



# NatWest Group

## Q3 2022 Results

28 October 2022





**Alison Rose**  
Chief Executive Officer

## 9M'22 results highlights

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

21% positive operating jaws<sup>1</sup> 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 growth<sup>3</sup> less cost growth<sup>4</sup> 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<sup>2</sup>  
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

## Delivering on income growth, efficiency and capital

**23.1%**

Income growth<sup>3</sup>,  
up £1,742m vs. 9M'21

**1.8%**

Cost increase<sup>4</sup>  
of £87m vs. 9M'21

**14.3%**

CET1 Capital Ratio  
in line with Q2'22

## £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

Increased uncertainty but on track to deliver 2022 targets

Significant market volatility and increased uncertainty has driven downward reweighting of our economic scenarios

However, the book remains well diversified and high quality. We expect full year impairment charge to be less than 10bps

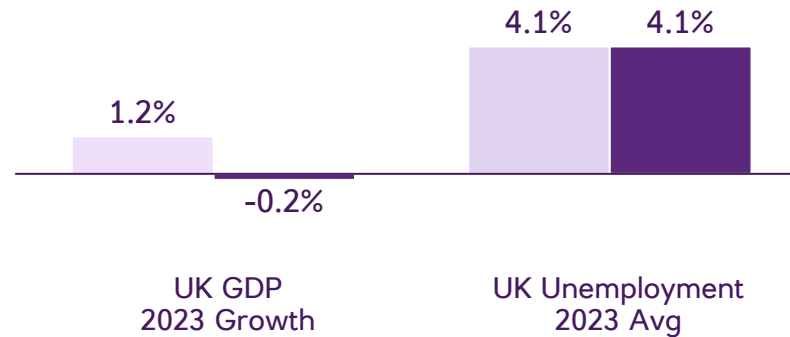
We have continued to serve our customers across our product range, including mortgages

We are on track to deliver on our 2022 targets and we are updating our FY'22 income guidance to ~£12.8bn<sup>4,5</sup> based on current interest rates

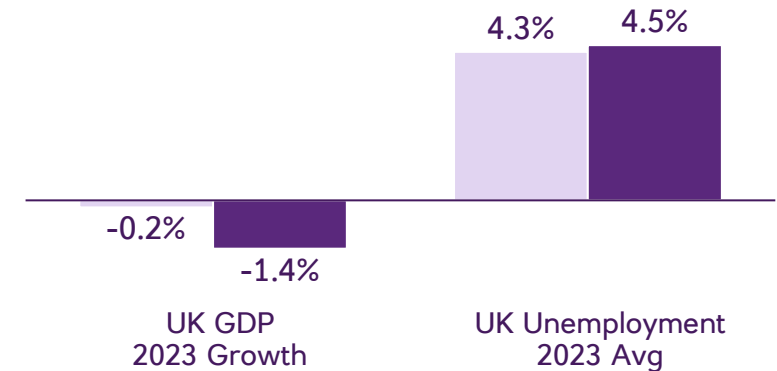
1. Source: Bloomberg; 2. Source: NatWest Group IFRS 9 Economic Scenarios weighted average. 3. Downside and Extreme downside 4. Go-forward group is NWG excluding Ulster Bank Rol. 5. Income excluding notable items based on an assumption of BoE base rate at current level of 2.25%. 6. Gross customer loans in Go-forward group.

### Revised macro-economic outlook

June'22 (Weighting to downside scenarios 34%<sup>3</sup>)

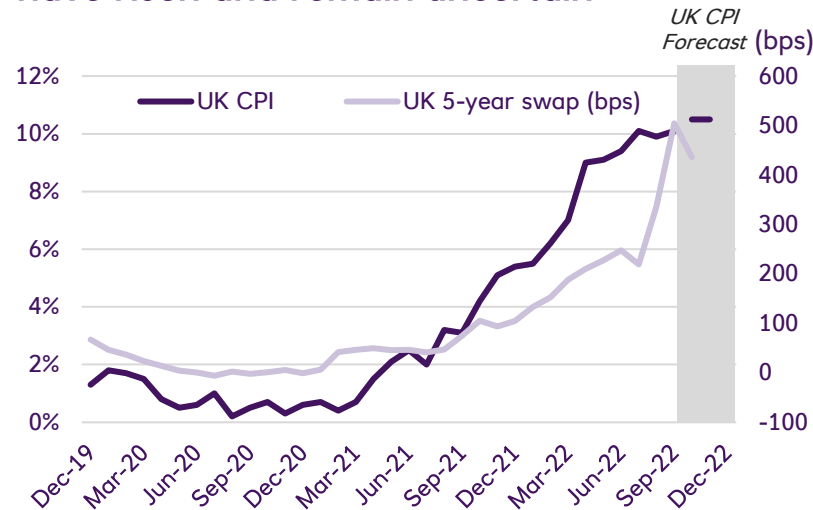


Sept'22 (Weighting to downside scenarios 55%<sup>3</sup>)



Consensus<sup>1</sup> NWG<sup>2</sup>

### Inflation and interest rate expectations have risen and remain uncertain



### We have a well-diversified, high quality loan book<sup>6</sup>



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

Our purpose led strategy is delivering and will drive strong future performance

Powering growth through:

- Supporting customers at every stage of their lives
- Innovation, partnerships and digital transformation
- Simplification and efficiency
- Disciplined deployment of capital



## 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

## Supporting our customers through uncertainty

### Personal customers

- **Around 2% saving** on the next mortgage rate for some eligible mortgage customers that refinanced in Q3'22 using the early refinance window that was recently extended from 4 to 6 months
- **~0.6m** financial health checks carried out in 9M'22
- **Launched benefits calculator** in Oct'22 as part of the Cost of Living Hub
- **8m** proactive contacts so far in 2022 to our retail customers with support and information on the cost of living

### Commercial customers

- **Tailored support for most impacted sectors**, including our 40k agriculture customers, with a £1.25bn lending package.
- **Dedicated SME ecosystem** with access to specialist relationship managers and business hubs to help with supply chain issues and provide financial support
- **Freeze on the level of SME current account fees** for 12 months<sup>1</sup>
- **Reduced Tyl transaction fees** for micro-businesses

**£4m** hardship funding to provide grants and support, incl. **£2m** for StepChange which will offer SMEs debt advice<sup>2</sup>

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

Supporting customers at every stage of their lives

## We continue to invest for growth

We are a leading UK bank with strong franchises serving 19 million customers

We start from a position of strength with growth opportunities in an uncertain environment – strong loan growth of 5.4% in 9M'22

Actively investing in future growth opportunities

One Bank approach with Centres of Expertise leveraging capabilities across the Group

## Sustainable growth with an intelligent approach to risk

1

Deepening existing relationships and acquiring new customers

- **New strategic partnership** with Vodeno Group announced on 20 Oct'22 to create a Banking-as-a-Service business

2

Diversifying income streams

- **Continued lending support**
- **+£1.7bn** Net New Money in 9M'22, o/w 17% via digital channels

3

Supporting customers through their energy transition

- Provided **£26bn** of £100bn target<sup>1</sup> for climate and sustainable funding and financing o/w £6bn in Q3'22

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

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

Using data to meet more of our customer needs and improve engagement

Investing in customer journeys to simplify and improve the digital experience drives efficiency, customer satisfaction and growth

We are meeting our customers' needs digitally

- **90%** Retail customer needs met digitally (FY'19: 53%)
- **84%** Commercial customers digitally active (FY'19: 76%)

We are investing in improving our customer journeys

- **72%** Retail account opening straight through processing (FY'19: 14%)
- **96%** Credit card application straight through processing (FY'19: 84%)<sup>1</sup>

Strong customer satisfaction outcomes driving customer acquisition

- **+20** Retail NPS (FY'19: +4)<sup>2</sup>
- **+29** Affluent NPS (FY'19: -2)<sup>2</sup>
- **+22** One of the leading Commercial Banking NPS<sup>3</sup>

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).

## Disciplined deployment of capital

Effective capital allocation across a well diversified loan book driving strong capital generation and distributions

NatWest Group is a highly capital generative business

A proven strong track record on risk diversification and management

Proactively managing capital allocation in order to maintain a strong balance sheet

Ongoing capital generation supporting £3.7bn shareholder distributions paid and accrued

1. Go-forward group gross loans – amortised cost and FVOCI. 2. LTVs as at H1'22. 3. Includes the benefit of the move to the standardised approach to measuring risk weightings.

## Well diversified loan book, strong track record on risk management

- £384bn loan book<sup>1</sup> o/w 55% Personal, 45% Wholesale
- Unsecured personal lending <4% group loans
- 93% Mortgage book fixed, with 53% average LTV<sup>2</sup>
- CRE <5% of total loans, 48% average LTV<sup>2</sup>

## Ulster Bank ROI withdrawal progressing well

- Deposits down €9.1bn, 42%, in 9M'22 as customers continue to move their accounts
- Asset sales on track, driving €3.5bn RWA reduction in Q3'22<sup>3</sup>
- Continue to expect the withdrawal to be capital generative

## Returning surplus capital to shareholders

- £3.7bn shareholder distributions paid and accrued in 9M'22



**Katie Murray**  
Chief Financial Officer

## Strong Q3'22 operating performance

Income excluding notable items increased 10.7% versus Q2'22 supported by higher margin and lending volumes

Other operating expenses increased by 1.5% versus Q2'22, in line with our guidance, and we remain on track for a reduction of around 3% this year

Impairment charge of £242m in Q3'22 primarily reflects an increased weighting to our downside economic scenarios

Go-forward group return on tangible equity of 12.1% in Q3, Group RoTE impacted by Ulster Bank Rol exit costs

Go-forward group, £m <sup>1</sup>	Q3'22	Q2'22	Q3'21	Q3'22 vs Q2'22	Q3'22 vs Q3'21
Net interest income	2,634	2,305	1,866	14.3%	41.2%
Non-interest income	632	894	763	(29.3%)	(17.2%)
<b>Total income</b>	<b>3,266</b>	<b>3,199</b>	<b>2,629</b>	<b>2.1%</b>	<b>24.2%</b>
<i><b>Total income, ex notable items<sup>2</sup></b></i>	<i><b>3,434</b></i>	<i><b>3,102</b></i>	<i><b>2,511</b></i>	<i><b>10.7%</b></i>	<i><b>36.8%</b></i>
Other operating expenses	(1,661)	(1,636)	(1,524)	1.5%	9.0%
Litigation and conduct costs	(121)	(56)	(295)	116.1%	(59.0%)
<b>Operating expenses</b>	<b>(1,782)</b>	<b>(1,692)</b>	<b>(1,819)</b>	<b>5.3%</b>	<b>(2.0%)</b>
<b>Operating profit before impairments</b>	<b>1,484</b>	<b>1,507</b>	<b>810</b>	<b>(1.5%)</b>	<b>83.2%</b>
Impairment (losses)/releases	(242)	39	226	nm	(207.1%)
<b>Operating profit / (loss)</b>	<b>1,242</b>	<b>1,546</b>	<b>1,036</b>	<b>(19.7%)</b>	<b>19.9%</b>
<b>Attributable profit / (loss), Group, £m</b>	<b>187</b>	<b>1,050</b>	<b>674</b>	<b>(82.2%)</b>	<b>(72.3%)</b>
<b>Return on Tangible Equity, Group</b>	<b>2.9%</b>	<b>15.2%</b>	<b>8.5%</b>	<b>(12.3%)</b>	<b>(5.6%)</b>
<b>Return on Tangible Equity, Go-forward group</b>	<b>12.1%</b>	<b>16.5%</b>	<b>8.6%</b>	<b>(4.4%)</b>	<b>3.5%</b>

1. Go-forward group is NWG excluding Ulster Bank Rol.

2. Notable income items as per slide 27.

Strong net interest  
income growth driven  
by continued strong  
lending and margin  
expansion

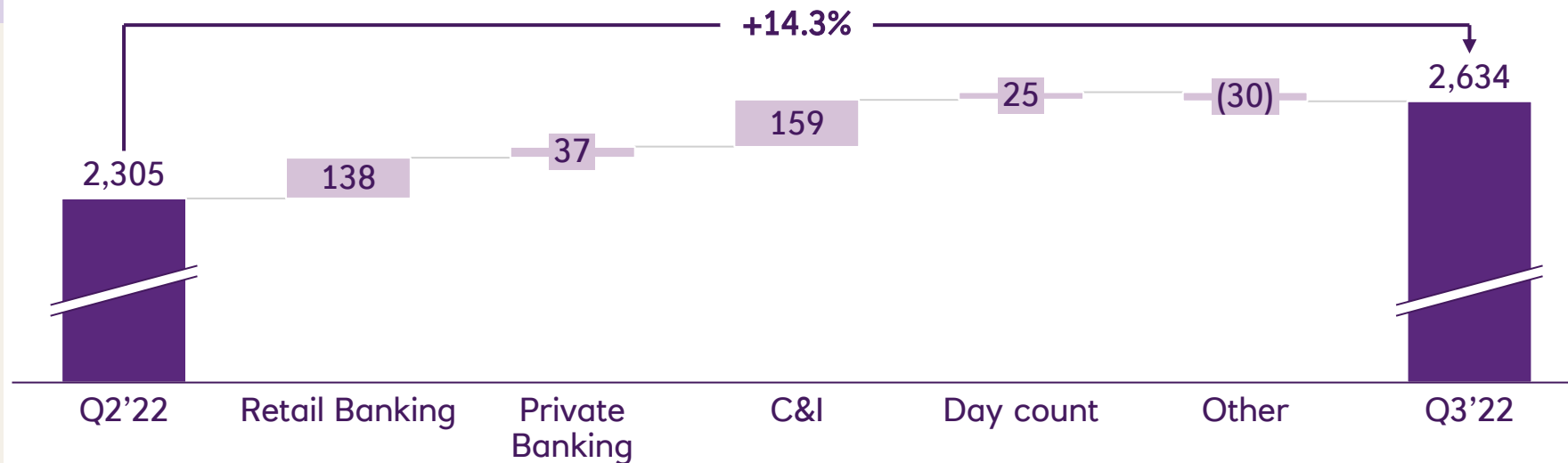
Net interest income was up  
14.3% in the quarter driven by  
higher Net Interest Margin,  
with growth across all  
customer franchises

Bank NIM<sup>3</sup> improved by 27bps  
to 2.99%, reflecting wider  
deposit margins partly offset  
by tighter lending margins

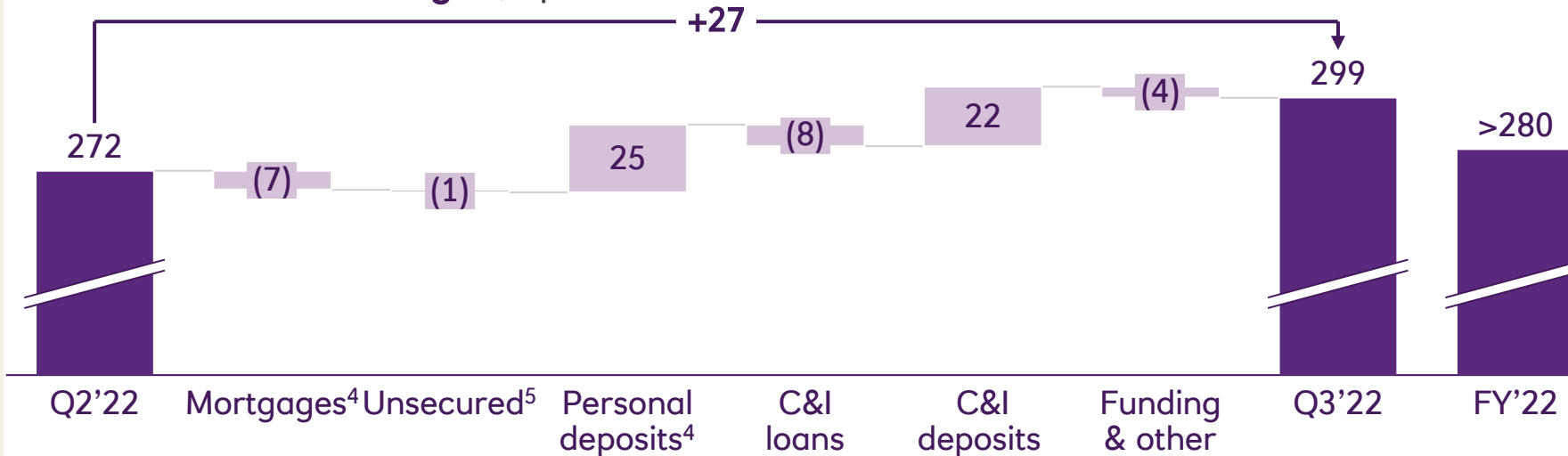
We now expect FY'22 NIM to  
be greater than 280bps with  
strong momentum into 2023

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.

## Go-forward Net Interest Income<sup>1,2</sup>, £m



## Bank Net Interest Margin<sup>3</sup>, bps



340.0

Bank Average Interest Earning Assets (AIEAs)<sup>3</sup>, £bn

349.9

## Further balanced loan growth across group

Gross loans<sup>1</sup> to customers  
across our three franchises are  
up £9.2bn, or 2.7%, in the  
quarter to £347.0bn

Retail Banking mortgage  
growth of £3.9 billion in the  
quarter supports stock share of  
11.2%

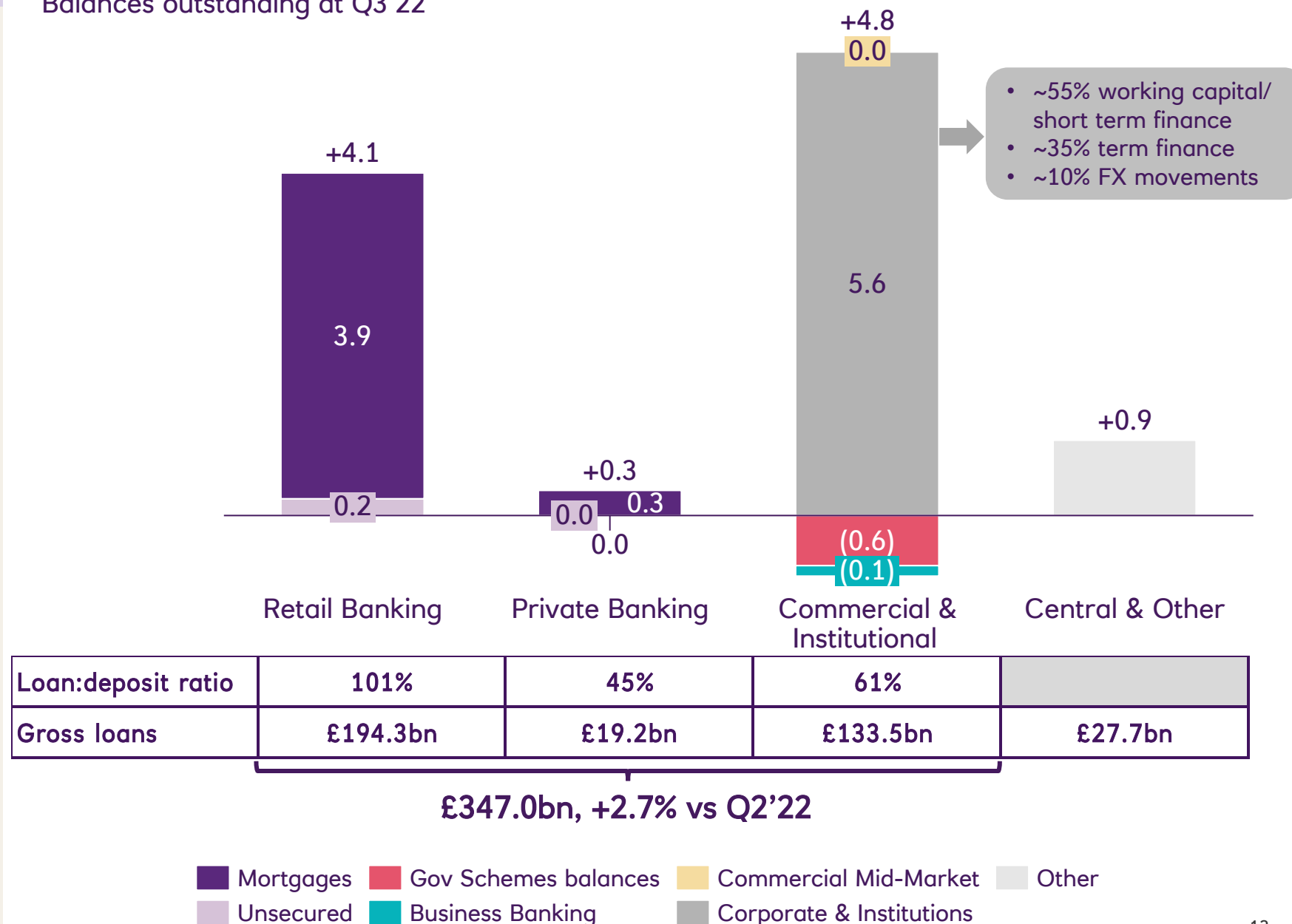
Commercial & Institutional  
lending growth continued in the  
quarter, particularly from funds  
lending, increased facility  
utilisation, and supply chain  
financing

Loan:deposit ratio for Go-  
forward group is 76% at Q3'22  
up from 74% at Q2'22, driven  
by strong lending

1. Go-forward group is NWG excluding Ulster Bank RoI

## Go-forward gross customer loans<sup>1</sup>, Q3'22 vs Q2'22, £bn

Balances outstanding at Q3'22



## Robust deposit funding

Customer deposits across our three franchises are down by £7.0bn, or 1.5%, in the quarter to £448.3bn

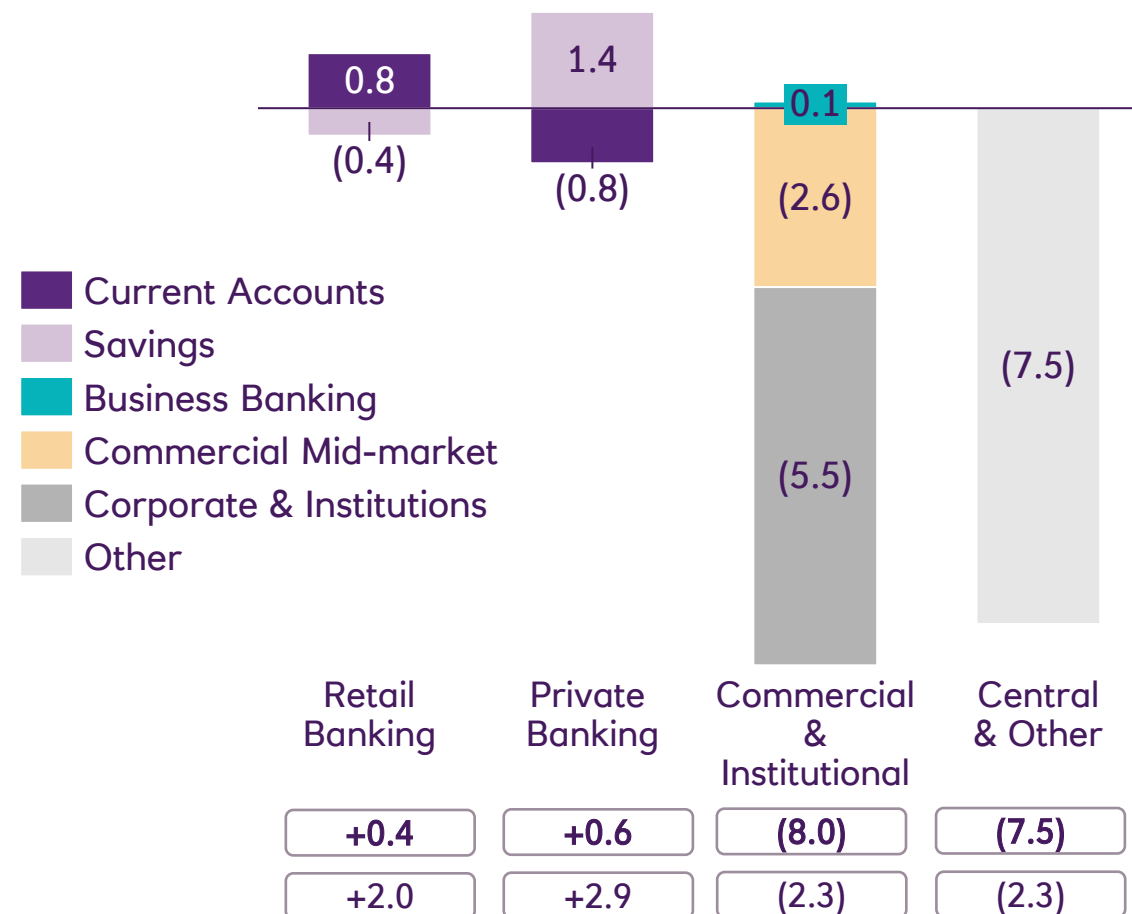
C&I decrease of £8bn in quarter reflects reversal of short term currency inflows in Q2 and general seasonal fluctuations in liquidity

Around 60% of customer deposits are currently interest bearing and we have passed through c.25-30%<sup>1</sup> of UK base rate rises

Central & Other reduction relates to treasury repo activity

## Go-forward customer deposits<sup>1</sup>, Q3'22 vs Q2'22, £bn

**~40%**  
of customer deposits  
are non interest-  
bearing balances<sup>1</sup>



3M growth – Q3'22 vs Q2'22

9M growth - Q3'22 vs Q4'21

	Retail Banking	Private Banking	Commercial & Institutional	Central & Other
Cumulative pass-through on interest-bearing balances <sup>2</sup>	+0.4	+0.6	(8.0)	(7.5)
Customer deposits, £bn	+2.0	+2.9	(2.3)	(2.3)

**£448.3bn, -1.5% vs Q2'22**

1. Go-forward group is NWG excluding Ulster Bank RoI. 2. Cumulative pass through following BoE Bank Rate moving from 10bps to 225bps including Customer deposit rate changes effective 18 October 2022

## Non-Interest Income<sup>1</sup> support from increased market volatility

Non interest income was broadly stable as higher trading income was offset by lower net fees and commissions

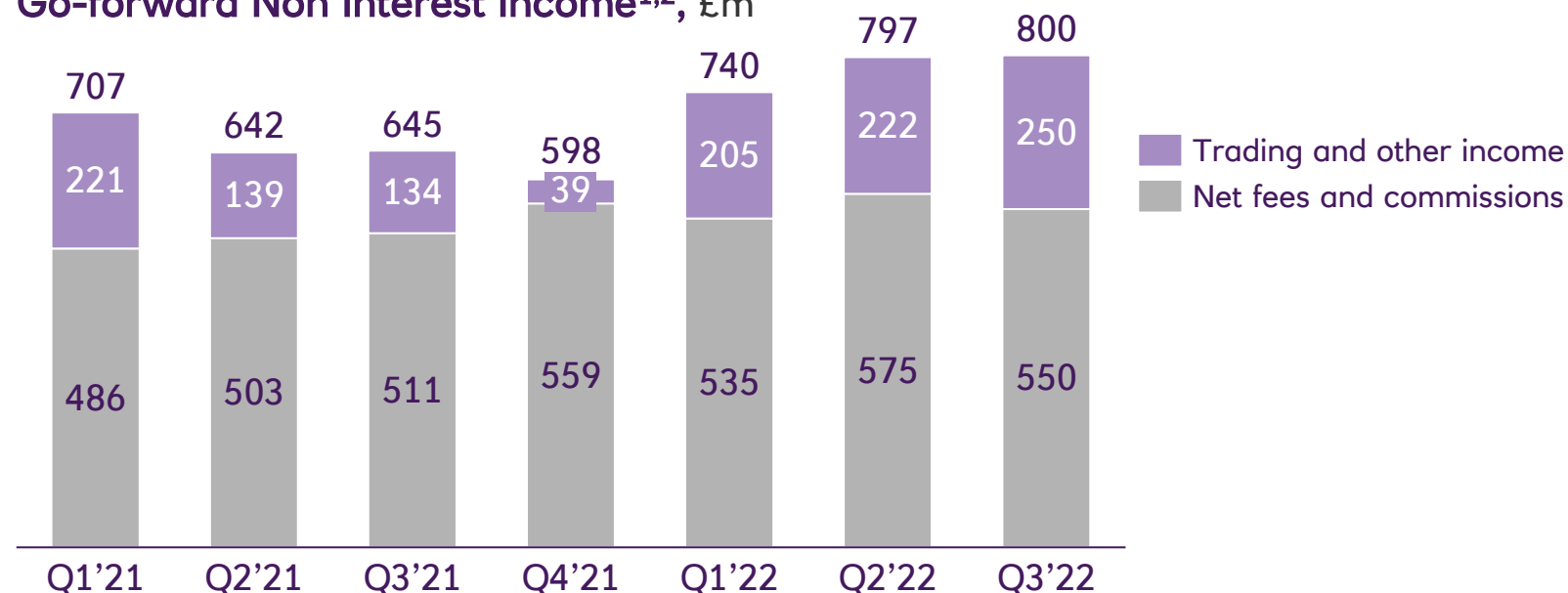
Trading and other income increased by £28m driven by currency cash management in Treasury

Net fees and commissions decreased by £25m reflecting lower financing fees and the temporary fee free FX offer in Retail Banking

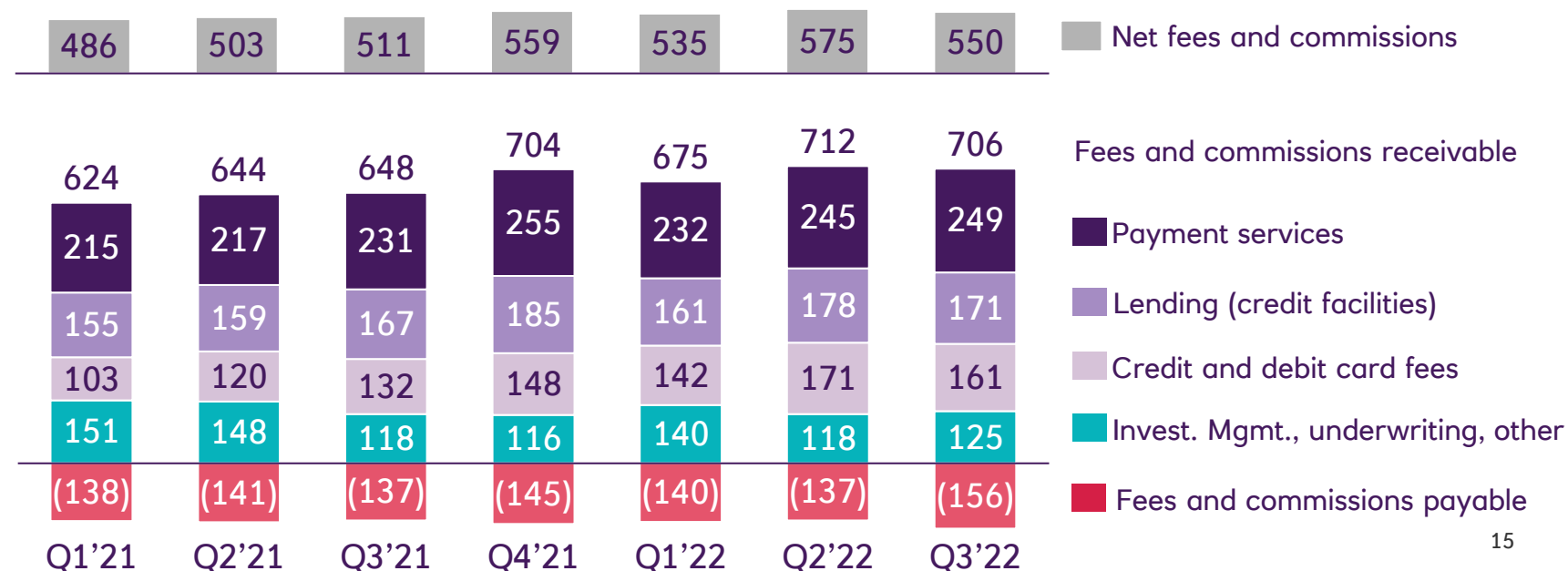
1. Excluding relevant notable income items per slide 27.

2. Go-forward group is NWG excluding Ulster Bank Rol.

### Go-forward Non Interest Income<sup>1,2</sup>, £m



### Go-forward Fees and Commissions<sup>2</sup>, £m



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

Other operating expenses<sup>1</sup> for the first 9 months of the year increased by 1.8%, driven by strategic investment in data and financial crime prevention

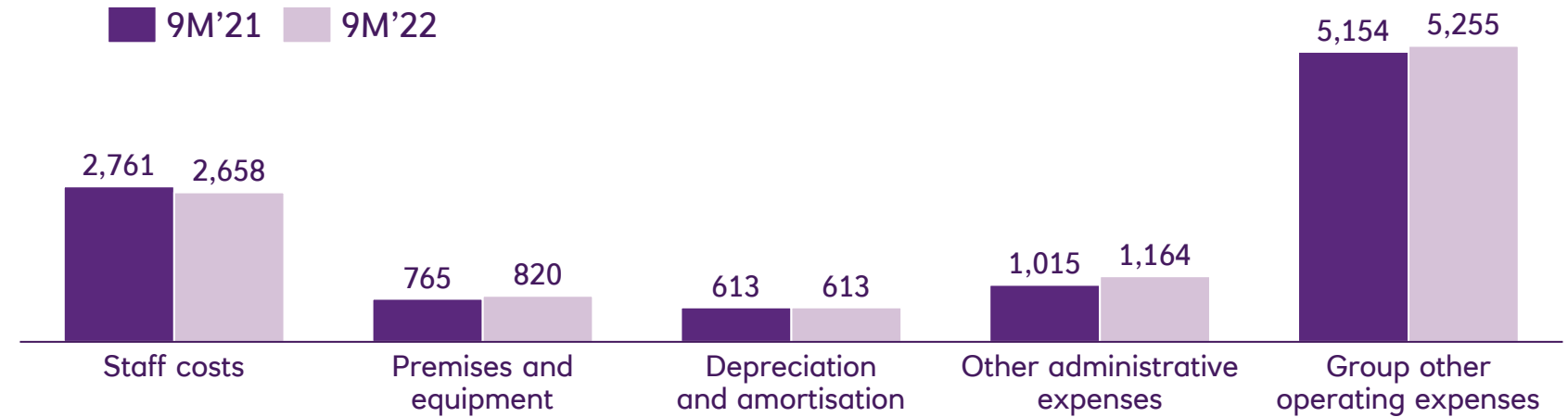
Cost: Income ratio<sup>1</sup> of 54% 9M'22 down from 65% in 9M'21

Staff costs account for around 50% of the Group's cost base and are sensitive to inflationary pressure, alongside supplier contract renewals

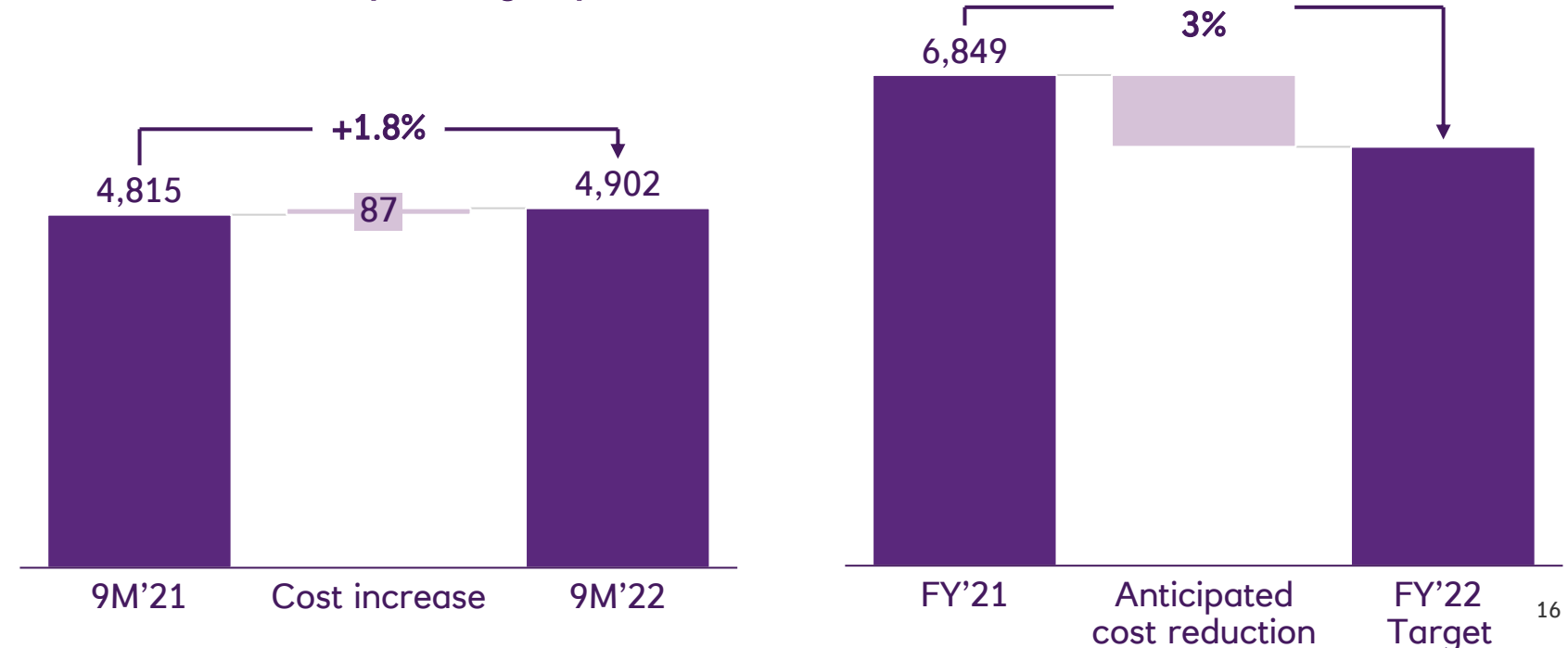
We no longer expect 2023 costs to be broadly stable given increased inflationary pressures

1. Other operating expenses for the Go-forward group excluding Ulster Bank Rol.

## Group other operating expenses, £m



## Go-forward other operating expenses,<sup>1</sup> £m



Intelligent and consistent approach to risk

## Well diversified loan book

Our loan book is high quality with a significant weighting to secured mortgage lending

Wholesale lending is well diversified across sectors

Stage 3 loans, ex-BBLS, remain low at £4.5bn or 1.2% of group loans with 31% ECL coverage

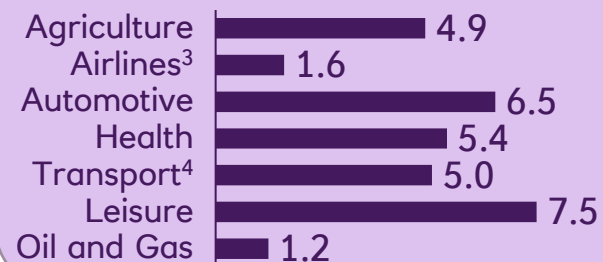
1. Loans at amortised cost and FVOCI, excluding Ulster Bank ROI. 2. Total portfolio average LTV% as at H1'22. 3. Airlines and aerospace 4. Land transport and logistics. 5. Sovereigns and Financial Institutions. 6. Good book refers to Go-forward group Stage 1 and Stage loans and ECL

## Gross Loans and Advances ex-Ulster<sup>1</sup> by sector, £bn in Q3'22

### Mortgages

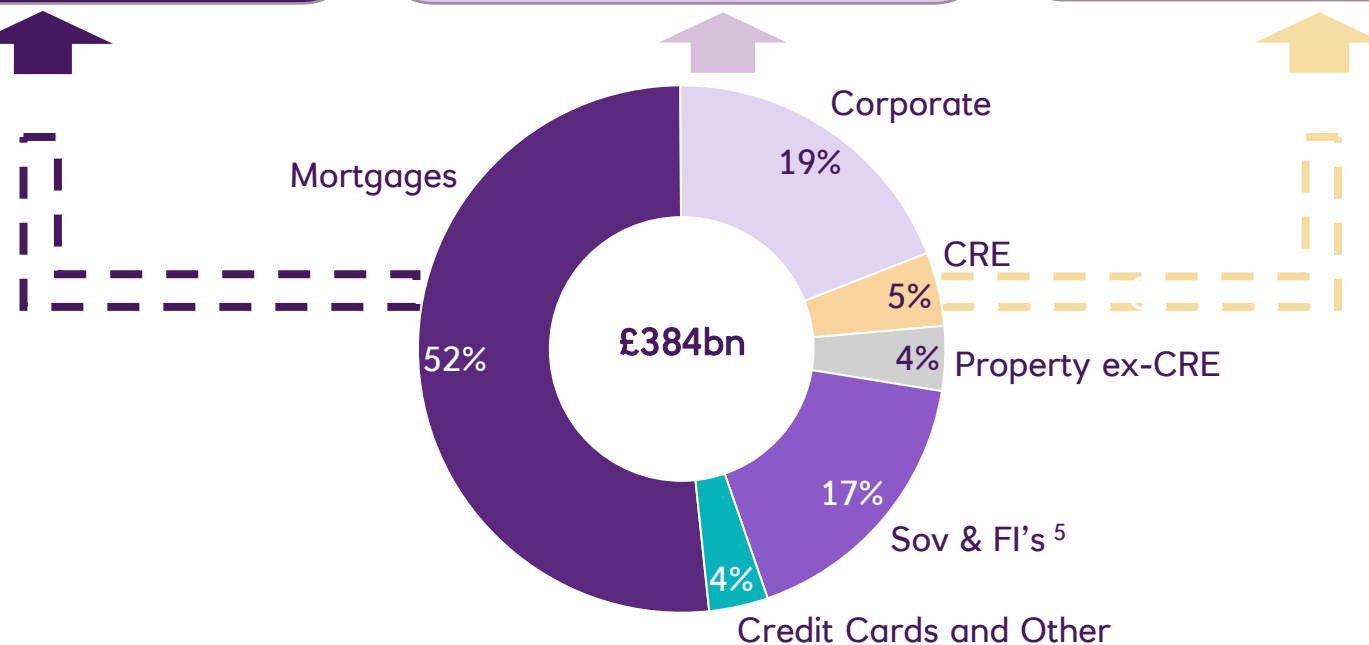
- Balances: 64% 5Y, 27% 2Y, 9% Var
- c.£50bn or c.25% of fixed rates expire by the end of 2023
- Mortgage LTV of 53%<sup>2</sup>

### Selected corporate sectors



### Commercial Real Estate (CRE)

- <5% of group loans
- Average LTV of 48%<sup>2</sup>



- Quality of the loan book remains robust, not seeing signs of deterioration
- Migration of balances to Stage 2 in the quarter reflects update to our economic scenario weightings which has increased PDs
- 100% weighting to extreme downside scenario would increase good book ECL by further £1.1bn or 30 basis points<sup>6</sup>

Intelligent and consistent approach to risk

## Updated weightings drive our impairment charge in the quarter

We have increased weightings to the downside and extreme downside economic scenarios to a combined 55% from 34%

This has driven £127m increase in good book provisions, offset by Ulster fair value reclassification impacts

Economic uncertainty PMA of £545m is down £38m vs. Q2'22 due to COVID unwind particularly in C&I

We continue to expect impairment for FY'22 to be below 10bps and within 20-30bps through-the-cycle average for FY'23

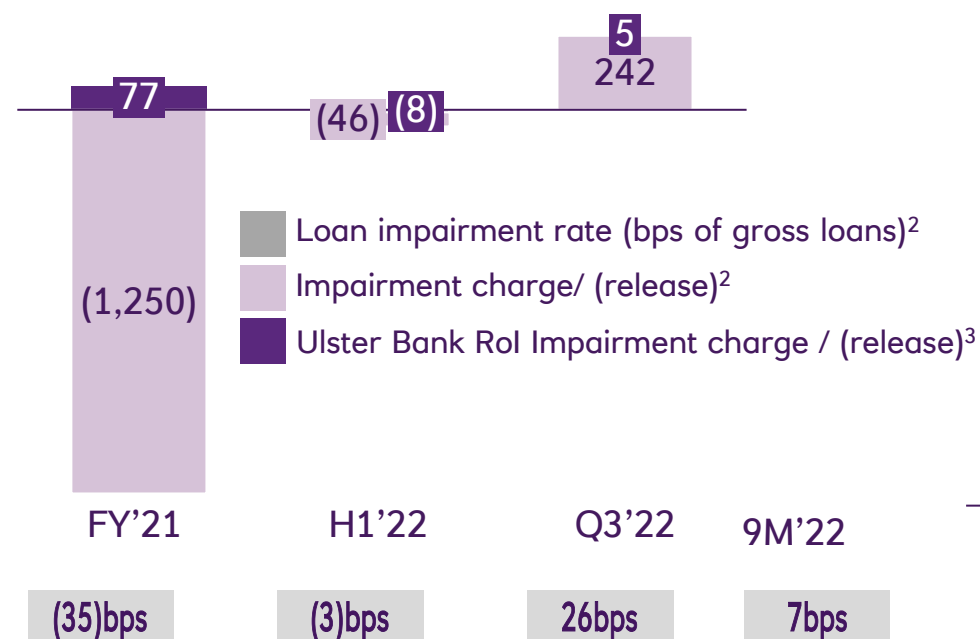
1. Four quarter growth 2. Go-forward group 3. Ulster Bank Rol continuing operations.

## Update to our economic scenario weightings

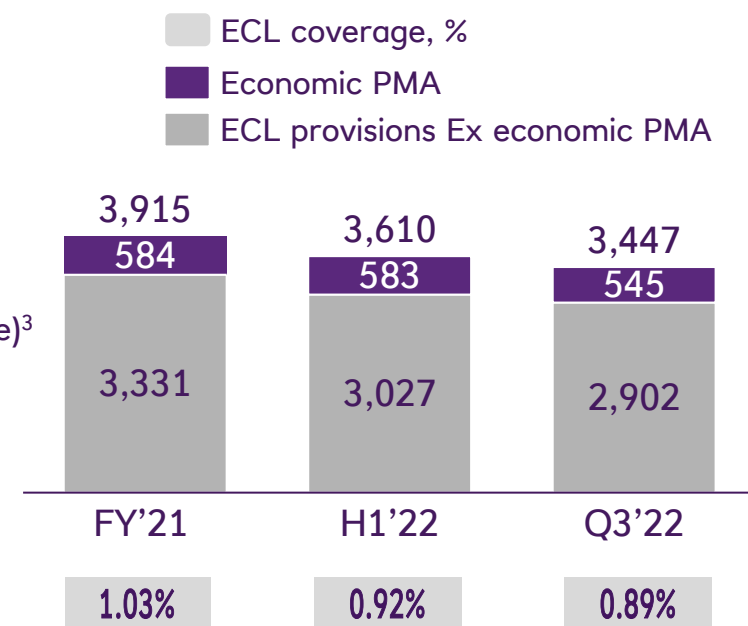
H1'22				Q3'22			
Upside	Base Case	Downside	Extreme downside	Upside	Base Case	Downside	Extreme downside
21%	45%	20%	14%	10%	35%	30%	25%

Weighted-average variables	H1'22		Q3'22		Change	
	2022	2023	2022	2023	2022	2023
UK GDP - annual growth	3.5	(0.2)	3.2	(1.4)	(0.3)	(1.2)
UK Unemployment - annual avg.	3.6	4.1	3.7	4.5	0.1	0.4
UK House Price Index <sup>2</sup>	5.1	(3.0)	4.1	(7.2)	(1.1)	(4.2)
UK Consumer price index <sup>2</sup>	9.0	3.9	9.0	6.2	0.0	2.3

## Group impairment charge / (release), £m



## Group ECL, £bn



Robust balance sheet with strong capital & liquidity levels

Continued sustainable capital generation with progress towards target CET1 ratio

Go-forward group capital generation strong, 46bps of capital in a volatile market

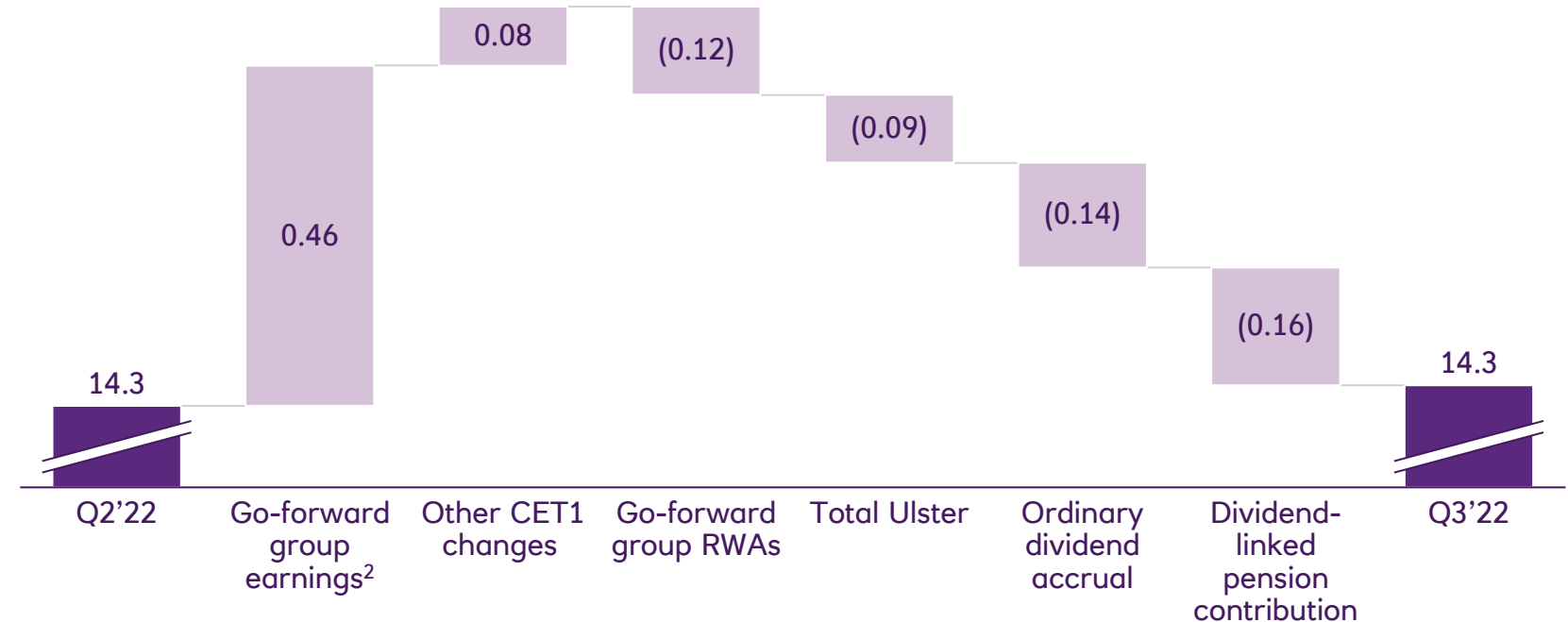
Ulster exit costs of €514m in the quarter of expected €900m through to 2024. Expect withdrawal to be capital accretive

RWA outlook driven by Ulster exit and credit demand

TNAV per share down 17p to 250p, including an 18p reduction for cash flow hedge revaluation

1. May not cast due to rounding. 2. Attributable profit excluding Ulster Bank RoI and net of IFRS transitional relief. 3. Ulster Bank RoI continuing and discontinued loss and change in RWAs.

## CET1 ratio, %<sup>1</sup>



## RWA, £bn<sup>1</sup>



Robust balance sheet with strong capital & liquidity levels

## Strong capital and liquidity positions provide flexibility

Our CET1 ratio is well above our target range and Maximum Distributable amount

UK leverage ratio headroom and LCR ratio both remain comfortably above minimum requirements

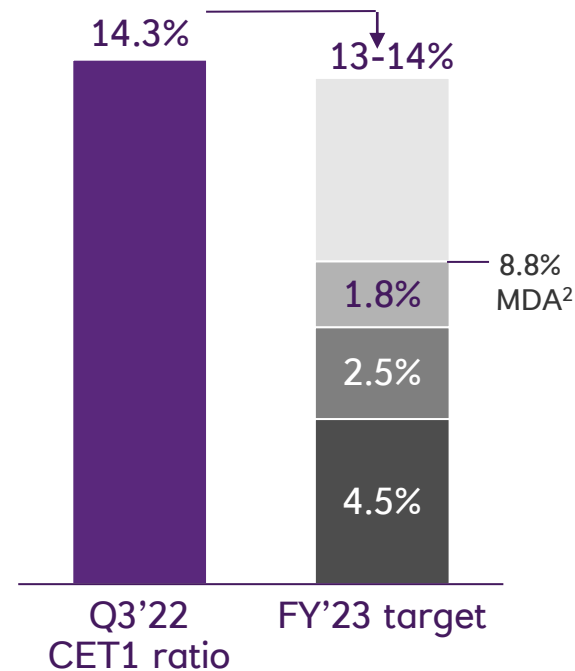
In September, Moody's upgraded the rating of NatWest Group plc to A3 from BBB with Stable outlook

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.

### CET1 headroom above medium term target<sup>1,2</sup>

## 30-130bps

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

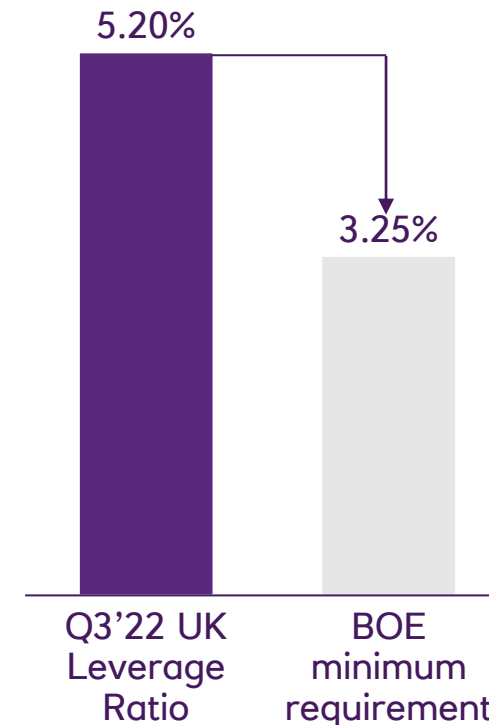


■ CET1      ■ Capital conservation buffer  
■ Buffer      ■ Pillar 1  
■ Pillar 2A<sup>3</sup>

### Headroom above minimum UK leverage requirements

## 195bps

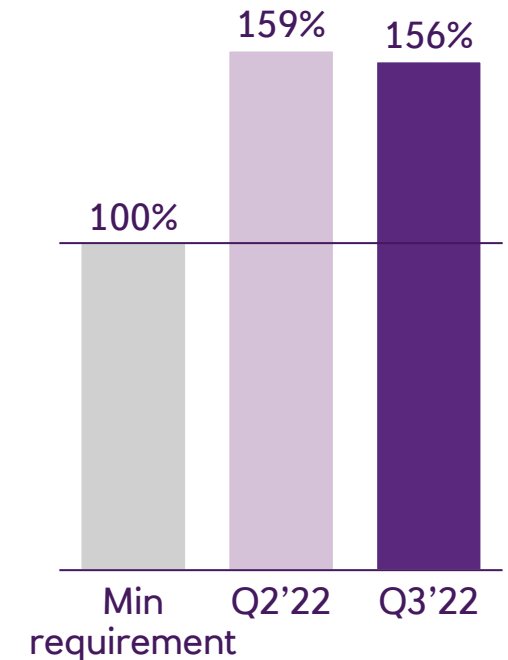
headroom above minimum requirements



### Liquidity coverage ratio remains well above min UK requirement

## £67.9bn

surplus liquidity over minimum requirement



## Key financial guidance

Positively geared for rising interest rates with strong income growth

Continued cost discipline delivering operational leverage, positive jaws and improving Cost:Income ratio

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

1. Go-forward group is NWG excluding Ulster Bank Rol.  
2. NatWest Group excluding Ulster Bank Rol and liquid asset buffer.

## 2022

- *At today's Bank of England base rate of 2.25%, we expect:*
  - **Income** excluding notable items to be around £12.8bn<sup>1</sup>
  - **NIM<sup>2</sup>** > 2.80% for full year 2022
- **Costs:** expect to reduce other operating expenses by around 3%<sup>1</sup>
- **Impairments:** expect impairments to be <10bps<sup>1</sup>
- **CET1 ratio:** aim to end 2022 with a CET1 ratio of around 14%

## 2023

- **Confident in our RoTE target in the range of 14-16%**
- However, reflecting changes in the economic outlook since H1, the composition of those returns will be different:
  - **Income** will be higher supported by higher interest rates.
  - We no longer expect **costs** to be broadly stable given increased inflationary pressures.
  - Our loan book is performing well and we remain comfortable with our through the cycle **impairment** loss rate guidance of 20-30 basis points, including in 2023
- **CET1 target ratio:** 13-14% range by FY'23

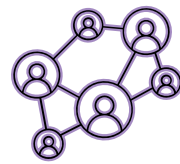


**Alison Rose**  
Chief Executive Officer

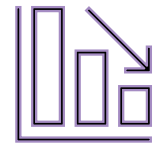
A purpose led company with clear strategic priorities, strong franchises and capacity to grow

We are:

- Supporting our customers whilst growing and diversifying income
- A relationship bank for digital age
- Committed to leading on climate action
- Delivering strong performance to enable us to return capital to our shareholders



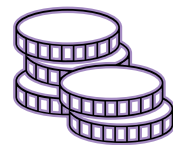
**Accelerating growth with proactive risk management**



**Simplification via Digital and Technology**



**Disciplined deployment of capital**



**Long-term sustainable returns and distributions**

**14 – 16% RoTE for Group in 2023**

## Q&A



# Q3'22 Group performance

£m	Q3'22			Q3'21	Q3'22 incl. discontinued operations			Q3'21
	Go- forward <sup>1</sup>	Ulster Bank Rol	Group <sup>2</sup>	Group	Go- forward <sup>1</sup>	Ulster Bank Rol	Group	Group
Total income	3,266	(37)	3,229	2,686	3,266	(438)	2,828	2,774
Operating expenses	(1,782)	(114)	(1,896)	(1,931)	(1,782)	(125)	(1,907)	(1,942)
Impairments (losses)/releases	(242)	(5)	(247)	221	(242)	11	(231)	242
<b>Operating profit / (loss) before tax</b>	<b>1,242</b>	<b>(156)</b>	<b>1,086</b>	<b>976</b>	<b>1,242</b>	<b>(552)</b>	<b>690</b>	<b>1,074</b>
Tax (charge)/credit	(434)	(0)	(434)	(330)				
Profit/(loss) from discontinued operations, net of tax	--	(396)	(396)	98				
<b>Profit/(Loss) for the period</b>	<b>808</b>	<b>(552)</b>	<b>256</b>	<b>744</b>				
<b>Attributable profit</b>	<b>739</b>	<b>(552)</b>	<b>187</b>	<b>674</b>				
<b>RoTE</b>	<b>12.1%</b>	<b>n.m.</b>	<b>2.9%</b>	<b>8.5%</b>				

1.Go-forward group is Natwest Group excluding Ulster Bank Rol. 2. May not cast due to rounding

# Outlook<sup>1</sup>

	Financial targets and outlook
<b>Income</b>	<ul style="list-style-type: none"> <li>At today's Bank of England base rate of 2.25% we expect 2022 income excluding notable items to be around £12.8 billion in the Go-forward group<sup>2</sup>. Income will be higher supported by higher interest rate in 2023.</li> </ul>
<b>NIM</b>	<ul style="list-style-type: none"> <li>We expect NIM to be greater than 2.80% for full year 2022 in the Go-forward group.</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>We remain on track to achieve a reduction in Go-forward group operating expenses, excluding litigation and conduct costs of around 3% in 2022.</li> <li>We no longer expect costs to be broadly stable given increased inflationary pressures in 2023.</li> </ul>
<b>Impairments</b>	<ul style="list-style-type: none"> <li>We expect impairments to be &lt;10bps in 2022.<sup>2</sup></li> <li>Our loan book is performing well, and while we expect impairments to increase, we remain comfortable with our through the cycle impairment loss rate guidance of 20-30 basis points, including in 2023.</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>In 2023, we continue to expect to achieve our planned return on tangible equity in the range of 14-16%. However, reflecting changes in the economic outlook since H1, the composition of those returns will be different.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>We aim to end 2022 with a CET1 ratio of around 14% and target a ratio of 13-14% by 2023.</li> </ul>
<b>Dividends and pay-outs</b>	<ul style="list-style-type: none"> <li>We intend to maintain ordinary dividends of around 40% of attributable profit and to distribute a minimum of £1 billion in each of 2022 and 2023.</li> <li>We intend to maintain capacity to participate in directed buybacks of the UK Government stake, recognising that any exercise of this authority would be dependent upon HMT's intentions and is limited to 4.99% of issued share capital in any 12-month period.</li> <li>We will consider further on-market buybacks as part of our overall capital distribution approach as well as inorganic growth opportunities provided they are consistent with our strategy and have a strong shareholder value case.</li> <li>As part of the NatWest Group capital and funding plans we intend to issue between £3 billion to £5 billion of MREL-compliant instruments in 2022, with a continued focus on issuance under our Green, Social and Sustainability Bond framework. NatWest Markets plc's funding plan targets £4 billion to £5 billion of public benchmark issuance.</li> </ul>
<b>Ulster Bank Rol</b>	<ul style="list-style-type: none"> <li>We have made significant progress on our phased withdrawal from the Republic of Ireland and have binding agreements in place for 90% of gross customer loans. We continue to expect the majority of the commercial asset sale to Allied Irish Banks and the majority of the asset sale to Permanent TSB to be largely complete by the end of 2022 and for the tracker mortgage asset sale to Allied Irish Banks to complete in the first half of 2023.</li> <li>With this progress, we continue to expect total exit costs of €900 million, with the majority incurred by the end of 2023.</li> <li>We continue to expect the phased withdrawal to be capital accretive.</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 2021 Annual Report and Accounts and Form 20-F and the Summary Risk Factors in the NatWest Group plc 2022 Interim Results. These statements constitute forward-looking statements. Refer to Forward-looking statements in this announcement. 2. Go-forward group is Natwest Group excluding Ulster Bank Rol.

# Notable items

Notable items in Income, £m	Q1'21	Q2'21	Q3'21	Q4'21	FY'21	Q1'22	Q2'22	Q3'22
<b><i>Private Banking</i></b>								
Consideration on the sale of Adam & Company investment management business	--	--	--	54	54	--	--	--
<b><i>Commercial and Institutional Banking</i></b>								
Own credit adjustments (OCA)	2	(1)	2	3	6	18	34	9
Loss on redemption of own debt	--	--	--	--	--	--	--	--
Tax variable lease repricing, NII impact	--	32	--	--	32	--	--	--
Fair value, disposal losses and strategic risk reduction	(18)	(44)	(8)	(16)	(86)	--	(45)	--
<b><i>Central items &amp; other</i></b>								
Interest and FX risk management derivatives not in accounting hedge relationships	(1)	45	--	3	47	166	149	100
Loss on redemption of own debt	(118)	(20)	--	--	(138)	(24)	--	(137)
Liquidity Asset Bond sale gains	5	20	45	50	120	41	(5)	(124)
Share of associate profits/(losses) for Business Growth Fund	121	8	79	11	219	23	(36)	(16)
Property strategy update	--	--	--	(44)	(44)	--	--	--
Own credit adjustments (OCA)	--	(1)	--	1	--	--	--	--
<b>Total notable items in Go-forward group Income</b>	<b>(9)</b>	<b>39</b>	<b>118</b>	<b>62</b>	<b>210</b>	<b>224</b>	<b>97</b>	<b>(168)</b>
<b>Go-forward group income excluding notable items</b>	<b>2,544</b>	<b>2,502</b>	<b>2,511</b>	<b>2,517</b>	<b>10,074</b>	<b>2,763</b>	<b>3,102</b>	<b>3,434</b>
<b>Ulster Bank Rol (continuing operations)</b>								
Gain arising from the restructuring of structural hedges	-	-	35	-	35	--	--	--
<b>Total notable items in Group Income</b>	<b>(9)</b>	<b>39</b>	<b>153</b>	<b>62</b>	<b>245</b>	<b>224</b>	<b>97</b>	<b>(168)</b>

Notable items in Operating Expenses, £m	Q1'21	Q2'21	Q3'21	Q4'21	FY'21	Q1'22	Q2'22	Q3'23
Bank Levy	--	--	--	(99)	(99)	--	--	--
Litigation & Conduct	(16)	34	(294)	(190)	(466)	(102)	(67)	(125)
<b>Total notable items in Group Expenses</b>	<b>(16)</b>	<b>34</b>	<b>(294)</b>	<b>(289)</b>	<b>(565)</b>	<b>(102)</b>	<b>(67)</b>	<b>(125)</b>

Group Metrics	Q1'21	Q2'21	Q3'21	Q4'21	FY'21	Q1'22	Q2'22	Q3'23
Cost:income ratio – reported	69.8%	65.5%	71.5%	89.3%	74.0%	60.1%	56.7%	58.3%
Cost:income ratio – excluding notable items <sup>1</sup>	62.1%	60.5%	60.5%	64.4%	61.9%	61.3%	56.3%	51.7%
Return on tangible equity – reported	7.9%	15.6%	8.5%	5.6%	9.4%	11.3%	15.2%	2.9%
Return on tangible equity – excluding notable items <sup>1</sup>	9.7%	16.4%	11.5%	12.2%	12.5%	10.4%	15.1%	6.8%

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 and Bank Levy where no tax shield is assumed.

# Segmental summary

Group, Q3'22 £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Go-forward Group	Ulster Bank Rol (continuing & discontinued) <sup>2</sup>	Group (incl. discontinued ops) <sup>1</sup>
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
<b>Total income</b>	<b>1.5</b>	<b>0.3</b>	<b>1.7</b>	<b>(0.2)</b>	<b>3.3</b>	<b>(0.4)</b>	<b>2.8</b>
<i>Income ex-notable items</i>	<i>1.5</i>	<i>0.3</i>	<i>1.6</i>	<i>0.0</i>	<i>3.4</i>	<i>(0.4)</i>	<i>3.0</i>
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)
<b>Operating expenses</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(1.8)</b>	<b>(0.1)</b>	<b>(1.9)</b>
<b>Operating profit/(loss) before impairment releases/(losses)</b>	<b>0.8</b>	<b>0.1</b>	<b>0.8</b>	<b>(0.2)</b>	<b>1.5</b>	<b>(0.6)</b>	<b>0.9</b>
Impairment releases/(losses)	(0.1)	(0.0)	(0.1)	--	(0.2)	0.0	(0.2)
<b>Operating profit/(loss)</b>	<b>0.7</b>	<b>0.1</b>	<b>0.6</b>	<b>(0.2)</b>	<b>1.2</b>	<b>(0.6)</b>	<b>0.7</b>
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%	nm	12.1%	nm	2.9%
Cost:income ratio	47.0%	48.8%	53.0%	nm	54.1%	nm	nm

1. May not cast due to rounding.

2. Totals per slide 29.

# Ulster Bank Rol – continuing and discontinued operations

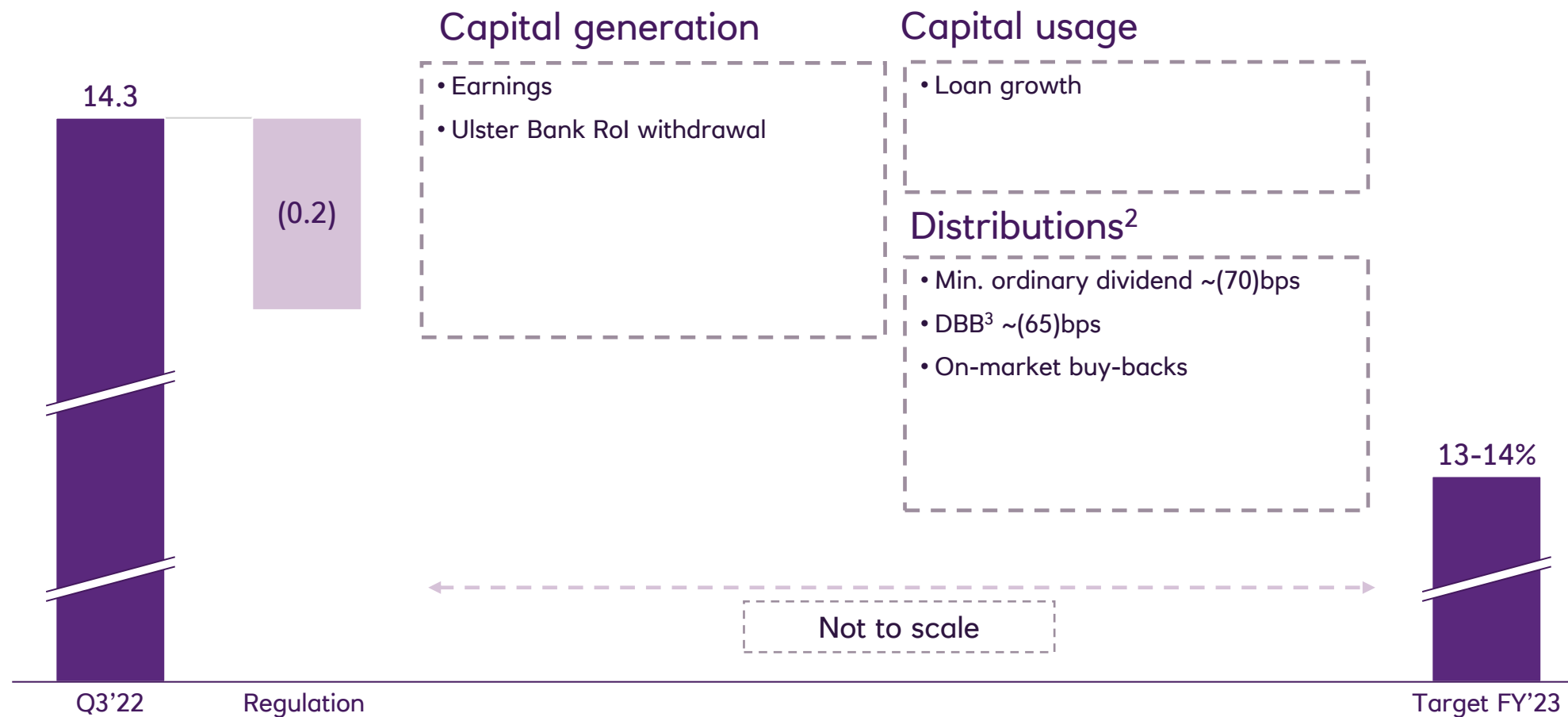
Ulster Bank ROI (£m)	Q3'22			Q3'21			Q2'22		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Total income</b>	<b>(37)</b>	<b>(401)</b>	<b>(438)</b>	<b>57</b>	<b>88</b>	<b>145</b>	<b>12</b>	<b>74</b>	<b>86</b>
Operating expenses	(114)	(11)	(125)	(112)	(11)	(123)	(141)	(13)	(154)
o/w Other operating expenses	(110)	(11)	(121)	(113)	(11)	(124)	(130)	(13)	(143)
<b>Profit/(loss) before impairment losses</b>	<b>(151)</b>	<b>(412)</b>	<b>(563)</b>	<b>(55)</b>	<b>77</b>	<b>22</b>	<b>(129)</b>	<b>61</b>	<b>(68)</b>
Impairment losses	(5)	16	11	(5)	21	16	(21)	66	45
<b>Operating profit/(loss) before tax</b>	<b>(156)</b>	<b>(396)</b>	<b>(552)</b>	<b>(60)</b>	<b>98</b>	<b>38</b>	<b>(150)</b>	<b>127</b>	<b>(23)</b>
Loans to customers - amortised cost	0.3	2.2	2.5	13.2	2.4	15.6	1.0	14.2	15.2

Ulster Bank ROI (£m)	Q3'22			Q3'21			Q2'22		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Total income</b>	<b>(44)</b>	<b>(474)</b>	<b>(518)</b>	<b>68</b>	<b>103</b>	<b>171</b>	<b>13</b>	<b>88</b>	<b>101</b>
Operating expenses	(135)	(13)	(148)	(131)	(13)	(144)	(167)	(15)	(182)
o/w Other operating expenses	(130)	(13)	(143)	(132)	(13)	(145)	(154)	(15)	(169)
<b>Profit/(loss) before impairment losses</b>	<b>(179)</b>	<b>(487)</b>	<b>(666)</b>	<b>(63)</b>	<b>90</b>	<b>27</b>	<b>(154)</b>	<b>73</b>	<b>(81)</b>
Impairment losses	(5)	19	14	(5)	24	19	(26)	79	53
<b>Operating profit/(loss) before tax</b>	<b>(184)</b>	<b>(468)</b>	<b>(652)</b>	<b>(68)</b>	<b>114</b>	<b>46</b>	<b>(180)</b>	<b>152</b>	<b>(28)</b>
Loans to customers - amortised cost	0.4	2.4	2.8	15.3	3.3	18.6	1.2	16.5	17.7

# Tangible net asset value

	GBP, m	Share count, m	Pence
As at 30 June 2022	27,858	10,436	267
Interim dividend paid	(364)		(3)
Special dividend with share consolidation	(1,746)	(741)	4
Attributable profit	187		2
Fair value through OCI reserve	(38)		(0)
Cash flow hedge reserve	(1,747)		(18)
Other movements	(57)	(45)	(1)
<b>Net change</b>	<b>(3,765)</b>	<b>(786)</b>	<b>(17)</b>
As at 30 September 2022	24,093	9,650	250

# Key drivers of CET1 ratio<sup>1</sup>, %



We aim to end 2022 with a CET1 ratio of around 14%

1. Impacts are approximate and shown on a standalone basis using Q3'22 capital position. These impacts will change quarterly. Combined impacts will not be sum of standalone impact. For more details see slide 32.

2. Distributions are subject to regulatory approvals. "Directed" buy backs post March'22 only.

3. Directed buy-back.

# Key Drivers of CET1 ratio

From 14.3% at 30 September 2022 through to FY'23

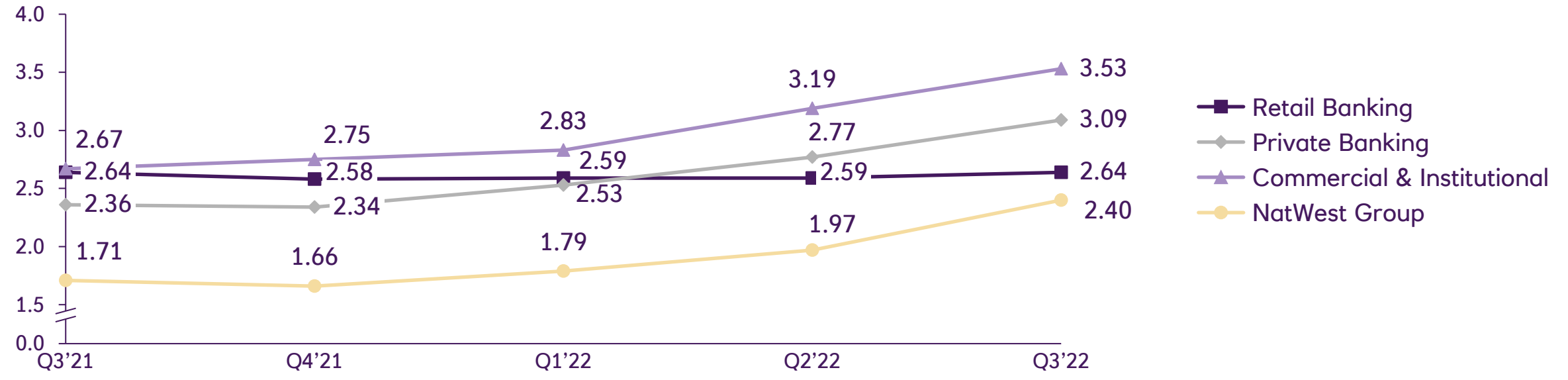
Driver	Timing	Impact <sup>1</sup>	Details
Earnings			ROTE in the range of 14-16% for the Group in 2023
Lending volumes			Across 2022 and 2023, we expect movements in RWAs to largely reflect lending growth
Distributions <sup>2</sup> Dividends	Through to FY'23	c.(70)bps	Intend to distribute a minimum of £1bn per annum through ordinary or special dividends in 2022 and 2023. Impact assumes £250m remaining in 2022 and £1bn in 2023.
Direct Buybacks	Through to FY'23	c.(65)bps	Retain capacity to participate in Direct Buy Backs up to 4.99% in 12-month period; executed £1.2bn in March 2022. Impact assumes one further DBB in 2023 at share price of 244.6p <sup>3</sup> .
On-market buybacks			£750m programme announced in February 2022, included in 1 Jan 2022 CET1 ratio. Further on-market buybacks will be considered.
Dividend-linked pension contributions	Through to FY'22	c.(3)bps	£500m of £1.5bn pre-tax contributions to complete; maximum of £500m per annum accrual in FY'22, (£365m post tax) £282m accrued in Q3, remainder will be accrued in Q4.
Ulster Bank Rol	Multi-year		We have announced binding agreements with AIB and PTSB for loan sales estimated at c.75% of credit risk RWA. We continue to expect total exit costs of €900 million, with the majority incurred by end 2023.
Regulation: IFRS 9 unwind	Through to FY'24	c.(20)bps	c.£0.4bn benefit remaining on 30 September 2022, will unwind to, 50% FY'23, 25% FY'24. Will also be affected by stage migration which remains uncertain

1. Impacts are approximate and shown on a standalone basis using Q3'22 capital position. These impacts will change quarterly. Combined impacts will not be sum of standalone impact.

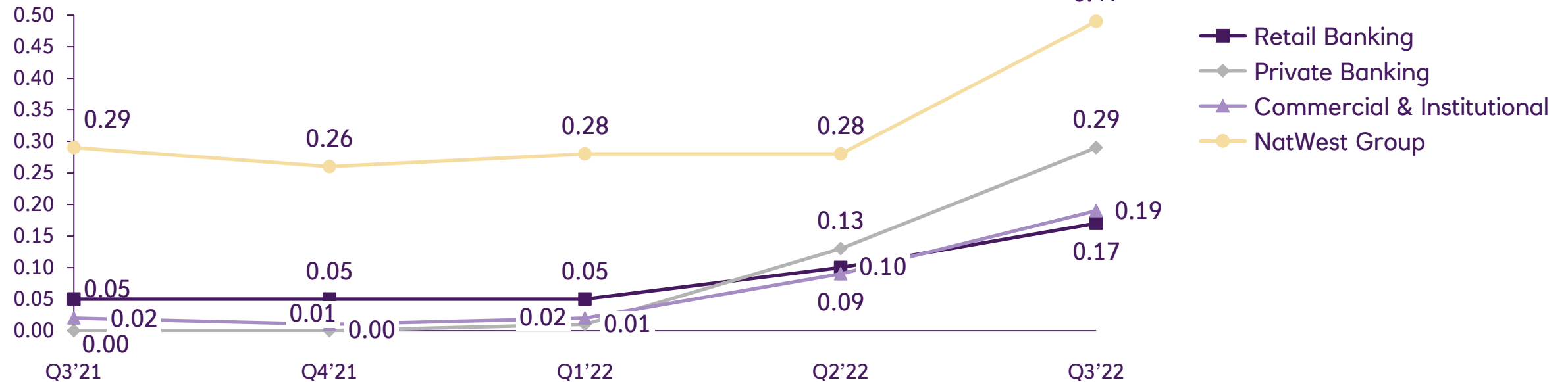
2. Distributions are subject to regulatory approvals.

3. Share price as at close of business 26<sup>th</sup> October 2022, per LSE.

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

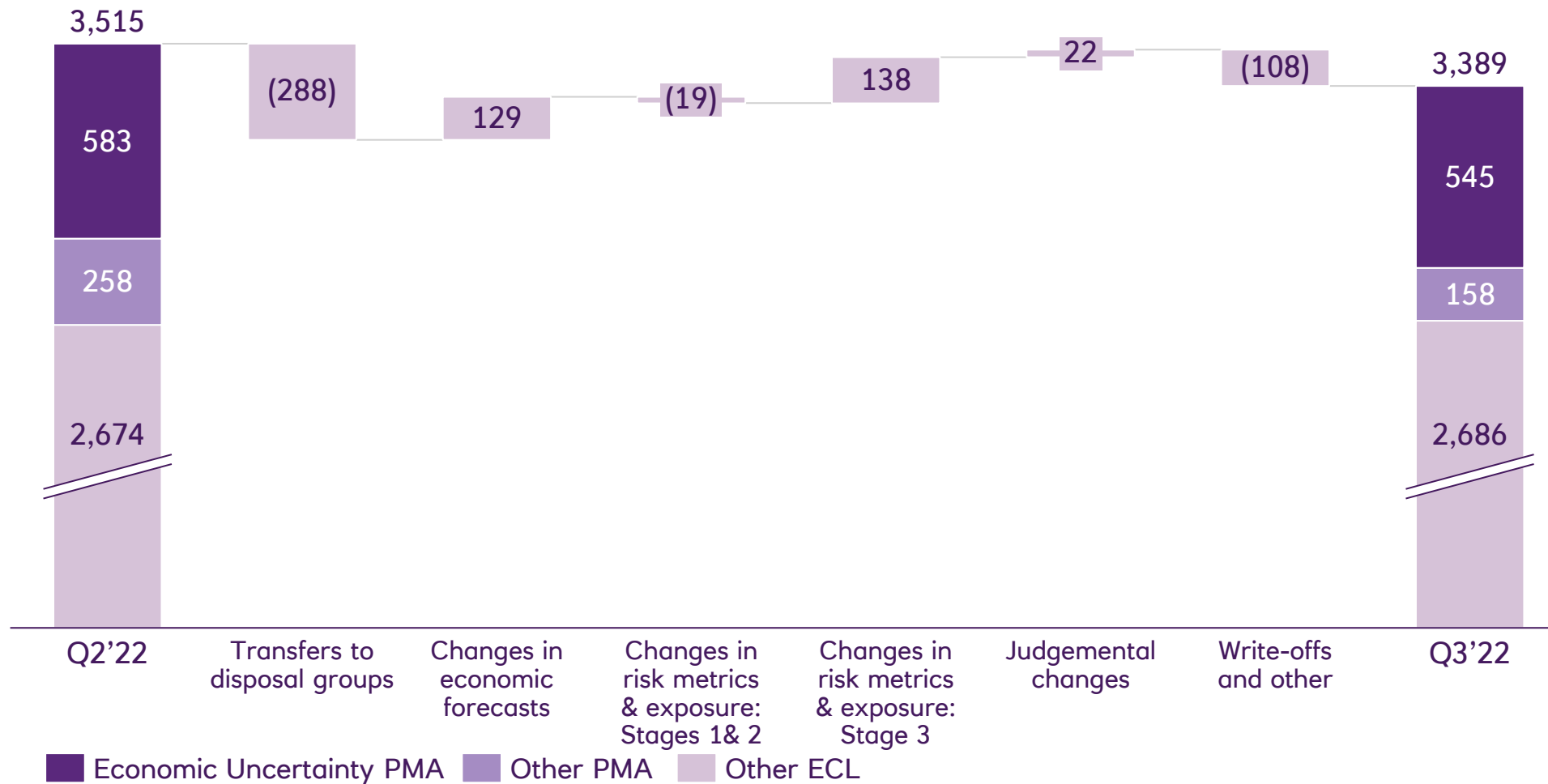


## Cost of interest bearing and non-interest bearing banking liabilities, %<sup>2</sup>



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. 3. Q2'21 Commercial & Institutional loan yield impacted by one-off tax adjustment, broadly stable excluding this.

# Movement in ECL provision<sup>1,2</sup>, £m



# Gross Loans and Advances by stage, £bn and % in Q3'22

	30-Sep-22				
	Loans <sup>1</sup> (£bn)	Loans <sup>1</sup> (% of total)	ECL provisions (£bn)	ECL provisions (% of total)	ECL provisions coverage (%)
Stage 1	344,859	89.7%	523	15%	0.15%
Stage 2	34,033	8.9%	1,121	33%	3.29%
Stage 3	5,521	1.4%	1,745	51%	31.61%
<b>Subtotal excluding disposal group loans</b>	<b>384,413</b>	<b>100%</b>	<b>3,389</b>	<b>100%</b>	<b>0.88%</b>
Disposal group loans	2,216		58		2.62%
<b>Total</b>	<b>386,629</b>		<b>3,447</b>		<b>0.89%</b>

	30-Jun-22				
	Loans <sup>1</sup> (£bn)	Loans <sup>1</sup> (% of total)	ECL provisions (£bn)	ECL provisions (% of total)	ECL provisions coverage (%)
Stage 1	342,121	90.9%	408	12%	0.12%
Stage 2	28,505	7.6%	1,122	32%	3.94%
Stage 3	5,816	1.5%	1,985	56%	34.13%
<b>Subtotal excluding disposal group loans</b>	<b>376,442</b>	<b>100%</b>	<b>3,515</b>	<b>100%</b>	<b>0.93%</b>
Disposal group loans	14,254		95		0.67%
<b>Total</b>	<b>390,696</b>		<b>3,610</b>		<b>0.92%</b>

	31-Dec-21				
	Loans <sup>1</sup> (£bn)	Loans <sup>1</sup> (% of total)	ECL provisions (£bn)	ECL provisions (% of total)	ECL provisions coverage (%)
Stage 1	330,824	89.5%	302	8%	0.09%
Stage 2	33,981	9.2%	1,478	39%	4.35%
Stage 3	5,022	1.4%	2,026	53%	40.34%
<b>Subtotal excluding disposal group loans</b>	<b>369,827</b>	<b>100%</b>	<b>3,806</b>	<b>100%</b>	<b>1.03%</b>
Disposal group loans	9,084		109		1.20%
<b>Total</b>	<b>378,911</b>		<b>3,915</b>		<b>1.03%</b>

# Impairment (charge)/release by segment

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Go-forward Group	Ulster Bank Rol	Group
Q3'22 (£m)	(116)	(7)	(119)	0	(242)	(5)	(247)
Q3'22 (bps)	24	15	36	nm	26	nm	26
Q2'22 (£m)	(21)	6	48	6	39	(21)	18
Q2'22 (bps)	4	(13)	(15)	nm	(4)	nm	(2)
Q3'21 (£m)	(16)	15	230	(3)	226	(5)	221
Q3'21 (bps)	4	(32)	(72)	nm	(26)	nm	(24)

# Customer Loans<sup>1</sup> and Deposits

	Loans to customers - amortised cost, £bn <sup>2</sup>		Customer Deposits, £bn		LDR, %	
	Q2'22	Q3'22	Q2'22	Q3'22	Q2'22	Q3'22
Retail Banking	188.7	192.8	190.5	190.9	99%	101%
Private Banking	18.8	19.1	41.6	42.2	45%	45%
Commercial & Institutional	127.3	131.9	223.2	215.2	57%	61%
Central items & other	26.8	27.7	20.9	13.4	nm	nm
<b>Go-forward Group net L&amp;As, deposits and LDR</b>	<b>361.6</b>	<b>371.5</b>	<b>476.2</b>	<b>461.7</b>	<b>74%</b>	<b>76%</b>
Ulster Bank Rol	1.0	0.3	15.9	11.3	nm	nm
<b>NatWest Group Net L&amp;As, deposits and LDR</b>	<b>362.6</b>	<b>371.8</b>	<b>492.1</b>	<b>473.0</b>	<b>71%</b>	<b>75%</b>
Impairment provisions	3.4	3.3				
<b>Natwest Group Gross Loans to Customers</b>	<b>366.0</b>	<b>375.1</b>				
<i>Of which Scheme Lending within Private and C&amp;I</i>	10.2	9.5				

	Q2'22	Q3'22
<b>Natwest Group Gross Loans to Customers</b>	366.0	375.1
Loans to banks - amortised cost	10.7	9.6
Loans and advances @ FVOCI	0.1	0.1
Excluded from ECL	-0.3	-0.4
<b>Loans to customers and banks - amortised cost and FVOCI</b>	<b>376.4</b>	<b>384.4</b>

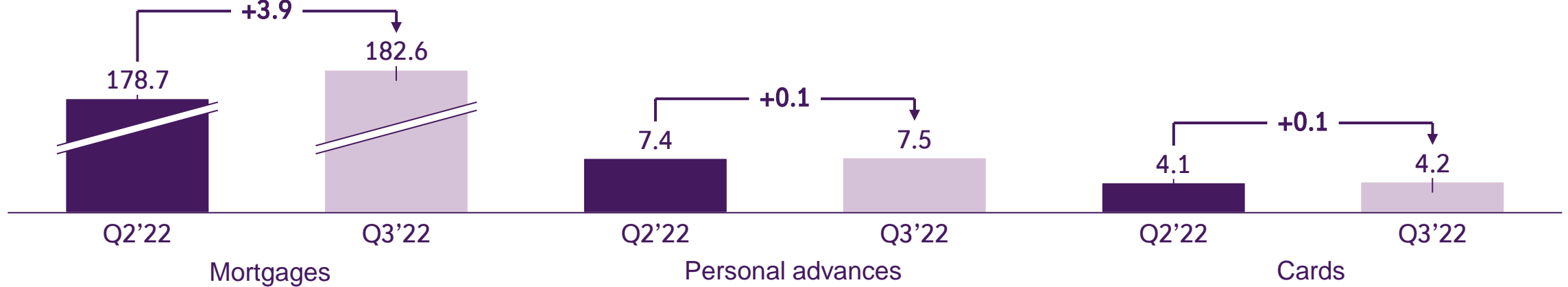
1. Loan balances are amortised cost loans only.

2. May not cast due to rounding.

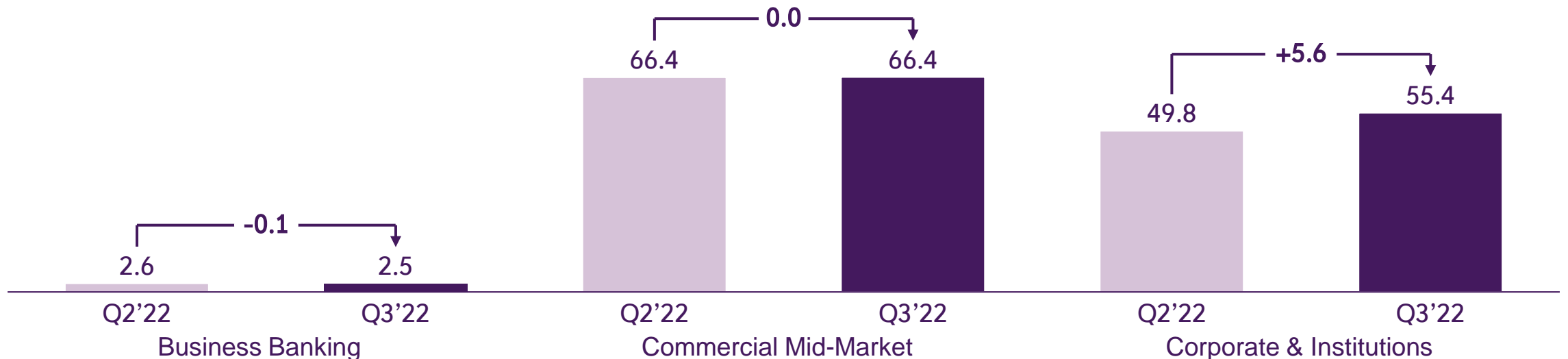
# Q3'22 Customer loan growth by product and sector

Total loans to customers (amortised cost), £bn

## Retail Banking



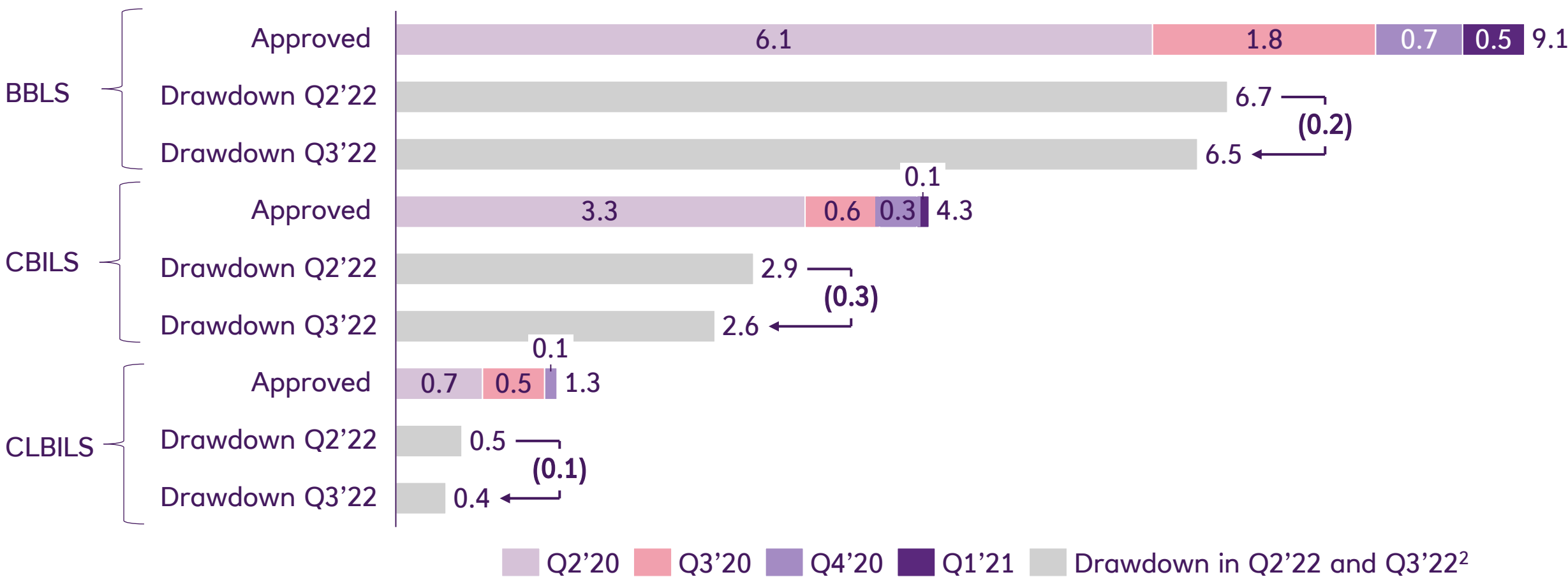
C&I Gross loans to customers (amortised cost) ex-government schemes, £bn



# Supporting our customers through Covid-19

£0.7bn of net government scheme repayments in Q3, £0.2bn related to BBLS

Government Lending Scheme in NWG, £bn<sup>1</sup>



1. The chart captures UK Government schemes for NatWest Group. BBLS, CBILS and CLBILS closed for new applications as at end of Q1'21.  
2. Drawdown reduction does not cast to £0.7bn repayments due to rounding.

# Asset quality<sup>1</sup>

Mortgage LTV distribution by stage																
	Total				Stage 1				Stage 2				Stage 3			
	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22
≤50%	51,791	55,857	66,488	71,985	47,746	50,170	61,233	66,690	3,375	5,009	4,548	4,283	511	554	644	950
>50% and ≤70%	51,582	63,202	73,437	75,652	47,224	55,263	68,271	71,128	3,804	7,416	4,674	3,861	463	488	483	654
>70% and ≤80%	24,992	29,698	25,353	21,463	23,235	19,994	24,004	20,758	1,568	9,555	1,255	600	150	141	93	104
>80% and ≤90%	15,251	13,639	6,256	8,081	14,030	8,029	5,983	7,976	1,111	5,552	250	90	85	52	22	15
>90% and ≤100%	3,610	520	1,193	1,268	3,401	368	1,125	1,241	174	137	58	20	20	13	10	7
>100%	238	169	38	67	111	48	14	54	100	99	18	6	24	20	6	7
Total with LTVs	147,464	163,085	172,765	178,516	135,747	133,872	160,630	167,847	10,132	27,768	10,803	8,860	1,253	1,268	1,258	1,737
% of Group L&As	43.8%	43.8%	45.6%	45.7%	40.3%	35.9%	42.4%	43.0%	3.0%	7.5%	2.9%	2.3%	0.4%	0.3%	0.3%	0.4%
Total portfolio average LTV%	57%	57%	54%	53%	57%	55%	54%	54%	59%	66%	52%	49%	66%	60%	53%	50%
Commercial Real Estate (CRE) LTV distribution by stage																
	Total				Stage 1				Stage 2				Stage 3			
	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22	FY'19	FY'20	FY'21	H1'22
≤50%	10,132	9,594	7,457	7,643	8,787	4,918	6,767	7,113	468	4,538	388	253	40	138	34	37
>50% and ≤70%	6,191	6,307	5,352	5,144	4,945	2,815	4,367	4,249	252	3,266	470	384	148	226	46	41
>70% and ≤100%	618	576	705	632	380	169	377	299	138	283	192	265	88	124	127	57
>100%	309	409	312	258	104	50	215	159	51	64	7	9	153	295	86	86
Total with LTVs	17,250	16,886	13,826	13,677	14,216	7,952	11,726	11,820	909	8,151	1,057	911	429	783	293	221
% of Group L&As	5.1%	4.5%	3.6%	3.5%	4.2%	2.1%	3.1%	3.0%	0.3%	2.2%	0.3%	0.2%	0.1%	0.2%	0.1%	0.1%
Total portfolio average LTV%	48%	48%	50%	48%	46%	45%	48%	46%	55%	47%	58%	61%	101%	93%	88%	87%
Other	2,835	3,153	2,708	2,739	658	1,776	2,271	2,299	149	511	293	332	123	159	61	57
Development	2,971	3,320	2,103	2,319	2,377	1,362	1,736	1,947	272	1,767	228	196	144	161	62	66
Total	23,056	23,359	18,637	18,735	17,251	11,090	15,733	16,066	1,330	10,429	1,578	1,439	696	1,103	416	344

1. Full tables available on 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, the that total table numbers also include mortgages not within IFRS9 ECL scope.

# Structural Hedge<sup>1</sup>

	H1 2022			
	Total Income	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
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	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
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

	H1 2021			
	Total Income	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
Equity	244	23	23	2.13
Product	412	146	135	0.61
Other	62	21	22	0.56
Total	718	190	180	0.80

1. Page 75 of NWG H1'22 IMS and page 268 of NWG FY'21 ARA; H1'21 numbers page 77 of H1'21 IMS

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

H1 2022	+25 basis points parallel upward shift			-25 basis points parallel upward 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 upward 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 76 of NWG H1'22 IMS. Following a change in the basis of preparation of this table, it now excludes UBIDAC. Including UBIDAC would increase Year 1 sensitivity by 4-5%.

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







	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
Weighting	10%	35%	30%	25%	Weighted average	21%	45%	20%	14%	Weighted average	30%	45%	20%	5%
<b>UK GDP – Annual Growth (%)</b>														
2022	4.8	3.5	2.7	2.7	3.2	4.8	3.5	2.7	2.7	3.5	8.1	5.0	1.5	(3.6)
2023	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
5 year - CAGR	1.9	1.2	0.9	0.1		1.7	1.1	0.8	(0.1)		2.4	1.7	1.4	0.6
<b>UK Unemployment rate – annual average (%)</b>														
2022	3.4	3.6	3.8	3.8	3.7	3.4	3.6	3.8	3.8	3.6	3.5	4.1	5.1	8.3
2023	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
5 year average	3.3	4.0	4.6	6.4		3.3	4.0	4.5	6.3		3.5	4.2	4.8	6.7
<b>UK House Price Index – four quarter growth (%)</b>														
2022	9.7	5.1	2.4	2.4	4.1	9.7	5.1	2.4	2.4	5.1	7.9	1.6	(2.9)	(20.4)
2023	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)
5 year - total change	23.7	13.1	(1.4)	(11.0)		24.4	13.7	(0.9)	(10.5)		22.7	12.1	4.3	(5.3)
<b>UK Commercial Real Estate Price – four quarter growth (%)</b>														
2022	9.5	6.8	(3.3)	(3.2)	1.5	9.5	6.8	(3.3)	(3.2)	3.9	10.2	4.4	(2.7)	(29.8)
2023	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
5 year - total change	6.4	(3.6)	(7.8)	(15.4)		7.5	(2.6)	(6.8)	(14.5)		18.2	7.2	5.5	(6.4)
<b>Consumer price index - four quarter growth (%)</b>														
2022	9.5	8.4	9.3	9.3	9.0	9.5	8.4	9.3	9.3	9.0	4.4	3.4	7.9	1.7
2023	(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
5 year - CAGR	2.0	2.2	3.3	6.5		2.7	2.9	3.9	7.2		2.7	2.5	3.1	1.5

1. Full details of the economic assumptions can be found on pages 21 and 22 of NWG H1'22 IMS, pages 206 to 208 of NWG FY'21 ARA, and on pages 20 to 23 of the NWG H1'21 IMS.

## Issuance and capital management progress

NatWest Group plc  
issued ~£2.5bn MREL  
eligible senior in the YTD  
Q3'22 against FY'22 plan  
of £3-5bn; with no  
capital instruments being  
issued

NatWest Markets Plc  
issued ~£4bn senior YTD  
Q3'22, in public benchmark  
format, against FY'22 plan  
of £4-5bn

	2022 guidance	YTD issuances as at Q3 2022
NatWest Group plc	~£3-5bn	 NWG £750m 7NC6  NWG \$1bn 6NC5  NWG €1bn 6NC5 (Green)
NatWest Markets Plc	~£4-5bn	 NWM €1bn 5yr  NWM CHF300m 3yr  NWM \$1.5bn 3yr (fxd/FRN)  NWM €1.25bn 3yr (fxd/FRN)  AUD \$600m 3yr

In September 2022 Moody's upgraded the rating of NatWest Group plc to A3 from Baa1 and upgraded the ratings of NatWest Markets Plc and NatWest Markets N.V. to A1 from A2, with Stable outlook for all three entities

Ratings outlook from S&P and Fitch is Stable across all group entities

(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

(2) 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.

	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 <sup>2</sup>	A/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta <sup>2</sup>	A/Sta	A+/Sta
Ulster Bank Ireland DAC	A1/Sta <sup>2</sup>	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

Our Sustainalytics rating is affirmed as low risk.

ISS ESG upgraded NatWest to C+ from C, Prime status affirmed.

MSCI, CDP and S&P CSA yet to publish reviewed ratings for 2022.

ESG Ratings <sup>(1)</sup>	Scale	2019	2020	2021	2022
MSCI					
Rating	AAA to CCC	BBB	AA	AA	AA <sup>2</sup>
Sustainalytics ESG Risk Rating					
Rating	1-100 Negligible to Severe	27.7 Medium risk	20.5 Medium risk	17.3 Low risk	17.7 Low Risk
CDP					
Rating	A to D-	B	A-	B	B <sup>2</sup>
Industry average		C	B	B	
ISS ESG					
Rating	A+ to D-	C	C	C	C+
Prime Status		Prime	Prime	Prime	Prime
S&P CSA					
Score	100 to 1	71	41	63	63 <sup>2</sup>
Percentile Rank		77 <sup>th</sup>	60 <sup>th</sup>	80 <sup>th</sup>	

- 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.
- Score or rating yet to be reviewed for 2022.

## 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 “Summary Risk Factors” in the NatWest Group plc (“NWG”) H1 IMS and the “Risk Factors” in NWG’s 2021 Annual Report and Accounts and NWG’s Form 20-F, as well as the “Summary Risk Factors” in the NatWest Markets Plc (“NWM”) H1 IMS and the Risk Factors in the NWM 2021 Annual Report and Accounts and NWM Registration Document, respectively.

### 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, cost reductions, 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 areas 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: the Covid-19 pandemic and its impact on NatWest Group; planned cost reductions, disposal losses and strategic costs; implementation of NatWest Group’s purpose-led strategy and other strategic priorities (including in relation to: its phased withdrawal from ROI, the NWM Refocusing and investment programmes relating to digital transformation of its operations and services and inorganic opportunities); 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, including with respect to goodwill; 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 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; the impact of the COVID-19 pandemic on NatWest Group and its customers; 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; refocusing of its NWM franchise; and the effect of the COVID-19 pandemic on NatWest Group’s strategic objectives and targets); financial resilience risk (including in respect of: NatWest Group’s ability to meet targets and to make discretionary capital distributions; the competitive environment; impact of the COVID-19 pandemic on the credit quality of NatWest Group’s counterparties; counterparty and borrower risk; prudential regulatory requirements for capital and MREL; the adequacy of NatWest Group’s future assessments by the Prudential Regulation Authority and the Bank of England; liquidity and funding risks; changes in the credit ratings; the requirements of regulatory stress tests; goodwill impairment; model risk; sensitivity to accounting policies, judgments, assumptions and estimates; changes in applicable accounting standards; the value or effectiveness of credit protection; 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 (including those that enable remote working); 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 alternative 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 report are not measures within the scope of International Financial Reporting Standards ('IFRS') and 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 and net zero strategy 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 report 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 2021 Climate-related Disclosures Report.

### Non-IFRS financial measures and APMs

NatWest Group prepares its financial statements in accordance with generally accepted accounting principles (GAAP). This presentation 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 presentation, 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.

### No securities offering

This presentation does 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.