

NatWest Group plc

Investor Factbook

Q1 Results 2022



We have clear financial targets:

RoTE

RoTE target: comfortably above 10% for the Group in 2023

Income^{1,2}

Income target: comfortably above £11bn in 2022

Costs^{1,3}

Strong cost reduction:
~3% in both 2022 and 2023

Capital

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

1. Go-forward group excludes Ulster Bank ROI.

2. Income excluding notable items.

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



Q1'22 results highlights

Strong Q1'22 operating performance

- Delivering against our targets to drive sustainable returns for shareholders
- Operating leverage driving 13.2% positive jaws vs. Q1'21¹
- 15.2% CET1 ratio includes £1.5bn of distributions for 2022:
 - £250m dividend accrual
 - £1.2bn directed buy-back

Q1'22 performance²

£1,287m

Operating profit before tax vs. £946m in Q1'21

£841m

Attributable profit vs. £620m in Q1'21

11.3%

Return on Tangible Equity vs. 7.9% in Q1'21

Delivering on growth, cost reduction and capital

8.6%

Income growth³, up £219m on Q1'21

4.6%

Cost reduction⁴ of £78m vs. Q1'21

15.2%

CET1 Capital Ratio 70bps lower than 1 Jan 22

13.2% positive operating jaws¹

Ongoing shareholder distributions

£1bn

Minimum annual dividend £250m accrual included in 15.2% CET1 ratio

£1.2bn

Directed buy-back in Mar'22

£750m

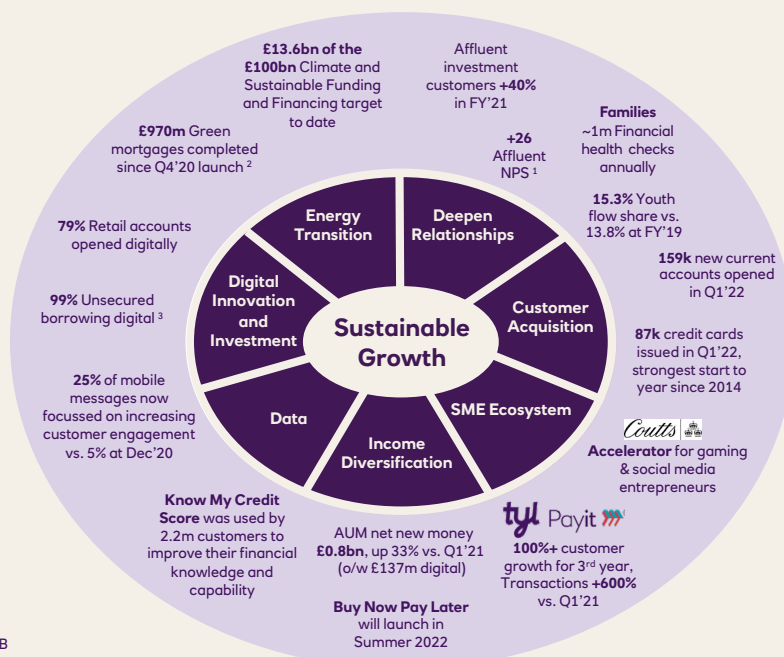
On-market buy-back in progress £377m executed to date⁵

1. Operating jaws defined as year on year income growth³ less cost growth². 2. Including discontinued operations. 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. 5. As at 26 April 2022 close.

Sustainable growth with an intelligent approach to risk

Supporting customers at every stage of their lives, continued positive momentum

- Evolving our proposition to develop new relationships earlier in the lifecycle
- Anticipating customer needs with personal, data driven analytics to deepen relationships
- One-Bank approach with Centres of Expertise leveraging capabilities across the Group



1. NatWest Premier. 2. Retail Banking only, mortgages labelled “green” premised on EPC A or B energy efficiency ratings of homes 3. Excludes legacy platforms.

Supporting our customers on the climate transition

Highlights:

- Net Zero – by 2050 including financed emissions target announced
- Completed our 2020-21 £20bn CSFF¹ target 6 months early, recording £21.5bn by H1'21
- £13.6bn – contribution towards our new £100bn CSFF target as at Q1'22
- 52% – gross lending and investment balances from FY'19 analysed for emissions as at FY'21
- 46% – reduction in our direct own operational carbon footprint, vs 2019 baseline as at FY'21

1. Climate and Sustainable Funding and Financing. 2. No 1 for UK issuers in 2022. Source: Dealogic as at 04/04/22. 3. <https://natwestbusinesshub.com/articles/springboard-to-sustainability-160bn-opportunity-for-smes-tackling-climate-change-4>. Retail Banking only, mortgages labelled "green" premised on EPC A or B energy efficiency ratings of homes. 5. Equity investments vs FY'2019, based on preliminary data.

Corps. & Institutions

#1 for GSS Bond underwriting²

Green lending with dynamic pricing for C&I's

Comprehensive
climate-linked product
suite

Carbonplace – our part in a global consortium to price carbon credits

SMEs to Mid. Corps.

£160bn-plus – the SME revenue opportunity³

40% – of Accelerator Hubs allocated to sustainable businesses

Green loans to SMEs, one of the first to market

**Climate-trained,
dedicated sector
relationship managers**

Consumers

£970m – green
Mortgages⁴ completed
as at Q1'22

38% – reduction in Coutts carbon intensity at FY'21⁵

Cogo – tracking carbon footprints

Climate Change Hub
educating customers
about sustainability

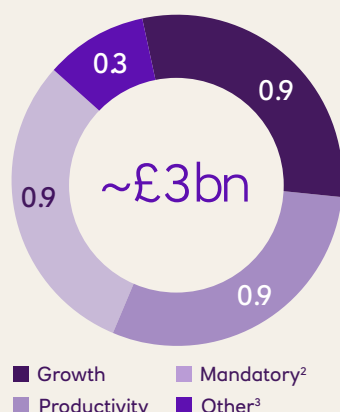
£100bn

Additional CSFF between 1 July 2021 and the end of 2025

~£3bn

Investment spend¹ FY'21 – FY'23

c.80% (~£2.4bn) relates to Digital and Technology programmes



1. Denotes cash investment spend, the related income statement expense is included in Other expenses

2. Mandatory remediation and resilience spend.
3. Control / resilience / enablers

Continuing to successfully invest our multi-year programme driving income growth, increased productivity and customer acquisition

We are meeting
our customer
needs digitally

- **61%** Retail Banking customers bank entirely digitally¹
- **90%** Retail customer needs met digitally
- **83%** Commercial customers digitally active

We are investing
in improving
customer journeys

- **79%** Retail account openings are straight through processing vs. 14% in FY'19
- **99%** Unsecured applications are straight through processing vs. 85% in FY'19²
- **73k** Commercial digital service requests in Q1'22, up from 6k in all of 2019
- Cora conversations +206% in Retail vs. Q1'19; 49% required no human intervention³

Strong customer outcomes

Mettle: +50k new customers since Nov'19 launch

Rooster Money: Comprehensive suite of products for young customers (+130k acquired)

NatWest Invest: +162% Q1'22 Affluent digital AUM Net New Money vs. Q4'19

- **+16** Retail NPS vs. +4 in FY'19⁴
- **+26** Affluent NPS vs. -2 in FY'19⁴
- **+48** Business Banking Mobile NPS vs. +51 in FY'19⁴

1. Retail Banking current account customers only based on the average for the last month of the period. 2. Excludes legacy platforms. 3. Retail also includes Business Banking customers using Online / Mobile Channels. 4. Source: InMoment.

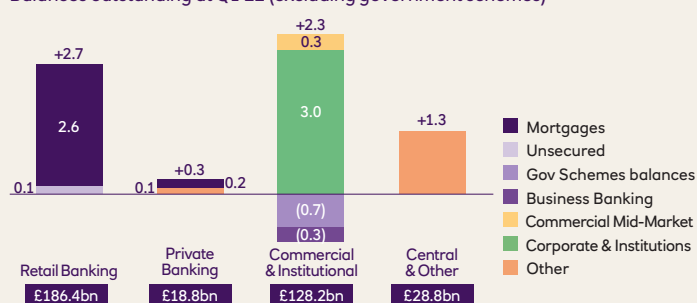
New segmental summary

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Go-forward Group	Ulster Bank Rol (continuing & discontinued) ²	Group incl. discontinued ops) ¹
Group, Q1'22 £bn							
Net interest income	1.1	0.1	0.8	(0.0)	2.0	0.1	2.1
Non-interest income	0.1	0.1	0.6	0.2	1.0	0.0	1.0
Total income	1.2	0.2	1.4	0.2	3.0	0.1	3.1
Income ex-notable items	1.2	0.2	1.4	(0.0)	2.8	0.1	2.9
Other operating expenses	(0.6)	(0.1)	(0.9)	0.0	(1.6)	(0.1)	(1.7)
Litigation and conduct	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Operating expenses	(0.6)	(0.1)	(0.9)	(0.0)	(1.7)	(0.1)	(1.8)
Operating profit/(loss) before impairment releases/(losses)	0.6	0.1	0.5	0.2	1.3	(0.0)	1.3
Impairment releases/(losses)	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0
Operating profit/(loss)	0.6	0.1	0.5	0.2	1.3	0.0	1.3
Net loans to customers – amortised cost	184.9	18.7	126.6	28.8	359.0	15.5	374.5
Customer Deposits	189.7	40.3	217.9	17.7	465.6	17.3	482.9
RWA's	52.2	11.5	100.3	1.6	165.5	11.2	176.8
Return on equity / tangible equity	23.1%	18.2%	8.8%	n.m.	11.9%	n.m.	11.3%
Cost: income ratio	53.0%	64.4%	66.3%	n.m.	56.7%	n.m.	58.9%

1. May not cast due to rounding. 2. Totals per slide 28 of the NatWest Group Q1 2022 Results Slides dated 29 April 2022.

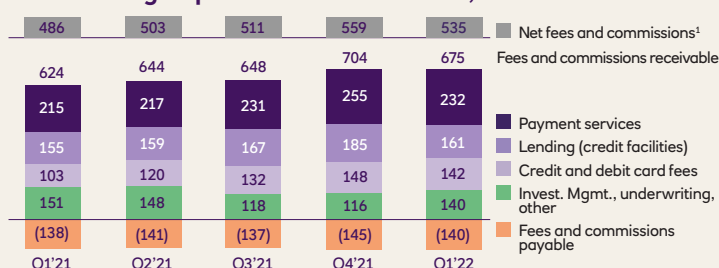
Go-forward group gross customer loans¹, Q1'22 v Q4'21, £bn

Balances outstanding at Q1'22 (excluding government schemes)



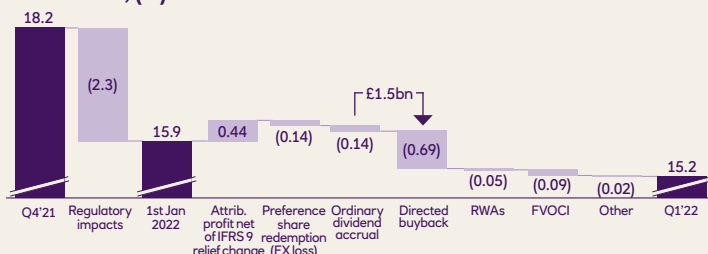
Gross loans¹ to customers up £6.6bn, or 1.9%, in the quarter to £362bn.

Go-forward group Fees and Commissions¹, £m



Net fees and commissions¹ down £24m driven by seasonality.

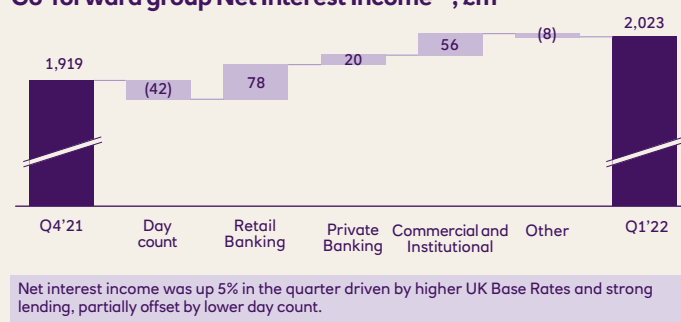
CET1 ratio, (%)¹



Returning surplus capital to shareholders

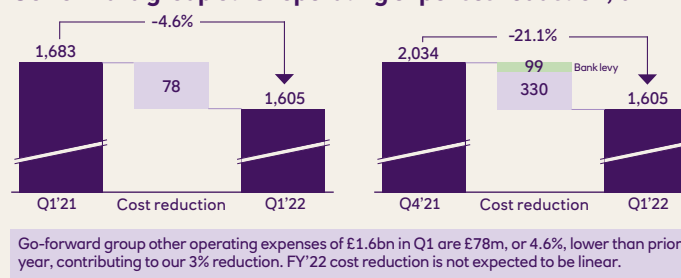
- **Dividends:** We intend to maintain ordinary dividends of around 40% of attributable profit with a minimum of £1bn per annum from 2022 to 2023 via a combination of ordinary and special dividends. £250m accrued in Q1'22
- £1.2bn directed buy back completed in Mar'22, Government stake at c.48%
- £750m on market buy back underway with £377m executed as at 26 April 2022 close
- **Inorganic opportunities:** Considered if they support our strategy and delivery value

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



Net interest income was up 5% in the quarter driven by higher UK Base Rates and strong lending, partially offset by lower day count.

Go-forward group other operating expenses reduction, £m⁴



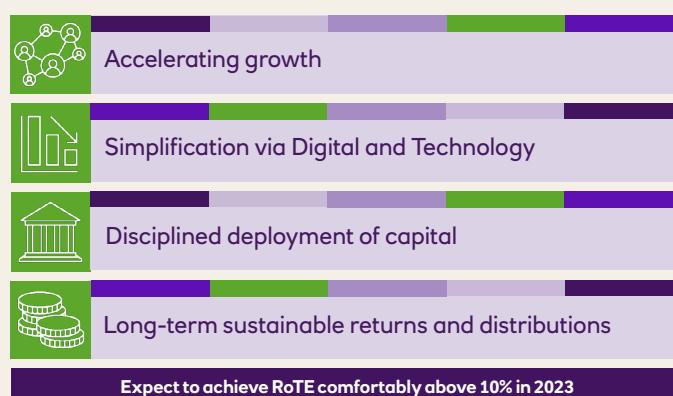
Go-forward group other operating expenses of £1.6bn in Q1 are £78m, or 4.6%, lower than prior year, contributing to our 3% reduction. FY'22 cost reduction is not expected to be linear.

Allocating capital to deliver better returns and capital distributions

- NatWest Group is a capital generative business with a good track record on risk diversification and management
- Buy backs will continue to be a tool to manage our capital position
- Ulster Bank Rol withdrawal progressing well
- Inorganic opportunities will be considered if they support our strategy and deliver value

1. Go-forward = NWG excluding Ulster Bank ROI. 2. May not cast due to rounding. 3. Excluding relevant notable items per slide 26 of the Q1 Results presentation. 4. Other operating expenses for the Go-forward group, include Operating Lease Depreciation and Strategic costs and excludes litigation and conduct costs.

Our investment case

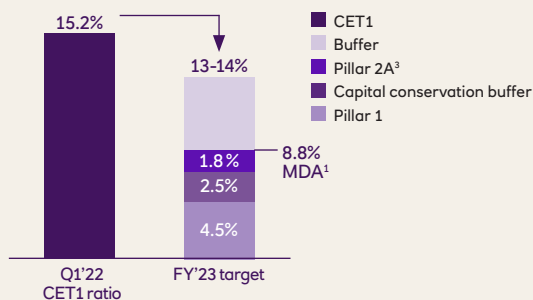


Robust balance sheet with strong capital & liquidity levels

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

120-220bps

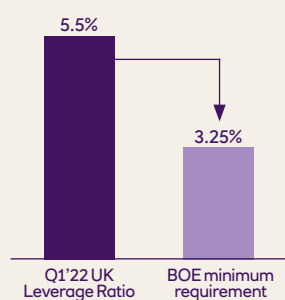
c.£2.1bn – £3.9bn of headroom as at 31st March 2022



Headroom above minimum UK leverage requirements

225bps

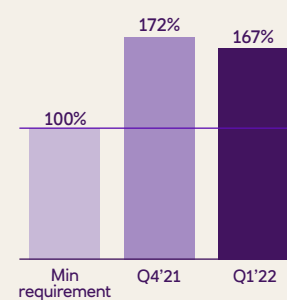
headroom above minimum requirements



Liquidity coverage ratio remains well above min UK requirement

£83.3bn

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.

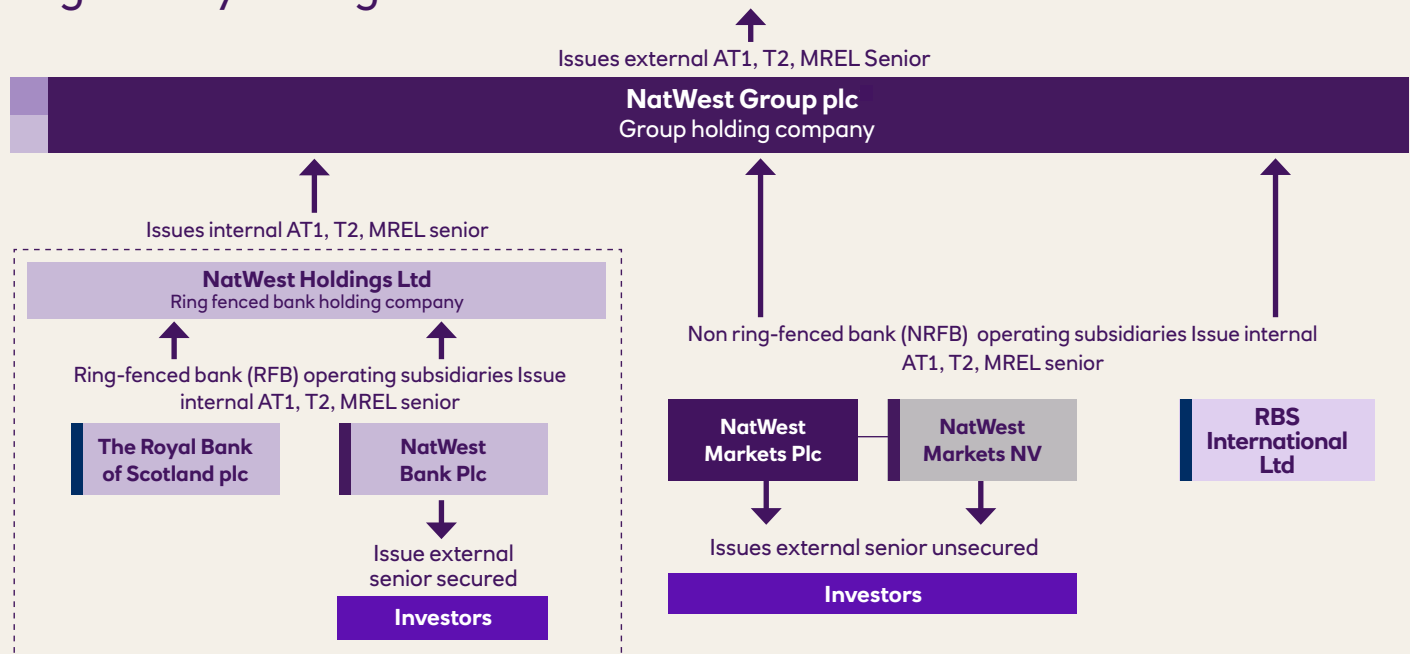
Credit ratings¹

	Moody's	S&P	Fitch
Group holding company			
NatWest Group plc	Baa1/Pos	BBB/Sta	A/Sta
Ring-fenced bank operating companies			
NatWest Bank Plc	A1*/A1/Sta	A/Sta	A+/Sta
Royal Bank of Scotland plc	A1*/A1/Sta	A/Sta	A+/Sta
Ulster Bank Ireland DAC	A3*/Baa1/RuR	A-/Sta	BBB+/Sta
Non ring-fenced bank operating companies			
NatWest Markets Plc	A2/Pos	A-/Sta	A+/Sta
NatWest Markets N.V.	A2/Pos	A-/Sta	A+/Sta
NatWest Markets Securities Inc	NR	A-/Sta	A/Sta
RBSI Ltd	A3/Sta	A-/Sta	A/Sta

1. Ratings as of 29/04/22. *Moody's Long-Term Bank Deposit Ratings.

Legal entity issuing structure

Investors



ESG Ratings and Benchmarks¹

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

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 19/04/2022.