excludes Ulster Bank Rol.

2. Income excluding notable items based on an assumption of BoE base rate at current level of 2.25%.

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



9M'22 results highlights

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

- 21% positive operating jaws¹ driving Cost: Income ratio of 54%
- Other operating expenses are up in Q3'22, in line with our Q2'22 guidance, on track for FY'22 reduction target of ~3%
- Strong loan growth of £19bn, up 5.4% in 9M'22
- £3.7bn shareholder distributions paid and accrued in 9M'22

1. Operating jaws defined as year on year income growth³ less cost growth². 2. Go-forward group. 3. Income excluding notable items for the Go-forward group, which excludes Ulster Bank Rol. 4. Other operating expenses for the Go-forward group, which excludes Ulster Bank Rol.

9M'22 performance

£4,075m Operating profit before tax ² vs. £3,548m in 9M'21	£2,078m Attributable profit vs. £2,516m in 9M'21	10.0% Return on Tangible Equity vs. 10.7% in 9M'21
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Delivering on income growth, efficiency and capital

23.1% Income growth ³ , £1,742m vs. 9M'21	1.8% Cost increase ⁴ of £87m vs. 9M'21	14.3% CET1 Capital Ratio in line with Q2'22
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£3.7bn shareholder distributions paid and accrued in 9M'22

£750m Ordinary dividends paid and accrued (£1bn minimum annual dividend)	£1.75bn Special dividend with share consolidation paid	£1.2bn Directed buyback completed in Mar'22
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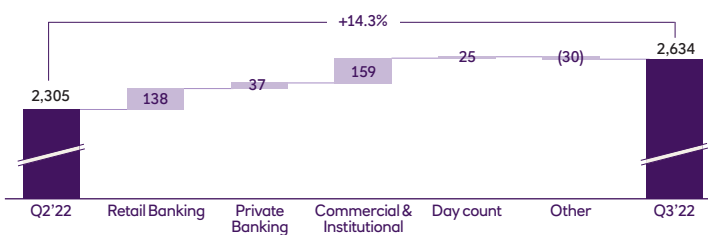
The guidance, targets, expectations and trends discussed in this document represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Summary Risk Factors" in the NatWest Group plc 2021 Annual Report and Accounts and Form 20-F as well as the "Summary Risk Factors" in the NWM H1 IMS and the Risk Factors in the NWM 2021 Annual Report and Accounts and Registration Document, respectively. These statements constitute forward-looking statements.

Segmental summary

Group, Q3'22 £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Go-forward group	Ulster Bank Rol (continuing & discontinued) ²	Group incl. discontinued ops) ²
Net interest income	1.4	0.2	1.1	(0.1)	2.6	0.0	2.6
Non-interest income	0.1	0.1	0.5	(0.1)	0.6	(0.4)	0.2
Total income	1.5	0.3	1.7	(0.2)	3.3	(0.4)	2.8
Income ex-notable items	1.5	0.3	1.6	(0.0)	3.4	(0.4)	3.0
Other operating expenses	(0.6)	(0.1)	(0.8)	(0.1)	(1.7)	(0.1)	(1.8)
Litigation and conduct	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)
Operating expenses	(0.7)	(0.1)	(0.9)	(0.1)	(1.8)	(0.1)	(1.9)
Operating profit/(loss) before impairment releases/(losses)	0.8	0.1	0.8	(0.2)	1.5	(0.6)	0.9
Impairment releases/(losses)	(0.1)	0.0	(0.1)	–	(0.2)	0.0	(0.2)
Operating profit/(loss)	0.7	0.1	0.6	(0.2)	1.2	(0.6)	0.7
Net loans to customers – amortised cost	192.8	19.1	131.9	27.7	371.5	2.5	374.0
Customer Deposits	190.9	42.2	215.2	13.4	461.7	11.3	473.0
RWA's	53.0	11.1	104.8	1.6	170.5	8.0	178.5
Return on equity / tangible equity	27.0%	31.8%	12.2%	n.m.	12.1%	n.m.	2.9%
Cost: income ratio	47.0%	48.8%	53.0%	n.m.	54.1%	n.m.	n.m.

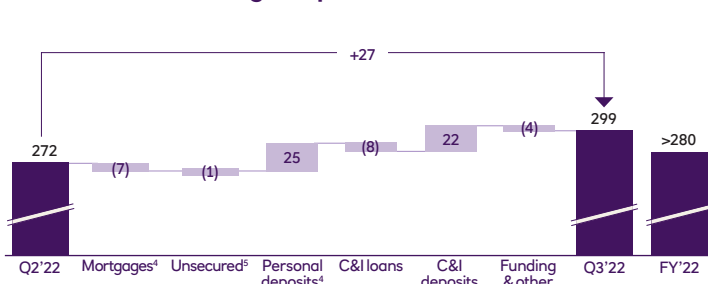
1. May not cast due to rounding. 2. Totals as per slide 29 of the Q3'22 Results Presentation.

Go-forward Net Interest Income^{1,2}, £m



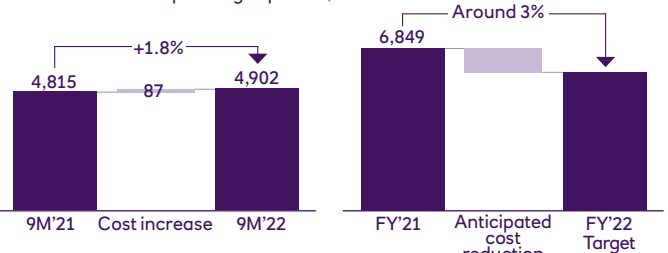
- Net interest income was up 14.3% in the quarter driven by higher Net Interest Margin, with growth across all customer franchises
- Non interest income was broadly stable as higher trading income was offset by lower net fees and commissions
- Gross loans⁽²⁾ to customers across our three franchises are up £9.2bn, or 2.7%, in the quarter to £347.0bn
- Retail Banking mortgage growth of £3.9bn in the quarter and C&I lending growth of £4.8bn
- Robust deposit funding maintained

Bank Net Interest Margin³, bps



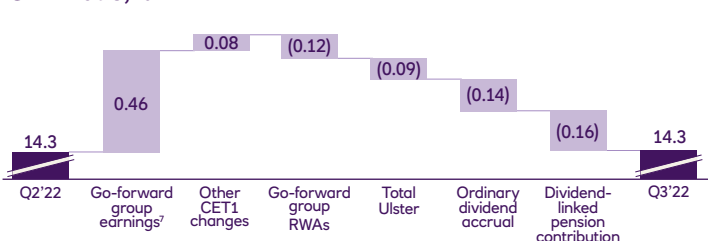
We remain on track to achieve our target of ~3% cost reduction for FY'22

Go-forward other operating expenses,⁽⁶⁾ £m



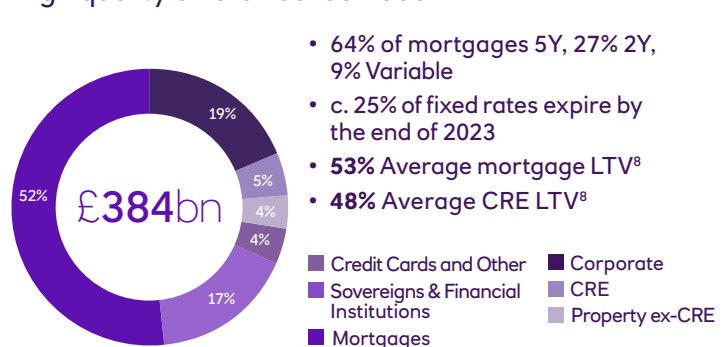
Go-forward group cost: income ratio of 54% 9M'22 down from 65% in 9M'21. We no longer expect 2023 costs to be broadly stable given increased inflationary pressures. Continued cost discipline delivering operational leverage, positive jaws and improving Cost: Income ratio

CET1 ratio, %⁽¹⁾



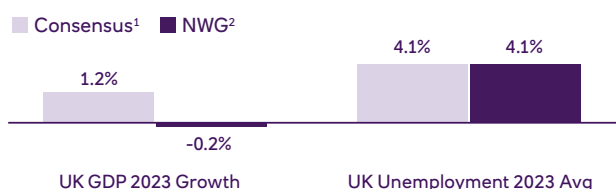
1. May not cast due to rounding. 2. Go-forward group is NWG excluding Ulster Bank Rol. 3. NatWest Group excluding Ulster Bank Rol and Liquid asset buffer. 4. Includes Retail Banking and Private Banking. 5. Includes all non-mortgage lending in Retail Banking and Private Banking. 6. Other operating expenses for the Go-forward group excluding Ulster Bank Rol. 7. Attributable profit excluding Ulster Bank Rol and net of IFRS transitional relief. 8. Total portfolio average LTV⁸ as at H1'22.

High quality diversified loan book

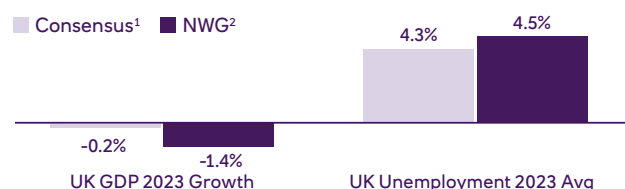


Revised macro-economic outlook

June'22 (weighting to downside scenarios 34%³)



Sept'22 (weighting to downside scenarios 55%³)



We have increased weightings to the downside and extreme downside economic scenarios to a combined 55% from 34%. As a result, we have taken an impairment charge of 242 million in the third quarter compared to a release of 39 million in the second. We continue to expect impairment for FY'22 to be below 10bps and within 20-30bps through-the-cycle average for FY'23.

1. Source: Bloomberg; 2. Source: NatWest Group IFRS 9 Economic Scenarios weighted average. 3. Downside and Extreme downside.

Our purpose in action

Helping people, families and businesses navigate through uncertainty

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

1. Introduced in July'22. 2. Delivered through organisations we work with, including Citizens Advice, StepChange and Money Advice Trust.

Personal customers



Sustainable growth with an intelligent approach to risk

1	Deepening existing relationships and acquiring new customers	<ul style="list-style-type: none"> • New strategic partnership with Vodeno Group to create a Banking-as-a-Service business announced on 12 Oct '22 • Continued lending support
2	Diversifying income streams	<ul style="list-style-type: none"> • +£1.7bn Net New Money in 9M'22, o/w 17% via digital channels
3	Supporting customers through their energy transition	<ul style="list-style-type: none"> • Provided £26bn of £100bn target¹ for climate and sustainable funding and financing o/w £6bn in Q3'221

1. Additional climate and sustainable funding and financing between 1 July 2021 and end of 2025.

Simplification and efficiency

We are meeting our customers' needs digitally	<ul style="list-style-type: none"> • 90% Retail customer needs met digitally (53% FY'19) • 84% Commercial customers digitally active (76% FY'19)
We are investing in improving our customer journeys	<ul style="list-style-type: none"> • 72% Retail account opening straight through processing (14% FY'19) • 96% Credit card application straight through processing (84% FY'19)¹
Strong customer satisfaction outcomes driving customer acquisition	<ul style="list-style-type: none"> • +20 Retail NPS (+4 FY'19)² • +29 Affluent NPS (-2 FY'19)² • +22 One of the leading Commercial Banking NPS³

1. Excludes legacy platforms. 2. Source: Internal NPS survey. 3. Source: MarketVue Business Banking from Savanta, Q3 2022 data, compared with customers of other banks with a turnover of £2m+ in England and Wales. NatWest's main-bank NPS is 22 (n=585).

Our investment case

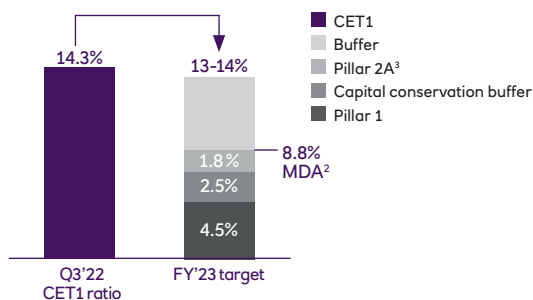
	Accelerating growth with proactive risk management
	Simplification via Digital and Technology
	Disciplined deployment of capital
	Long-term sustainable returns and distributions
Expect to achieve RoTE in the range of 14-16% for the Group in 2023	

Robust balance sheet with strong capital & liquidity levels

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

30-130bps

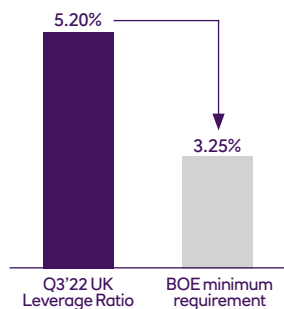
c.£0.6bn – £2.4bn of headroom as at 30 September 2022



Headroom above minimum UK leverage requirements

195bps

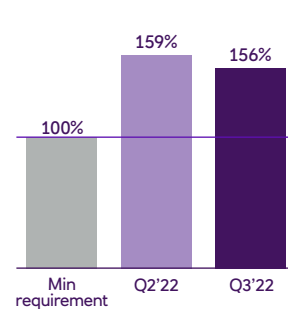
headroom above minimum requirements



Liquidity coverage ratio remains well above min UK requirement

£67.9bn

surplus liquidity over minimum requirement



1. Headroom presented on the basis of target CET1, and does not reflect excess distributable capital. Headroom may vary over time and may be less in future. 2. Based on assumption of static regulatory capital requirements. 3. Pillar 2A requirements for NatWest Group are set on a nominal capital basis. The PRA has confirmed that from Q4 2022 Pillar 2A will be set as a variable amount with the exception of some fixed add-ons. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. Pillar 2A requirement is expected to vary over time and is subject to at least annual review.

Credit ratings¹

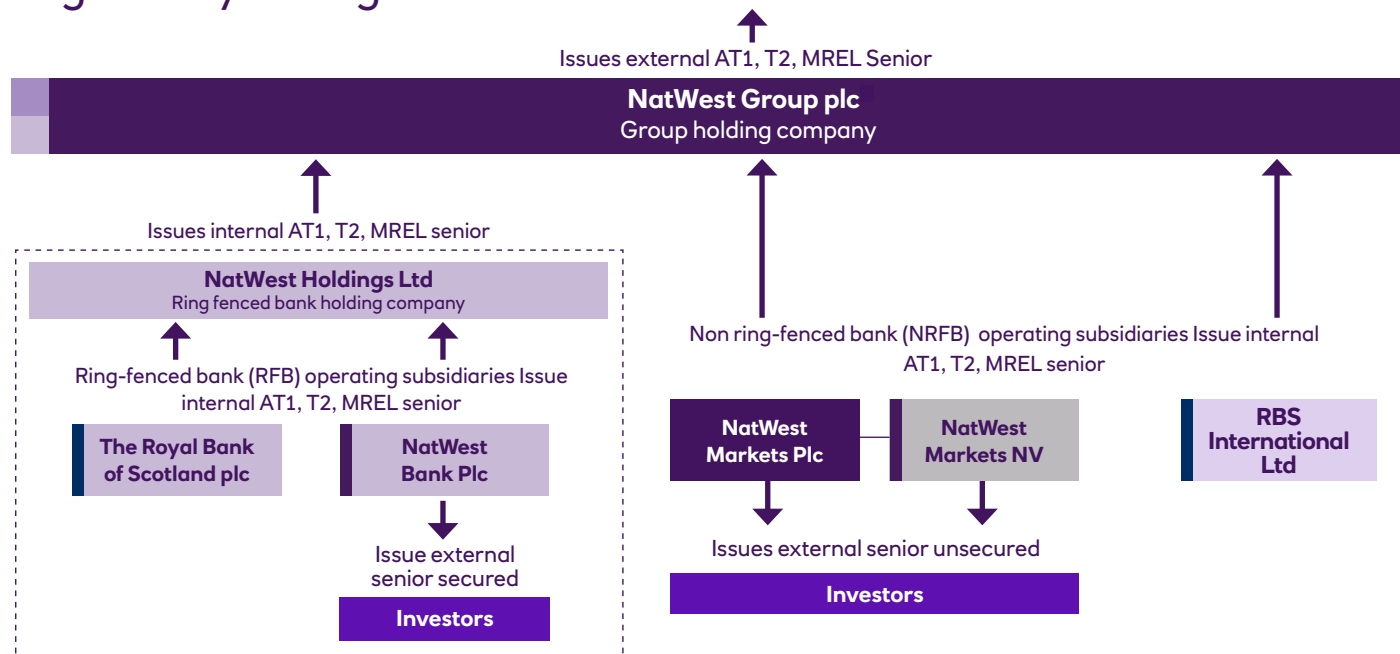
	Moody's	S&P	Fitch
Group holding company			
NatWest Group plc	A3/Sta	BBB/Sta	A/Sta
Ring-fenced bank operating companies			
NatWest Bank Plc	A1/Sta*	A/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta*	A/Sta	A+/Sta
Ulster Bank Ireland DAC	A1/Sta*	A-/Sta	BBB+/Sta
Non ring-fenced bank operating companies			
NatWest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

1. Long-term ratings (Senior Unsecured Debt and/or Deposit Ratings for Moody's, Issuer Credit Rating for S&P, Long-Term Issuer Default Rating for Fitch). Ratings as of 28/10/2022.

* Moody's long-term Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless Moody's assign 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.

Legal entity issuing structure

Investors



ESG Ratings and Benchmarks¹

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

1. ESG ratings on this page (i) contain information developed by the relevant rating provider (such information and data are proprietary of the relevant rating provider or its information providers (Third Party Data)); (ii) are provided "as-is" and are not warranted to be complete, timely, accurate or suitable for a particular purpose by the relevant rating provider are provided for information purposes only; (iii) are unsolicited; (iv) do not constitute a sponsorship, endorsement, recommendation or promotion of NatWest Group or any of NatWest Group's product or project, nor an investment advice nor a warranty by the relevant rating provider; and (v) their use is subject to conditions of the relevant rating provider. Currently, ESG rating providers are not regulated like credit rating agencies. Some ESG ratings providers only rely on public information, so, their outputs may be subject to data gaps. ESG rating providers use different definitions, scope and methodologies leading to variation in ESG rating for any given company. Ratings as of 28/10/22. 2. Score or rating yet to be reviewed for 2022.