NatWest Group

H1 2021
Results

30th July 2021

Alison Rose

Chief Executive Officer

Good H1’21 performance, increasing shareholder distributions

Supporting our customers through the recovery with £4.1bn net lending growth[1]

Delivering against our targets to drive sustainable returns for shareholders

Increasing our minimum dividend to £1bn and announcing £750m on-market buyback bringing FY’21 distributions to minimum of c.£2.9bn[2]

H1’21 performance

£2,505m

Operating profit before tax in H1’21, up from £0.8bn loss in H1’20

£707m

Impairment release in H1’21 (38bps) of customer loans vs. £2,858m charge in H1'20 159bps of customer loans

£1,842m

Attributable profit in H1’21, compared to £0.7bn loss in H1’20

Delivering against our targets

2.8%

Net Lending Growth[1] on an annualised basis, up £4.1bn on FY’20

5.9%

Cost reduction[3] of £185m in H1’21 vs. H1’20

18.2%

CET1 Capital Ratio in line with Q1

Includes 73bps of IFRS 9 transitional relief

Shareholder distributions

£1bn

Minimum annual dividend

up from £800m; £500m accrual included in 18.2% CET1 ratio

£750m

On-market buy-back

included in 18.2% CET1 ratio

£1.1bn

Directed buy-back in Mar’21

4.99% window reopens in March 2022

1. Net lending to customers across the UK and RBSI retail and commercial businesses, excluding UK Government lending schemes
2. Shareholder distributions include minimum dividends of £1,000m, on-market buyback of up to £750m and Directed Buy Back of £1,125m
3. Other expenses, excluding OLD and Ulster Bank RoI direct costs

Delivering against our strategic priorities to drive sustainable returns for shareholders

Sustainable growth with an intelligent approach to risk

Simplification and cost efficiency

Powering our strategy through innovation, partnership and digital transformation

Portfolio discipline and effective deployment of capital

1. Net lending to customers across the UK and RBSI retail and commercial businesses, excluding UK Government lending schemes
2. Other expenses, excluding OLD and Ulster Bank RoI direct costs

Purpose-led, long term decision making

Delivering on our Areas of Focus[1]

Exceeded the 2020-2021 £20bn target for Climate & Sustainable Funding and Financing

ESG Ratings[2]

- Sustainalytics rating: upgraded to 17.0 (low risk) from 20.5 (medium risk) in July 2021
- MSCI rating: AA
- CDP rating: A-

1. H1'21 Climate, Purpose and ESG supplement
2. ESG ratings on this page are: (i) unsolicited; (ii) subject to the assessment and interpretation by the ESG rating agencies; (iii) provided without warranty (iv) not a sponsorship, endorsement, or promotion of NatWest Group by the relevant rating agency. Ratings as of 29/07/2021, the CDP score is from the 2020 submission.
3. £2.1bn is Gross New Lending, excluding Government lending schemes, in H1 to those SME customers in scope of the fund, predominantly SMEs outside of London
4. Including the underwriting of two loans that meet the CSFI criteria (£153m)
5. Aligned to the World Green Building Council definition premised on EPC A and B energy efficiency ratings

H1'21 progress

ENTERPRISE

The biggest supporter of enterprise in the UK & Ireland

35.1k individuals or business supported through enterprise programmes, with >87k interventions

725 entrepreneurs in the current accelerator cohort, 42% female

Coutts has collaborated with the Business Growth Fund to provide additional funding, growth capital and support to small and medium sized enterprises (SMEs)

Delivered £2.1bn, 35% of overall £6bn 2021 funding commitment to support SMEs to scale and grow[3]

LEARNING

Enhancing financial capability and the skills of our colleagues

1.5m Financial capability interactions, of which 515k financial health checks

273k people helped to start saving

Launched Career Sense, a new programme to support 13-24 year-olds, aiming to reach over 10,000 young people this year

CLIMATE

A leading bank in the UK & Ireland helping to address the climate challenge

£21.5bn Climate and Sustainable Funding and Financing, including £3.4bn green Wholesale lending, £10.6bn, green bond public issuances and green private placements[4] and £4.3bn Sustainability Linked Loans

Playing an active role in tackling climate change collaborating with Microsoft, Octopus Energy and CoGo

Retail Banking completed Green[5] Mortgages with a value of £431 million during H1 2021

NWG founding member of the Net Zero Banking Alliance; Coutts joined the Net Zero Asset Managers initiative and obtained B Corp certification

Supporting our customers through the recovery

Debit and credit card spending improved through Q2, credit card balances up £0.1bn (3%) in the quarter

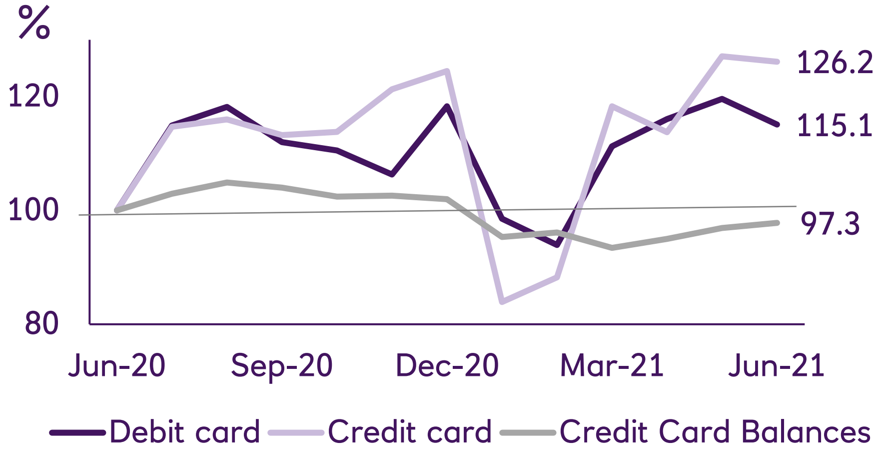
Strong and improving new mortgage lending

Corporate deleveraging continues with net government scheme repayments in Q2

Credit quality remains strong and we see growth opportunity as the economy recovers

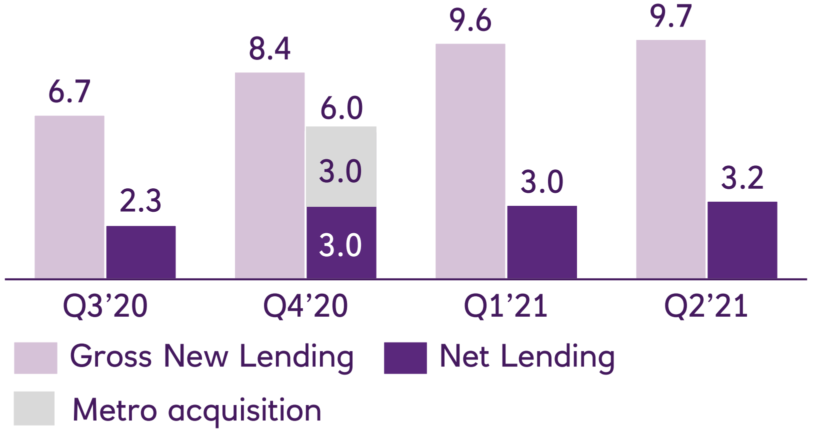
Card spending and Credit Card balances[(1)]

Monthly spend and balances outstanding (£bn rebased 100 = June'20)



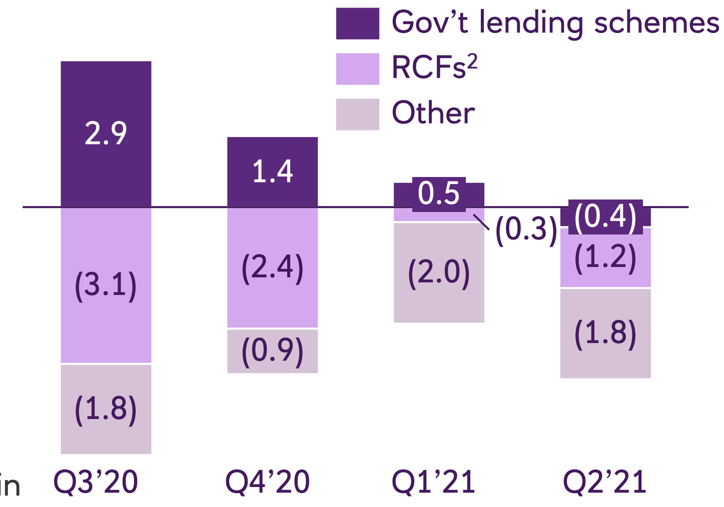
Mortgage lending[(1)]

Retail Banking gross new mortgage lending & net mortgage balance growth (£bn)



- Retention rate of ~79% in Q2'21

Commercial Banking lending (change in period, £bn)



Total change in Gross Commercial Loans	Q3'20	Q4'20	Q1'21	Q2'21
	(2.0)	(1.9)	(1.8)	(3.4)

- £0.4bn of net government scheme repayments in Q2, predominantly BBLS[3]
- ~5% of BBLS customers have repaid in full
- ~5% have requested a further payment holiday through PAYG[4]
- Of the BBLS customers due to start repayment ~92% are repaying on or ahead of schedule

1. Data relates to Retail Banking
2. RCF – Revolving Credit Facility
3. Bounce Back Loans
4. PAYG option is available to customers 60 days before first payment

We are delivering on our growth priorities harnessing innovation and partnerships

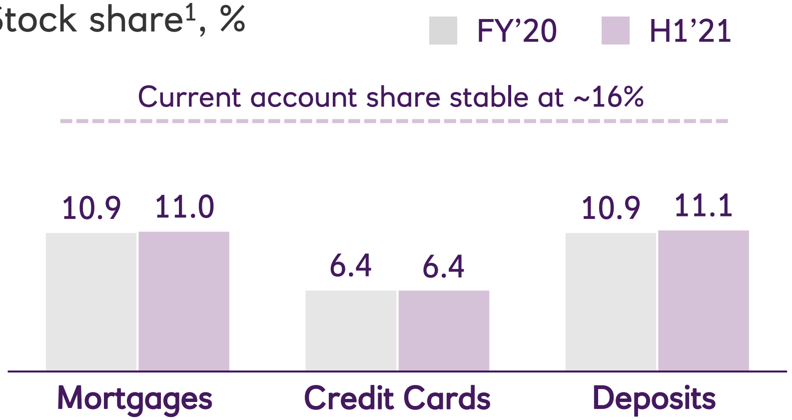
Mortgage market grew significantly, and we continue to increase our share of it

Delivered strong AuMA growth of 8% in H1

Digital platforms delivered £1.2bn AuMA growth since inception

Retail Banking

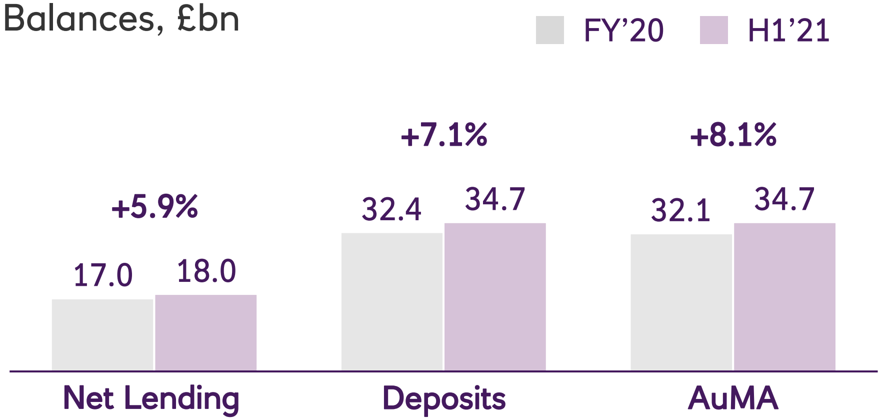
Stock share[1], %



- Above market growth across mortgages and deposits in H1’21
- Our stock share of mortgages is now 11.0%[1] compared to 10.9% at FY’20 and 10.6% at H1’20

Private Banking

Balances, £bn



- AuMA[2] growth is accelerating, mainly driven by AUM Net New Money[3] inflows of £1.4bn in H1’21 vs. £0.8bn in H2’20

Shared investment offering

- Investment Centre of Expertise: Our digital investment platform across NatWest Invest, Royal Bank Invest and Coutts Invest saw £0.5bn of inflows in H1, more than double H1’20 levels
- In June launched our first online Stocks & Shares Junior ISA, available through NatWest and Royal Bank Invest

1. H1’21 stock share % is based on June 2021 Bank of England Data
2. 2. AUMs comprise assets where the investment management is undertaken by Private Banking irrespective of the franchise the customer belongs to. AUAs comprise third party assets held on an execution-only basis in custody. Total AUMA is sum of AUM and AUA

We are delivering on our growth priorities harnessing innovation and partnerships

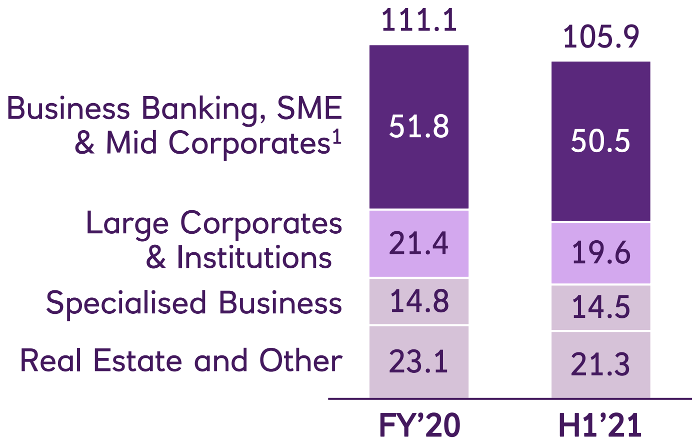
Commercial Banking impacted by muted credit demand

NWM business model reshaping largely complete this year with ongoing cost reduction through to FY'23

Established Climate and ESG Capital Markets team as a centre of expertise

Commercial Banking

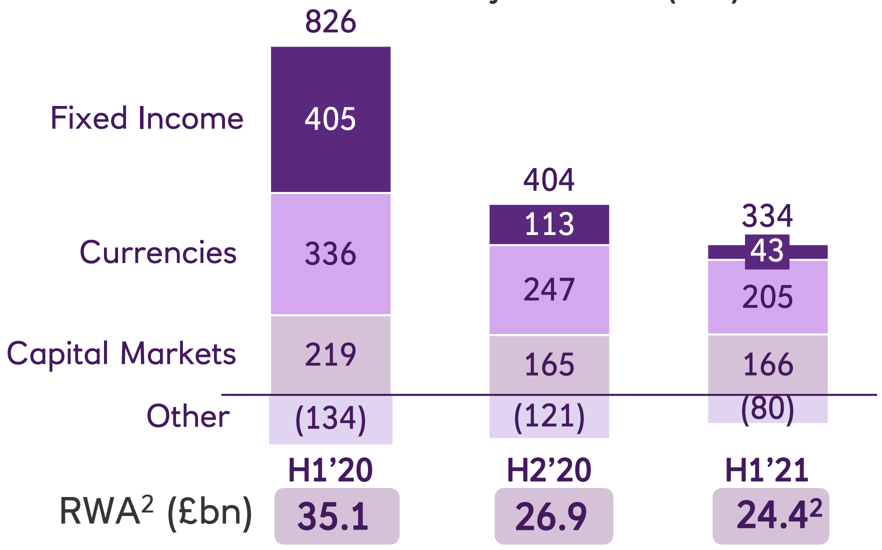
Total Gross Commercial Loans (£bn)



- Committed to supporting SME economic recovery
- Tyl continues to gain traction and has processed transactions worth over £1bn since inception
- Payit has now processed 500k transactions since August 2020

NatWest Markets (NWM)

Income excl. asset disposals/strategic risk reduction and own credit adjustments (£m)



- Fixed income was impacted by a weaker performance and the reshaping of the business. Capital Markets and Currencies performed broadly in line with expectations
- Continue to grow GSS bond underwriting. Our Global share increased from 2.3% in FY'20 to 3.8% in H1'21[3] and ranked #4 in Europe, #9 Globally in H1'21

Shared ESG capability

In H1'21 we exceeded our 2020-2021 Climate and Sustainable Funding and Financing target of £20bn. £9.5bn completed during H1'21 - £6.3bn in NatWest Markets, £2.5 bn in Commercial Banking and £0.6bn in RBS International – up from £12bn at FY'20

1. Includes EU divestment
2. H1'21 RWA shown proforma for model change approval received in July 2021, benefit of £2.5bn. See page 11 in the NWG Q2'21 IMS
3. Green, Social and Sustainable (GSS) bond market share and ranking based on Dealogic

NatWest Group is a relationship bank for a digital world

Accelerating digital transformation to deliver income growth improved customer experience and productivity

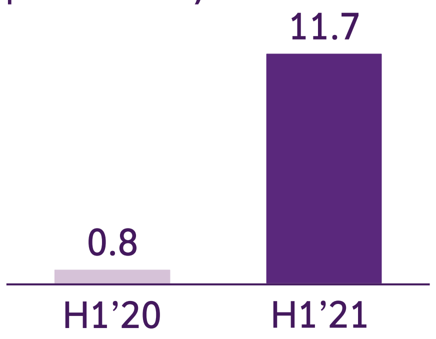
60%[1] of retail customer base exclusively use digital channels to interact with us

We are a relationship bank for a digital world with high levels of digital engagement

Video Banking

Typical weekly appointments[2]

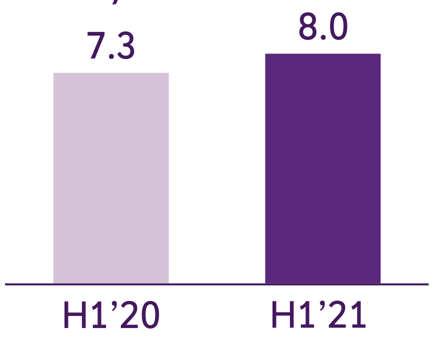
(‘000 appointments)



Mobile

Active mobile users[3]

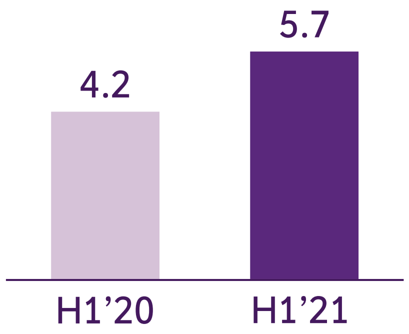
(m customers)



Artificial Intelligence

Cora conversations[4]

(m conversations)

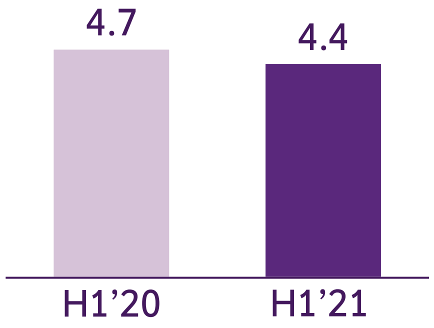


44% required no human intervention in H1’21, up from 31% in H1’20[5]

Online

Active online users[3]

(m customers)



Cash usage is reducing - branch transactions down 31% vs H1’20, mobile payments are up 23% vs H1’20

1. Retail Banking based on the average for the last month of the period
2. Across Retail Banking based on the average number of appointments per week in the period
3. Across Retail Banking and Business Banking at the end of period
4. Across Retail and Commercial Banking, total interactions
5. Retail Banking only

Actively managing capital

We remain strongly capitalised with 18.2% CET1 ratio

Good progress in executing Ulster Bank RoI withdrawal and NatWest Markets refocusing

Pro-active management of Retail and Commercial Banking to optimise capital, manage credit risk and drive sustainable returns

Legacy capital stack managed to optimise regulatory efficiency

Ulster Bank RoI

- Natwest has agreed a binding sale agreement with Allied Irish Banks, p.l.c. for the sale of c.€4.2bn of performing commercial loans and associated undrawn exposures of c.€2.8bn[1]
- We have also agreed a non-binding MoU with Permanent TSB for the sale of €7.6bn of performing retail and SME loans

NatWest Markets

- NatWest Markets RWAs at £24.4bn, down £2.1bn on Q1'21[2]

Portfolio Sales and Synthetic Trades

- Commercial Banking active capital management contributed to £0.8bn reduction in RWAs in H1

Managing non-equity capital

- In H1 2021 repurchased or called c.£2.4bn of Tier 1 and Tier 2 capital securities to optimise the capital stack and reduce interest expense

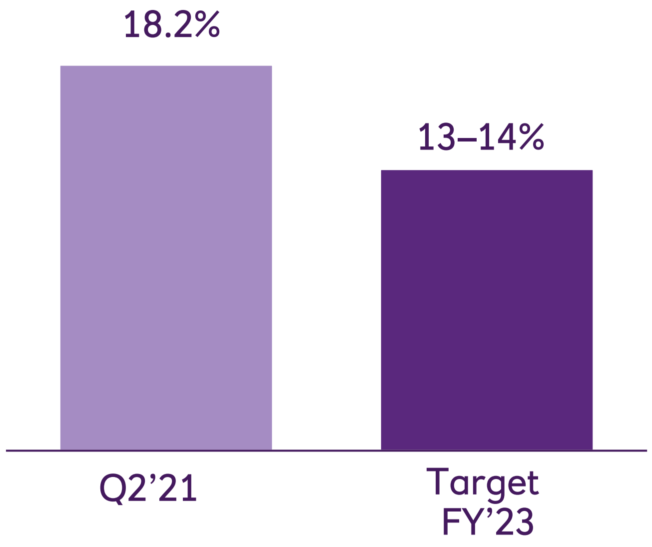
1. Completion of each proposed sale is subject to obtaining regulatory and other approvals and in the case of Permanent signing definitive sale agreements. Completion may not occur when contemplated or at all
2. H1'21 RWA shown proforma for model change approval received in July 2021, benefit of £2.5bn. See page 11 in the NWG Q2'21 IMS

Returning surplus capital to shareholders

NatWest Group is a capital generative business that aims to operate at a CET1 ratio of between 13-14% by 2023

Shareholder distributions are a key driver of our path to 13-14%. We are increasing our minimum dividend to £1bn and announcing £750m on-market buyback bringing FY'21 distributions to minimum of c.£2.9bn[1]

CET1 ratio



Key drivers of CET1 ratio

Capital generation:

- Earnings
- NWM reshaping and Ulster Bank withdrawal

Capital Usage:

- Distributions[2]
- Loan growth & Procyclicality
- Regulation

NatWest Group capital distributions

- NatWest Group now aims to distribute a minimum of £1 billion per annum from 2021 to 2023, via a combination of ordinary and special dividends, and intends to commence an ordinary share buy-back programme of up to £750 million in the second half of the year

1. Shareholder distributions include minimum dividends of £1,000m, on-market buyback of up to £750m and Directed Buy Back of £1,125m
2. Includes dividends, buybacks and dividend linked pension contributions

Katie Murray
Chief Financial Officer

Strong Q2 performance

Income excluding notable items was down 1.2% vs Q1’21 as strength in mortgages was offset by lower trading income

Other expenses down 4% over Q2’21 due to ongoing delivery of cost transformation

Further impairment release of £605m, 66bps loans, reflects improved economic outlook and low level of defaults

£m	Q2'21	Q1'21	vs Q1'21	H1'21	H1'20	vs H1'20
Net interest income	1,985	1,931	2.8%	3,916	3,852	1.7%
Non-interest income	675	728	(7.3%)	1,403	1,986	(29%)
Total income	**2,660**	**2,659**	**0.0%**	**5,319**	**5,838**	**(8.9%)**
Other expenses	(1,568)	(1,639)	(4.3%)	(3,207)	(3,375)	(5.0%)
Strategic costs	(172)	(160)	7.5%	(332)	(464)	(28.5%)
Litigation and conduct costs	34	(16)	n.m	18	89	(79.8%)
Operating expenses	**(1,706)**	**(1,815)**	**(6.0%)**	**(3,521)**	**(3,750)**	**(6.1%)**
Operating profit before impairments	**954**	**844**	**13.0%**	**1,798**	**2,088**	**(13.9%)**
Impairment releases/ losses	605	102	493.1%	707	(2,858)	n.m
Operating profit / (loss)	**1,559**	**946**	**64.8%**	**2,505**	**(770)**	**n.m**
Tax charge/ credit	(202)	(233)	(13.3%)	(435)	208	n.m
Attributable profit/ (loss)	**1,222**	**620**	**97.1%**	**1,842**	**(705)**	**n.m**
RoTE	15.6%	7.9%	+7.7ppt	11.7%	(4.4%)	+16ppt

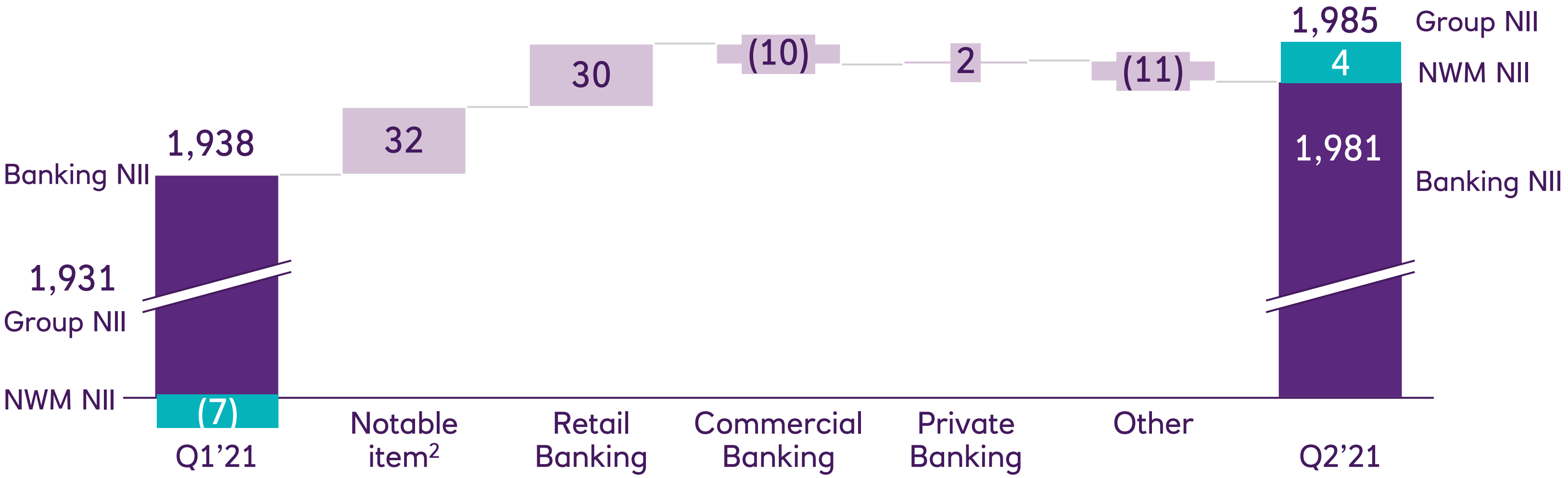
Net interest income supported by mortgage growth

Banking net interest income ex-notable items was up 1% in the quarter, as mortgage growth was partially offset by commercial deleveraging

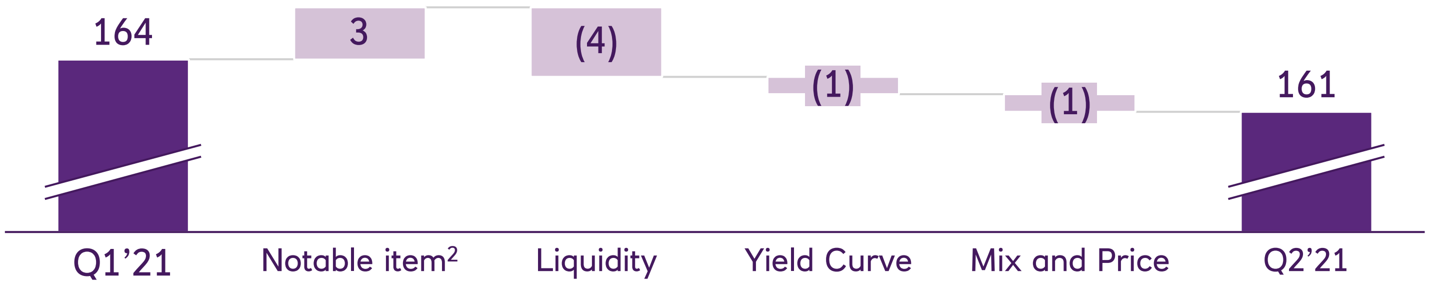
Increased liquidity depresses Bank NIM, however excluding this trends are broadly stable

Structural hedge impact moderates to -1bp in Q2

Net Interest Income[1] £m



Bank Net Interest Margin[3] bps



480 Average Interest Earning Assets[1], £bn 494

239 **Bank NIM excluding Liquid Asset Buffer** 240

1. May not cost due to rounding
2. One-off in Commercial Banking related to tax variable lease repricing following the enactment of future corporation tax rate changes (+£32m or +3bps)
3. Bank net interest margin and Bank average interest earning assets exclude NWM from NatWest Group plc figures.

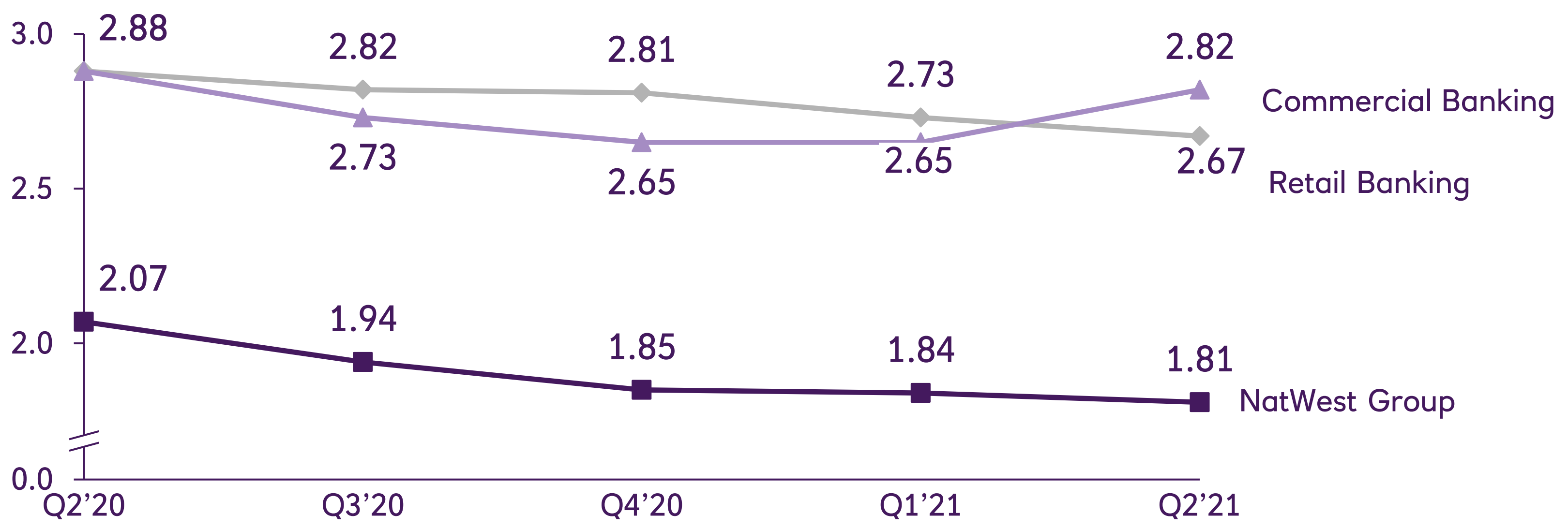
NIM drivers: moderate pressure on asset yields

Group asset yield impacted by strong growth in Liquid Asset Buffer, +8% over Q1[3]. Funding costs broadly stable on Q1 at 0.30%

Retail Banking loan yield impacted by lower unsecured balances. Mortgage margin on back book up 4bps to 1.63%

Commercial loan yield broadly stable excluding one-off tax adjustment

Gross yields of interest earning banking assets, %[1]



Cost of interest bearing and non-interest bearing banking liabilities, %[2]

1. For NatWest Group plc this is the gross yield on the IEAs of the banking business; for Retail and Commercial Banking 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 Banking it represents the third party customer funding rate which includes both interest-bearing and non-interest bearing deposits.
3. Growth of average balances for the quarter

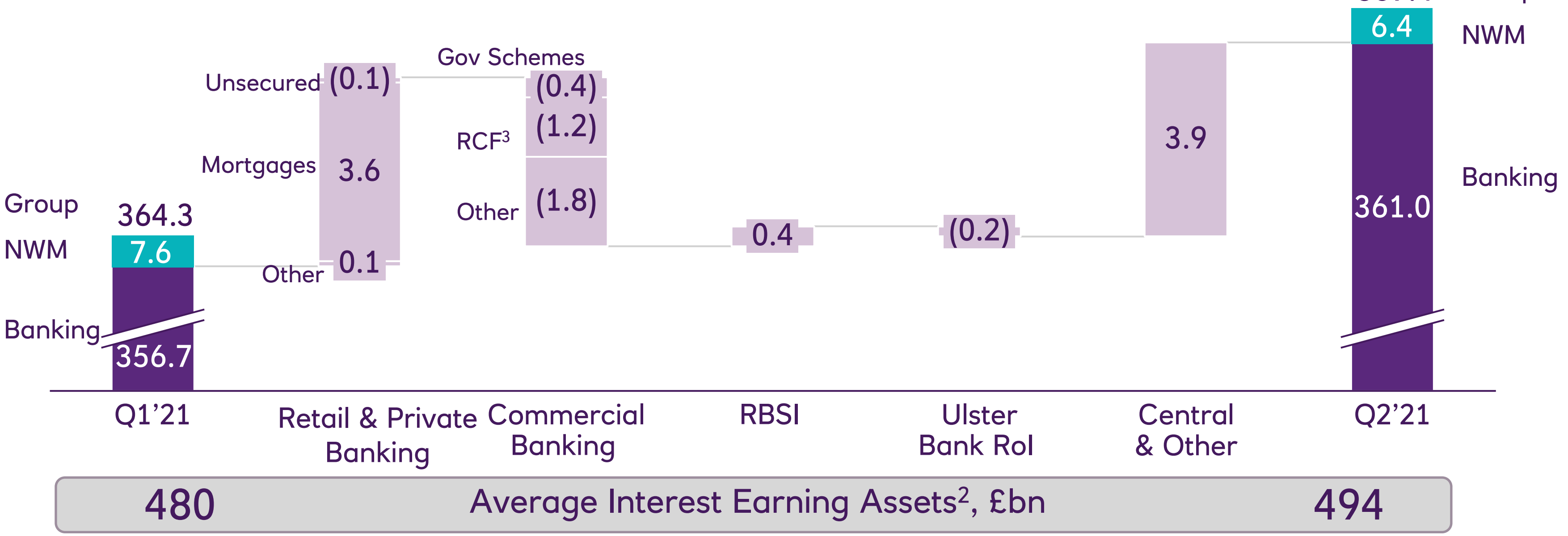
Loan book growing in the quarter

Gross banking loans to customers +1.2% in the quarter including £1.0 bn growth across UK & RBSI Retail & Commercial businesses, ex govt. schemes

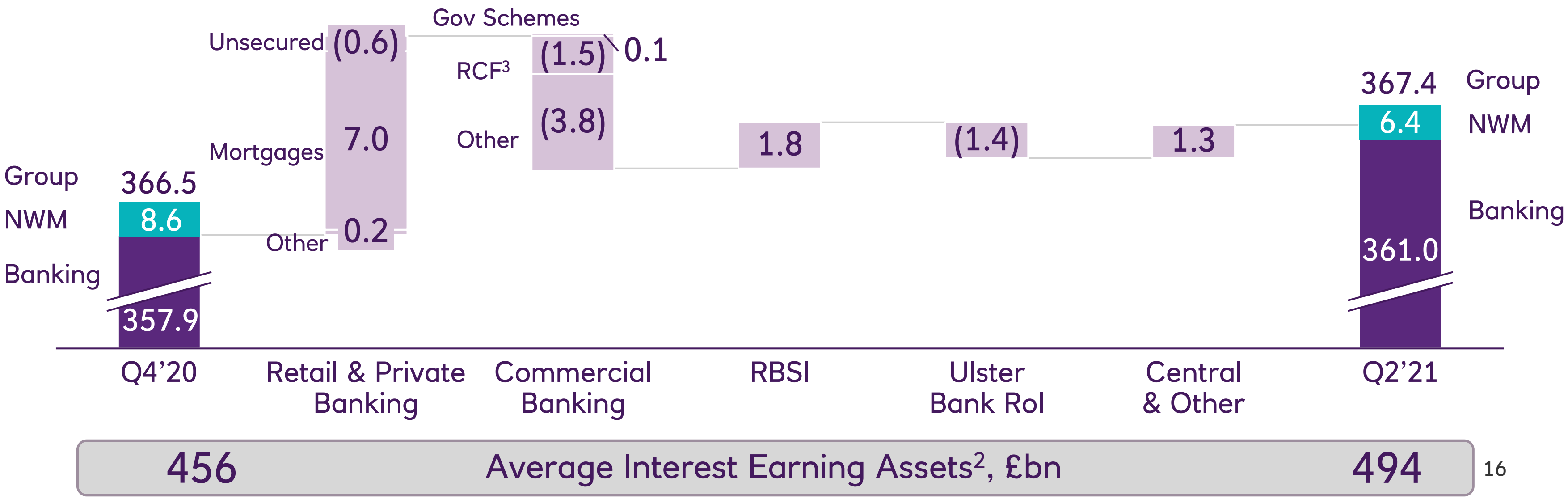
Strong mortgage growth partly offset by commercial deleveraging with government lending scheme net repayments of £0.4bn

Central & Other growth reflects reverse repo activity

Gross customer loans[1], quarter on quarter, £bn



Gross customer loans[1], year to date, £bn



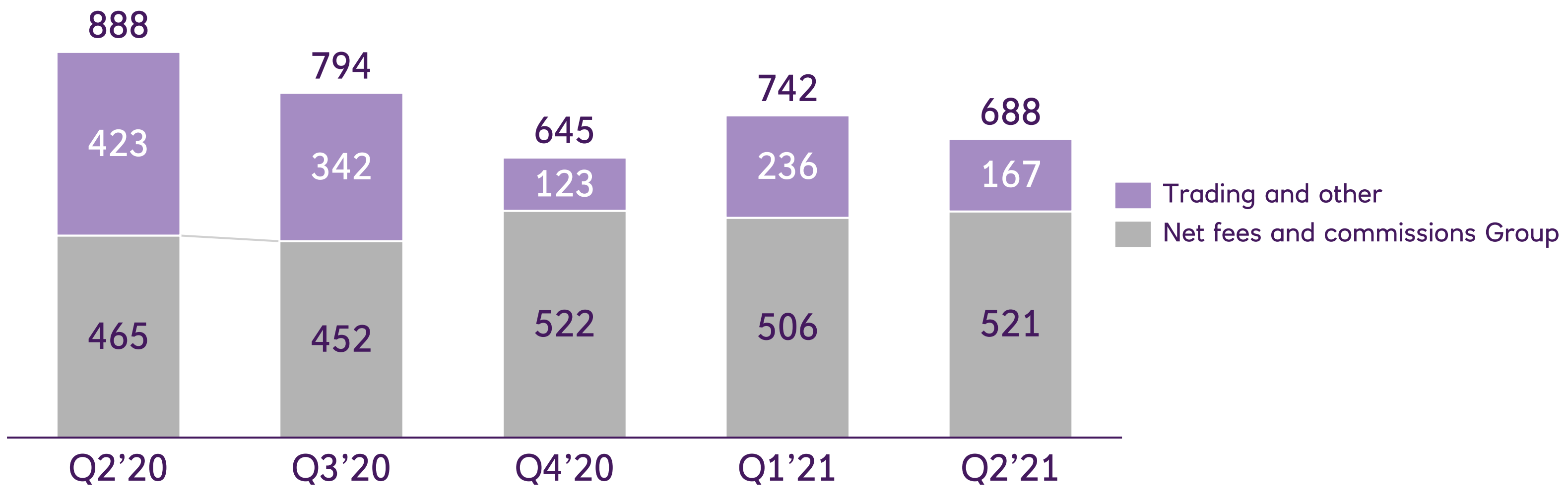
1. May not cast due to rounding, Customer Loans Amortised Cost
2. Bank average interest earning assets = NatWest Group plc excluding NWM.
3. Revolving credit facilities for our Commercial Banking customers.

Non-interest income impacted by lower trading income

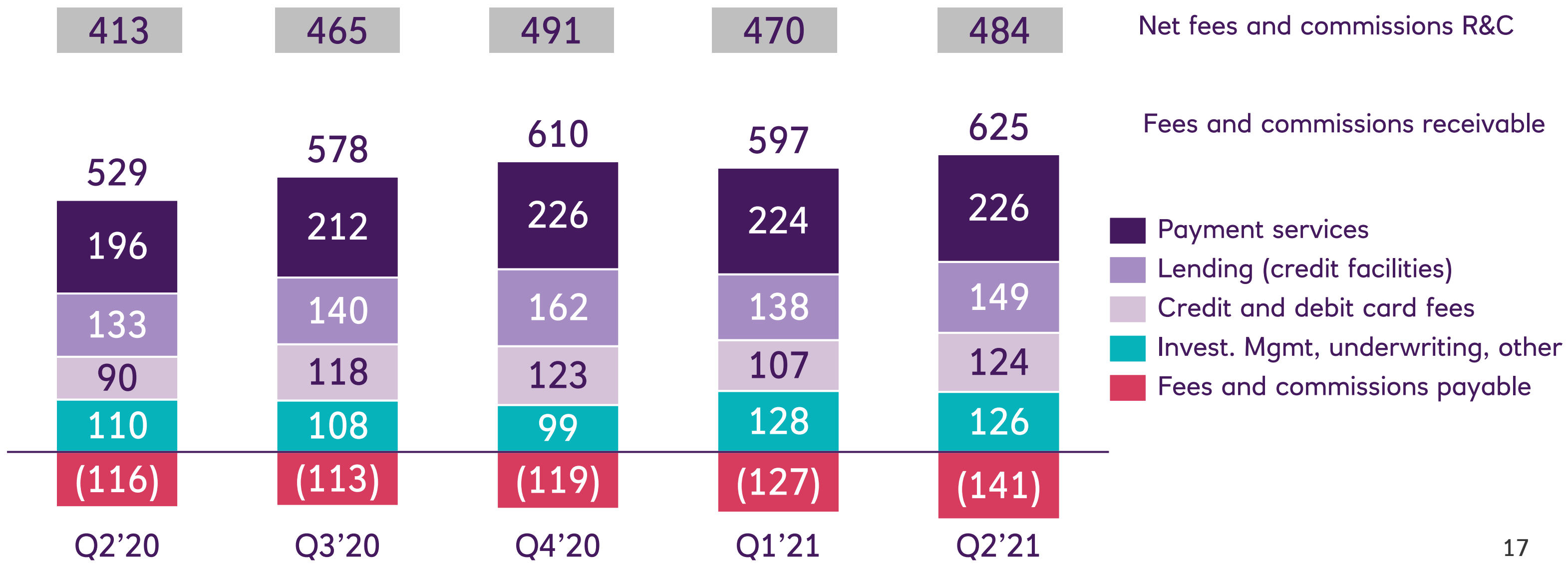
NatWest Markets[1] income down 25% over Q1’21 to £143m due to weaker Fixed Income performance and ongoing reshaping of the business

Retail & Commercial net fees and commissions[2] up £14m or 3% over Q1’21 including £12m of one-offs in Retail Banking

Non Interest Income[1] £m



Retail & Commercial Businesses’ Fees and Commissions[2] £m



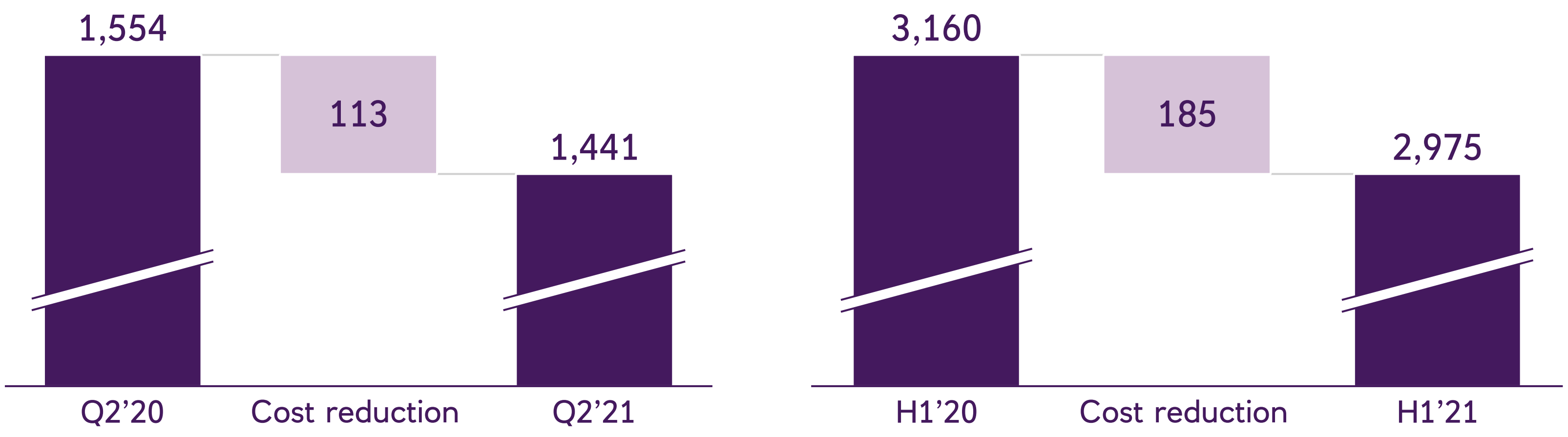
1. Excluding relevant notable items per slide 30
2. Retail & Commercial Businesses’ Fees and Commissions are calculated as NatWest Group excluding NatWest Markets, central items and other

Cost reduction of 5.9% in H1'21[1], on track for c.4% target for FY'21

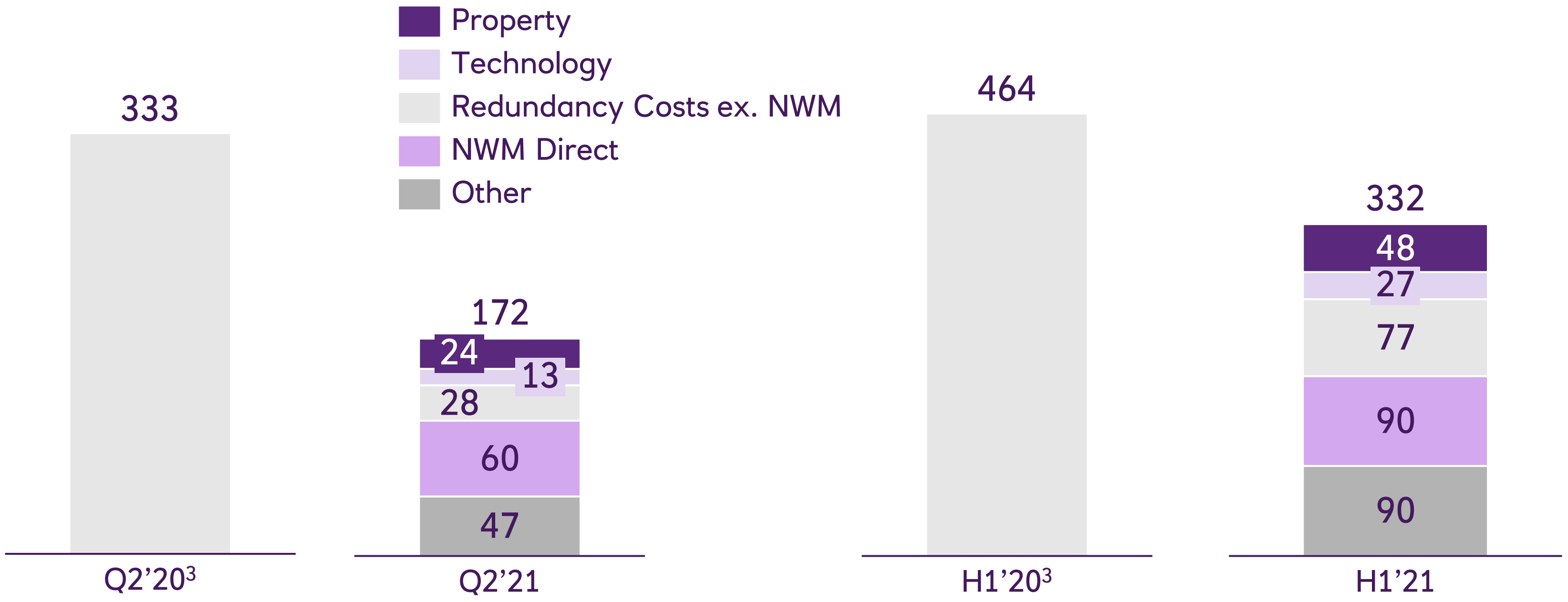
Other expenses ex-OLD and Ulster Bank RoI[2] of £1.4bn in Q2, down £113m or 7% versus Q2'20

Strategic costs of £172m in Q2'21 include £96m relating to Redundancy and NatWest Markets refocusing

Other expenses ex Operating Lease Depreciation and Ulster Bank RoI Direct[2], £m



Strategic costs, £m



1. Reduction of £185m in Other expenses ex Operating Lease Depreciation and Ulster Bank RoI Direct
2. Other expenses excluding Operating Lease Depreciation (OLD) and Ulster Bank RoI Direct Cost. Operating Lease Depreciation £35m in Q2'21, £37m in Q2'20. Ulster Bank RoI Direct costs of £92m in Q2'21, £70m in Q2'20.
3. Q2'20 and H1'20 breakdown not disclosed

Impairment release resulting from an improvement of the economic outlook

Updated economic assumptions with re-weighting of our scenarios

Our base case now assumes UK GDP growth of 7.3% in 2021, up from 4.5% previously

We now expect a net impairment release for the full year 2021

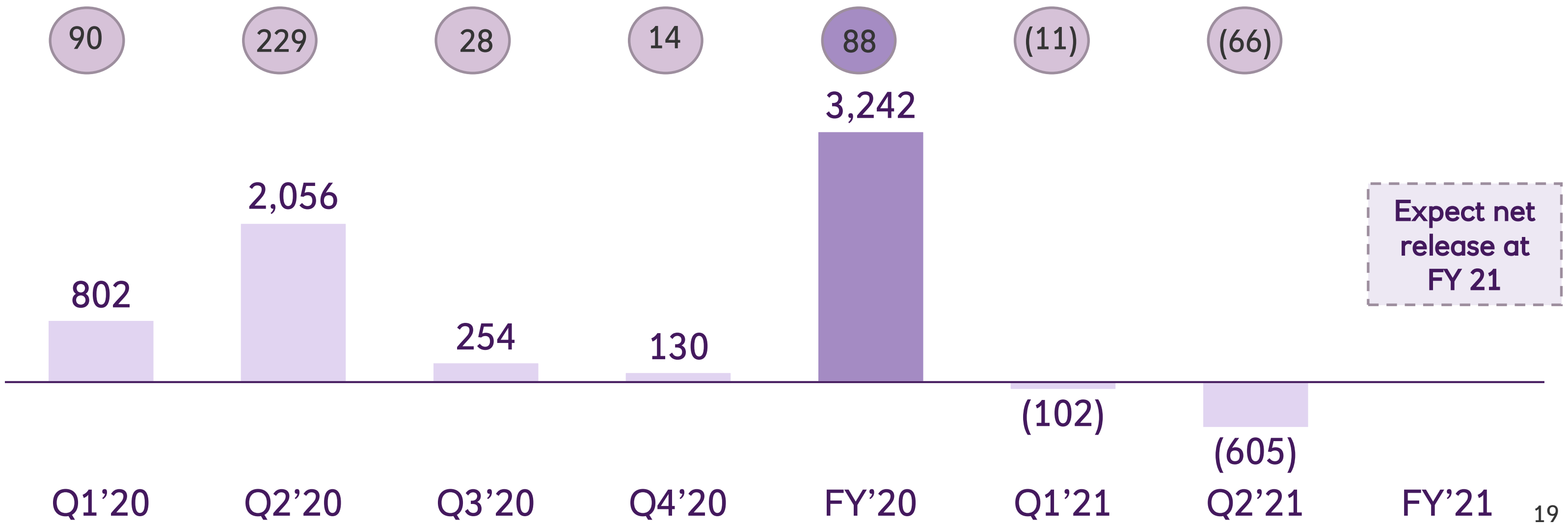
Economic scenarios and weightings, H1'21

The main macroeconomic variables for each of the four scenarios used for expected credit loss (ECL) modelling below:

	Probability weightings[1]		UK GDP – Annual Growth (%)			UK Unemployment rate – annual avg. (%)		
Scenario	Previous	New	2021	2022	5y Avg.	2021	2022	5y Avg.
Upside	20%	35%	10.1	5.4	3.9	4.7	4.3	4.1
Base case	40%	40%	7.3	5.8	3.5	5.3	4.8	4.6
Downside	30%	20%	2.7	4.3	2.9	5.4	7.0	5.8
Extreme Downside	10%	5%	0.1	-	2.5	5.9	11.8	8.1

Impairments charge(£m)

Loan impairment rate (bps of gross loans)



1. Previous weightings from FY'20. New weightings updated for H1'21

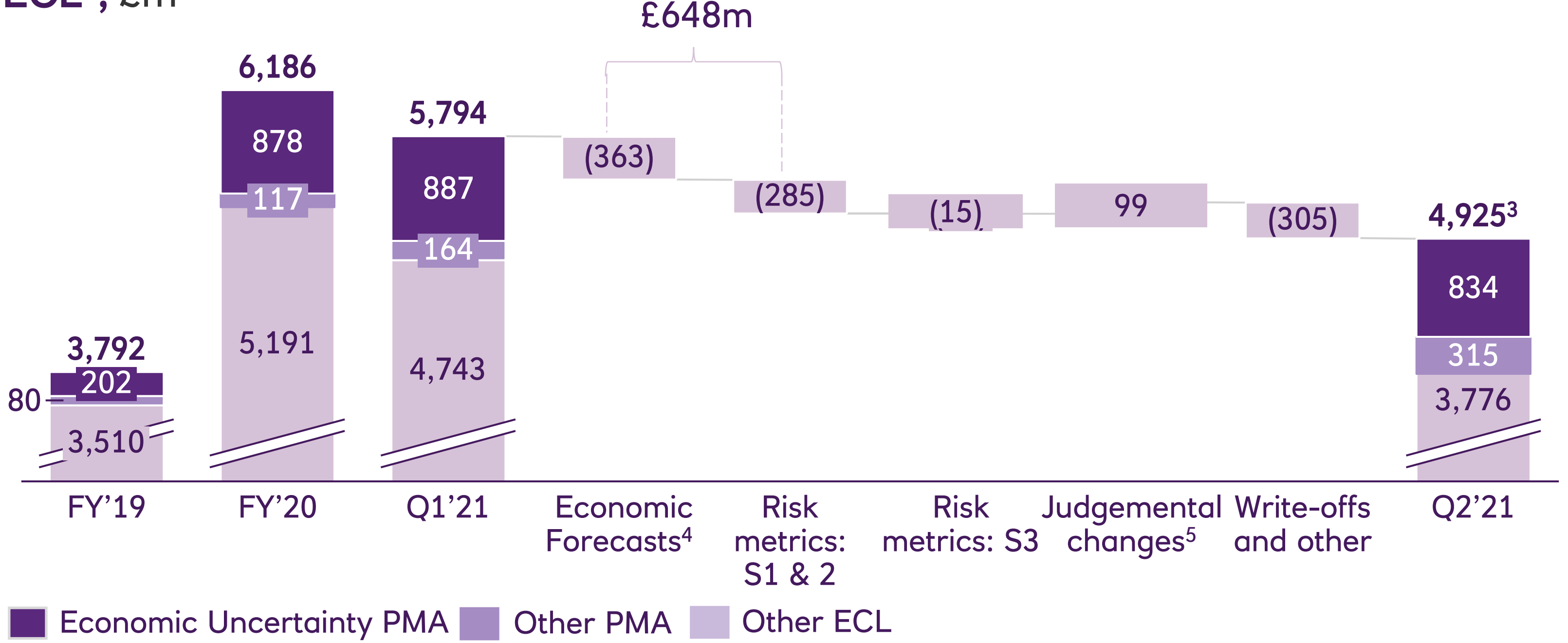
Improved economic outlook drives ECL release

Of the £869m ECL release, £648m is driven by the improvement in economic forecasts and PD[1] on our performing book

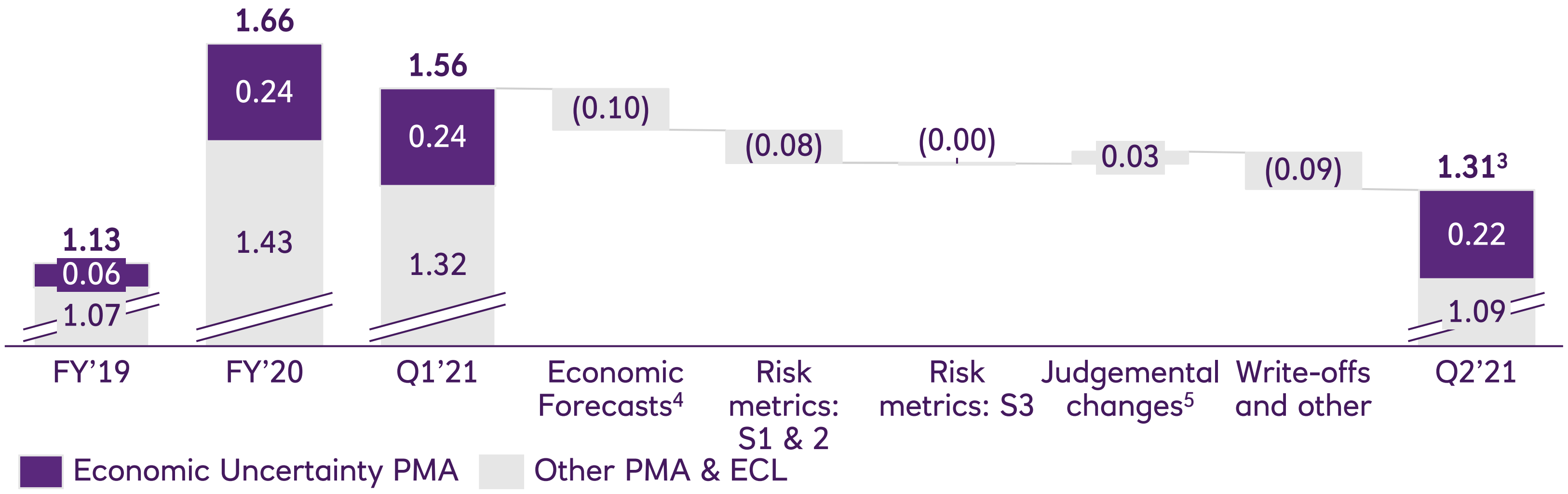
PMA[2] for economic uncertainty has reduced slightly but is offset by other adjustments

ECL coverage reduced from 1.56% to 1.31% due to the ECL release

ECL[3], £m



ECL Coverage[3], %



1. Probability of Default. 2. Post Model Adjustments. 3. May not cast due to rounding 4. Implementation of improved IFRS9 forward-looking economics scenarios and weightings drive the release 5. Changes in post model adjustments

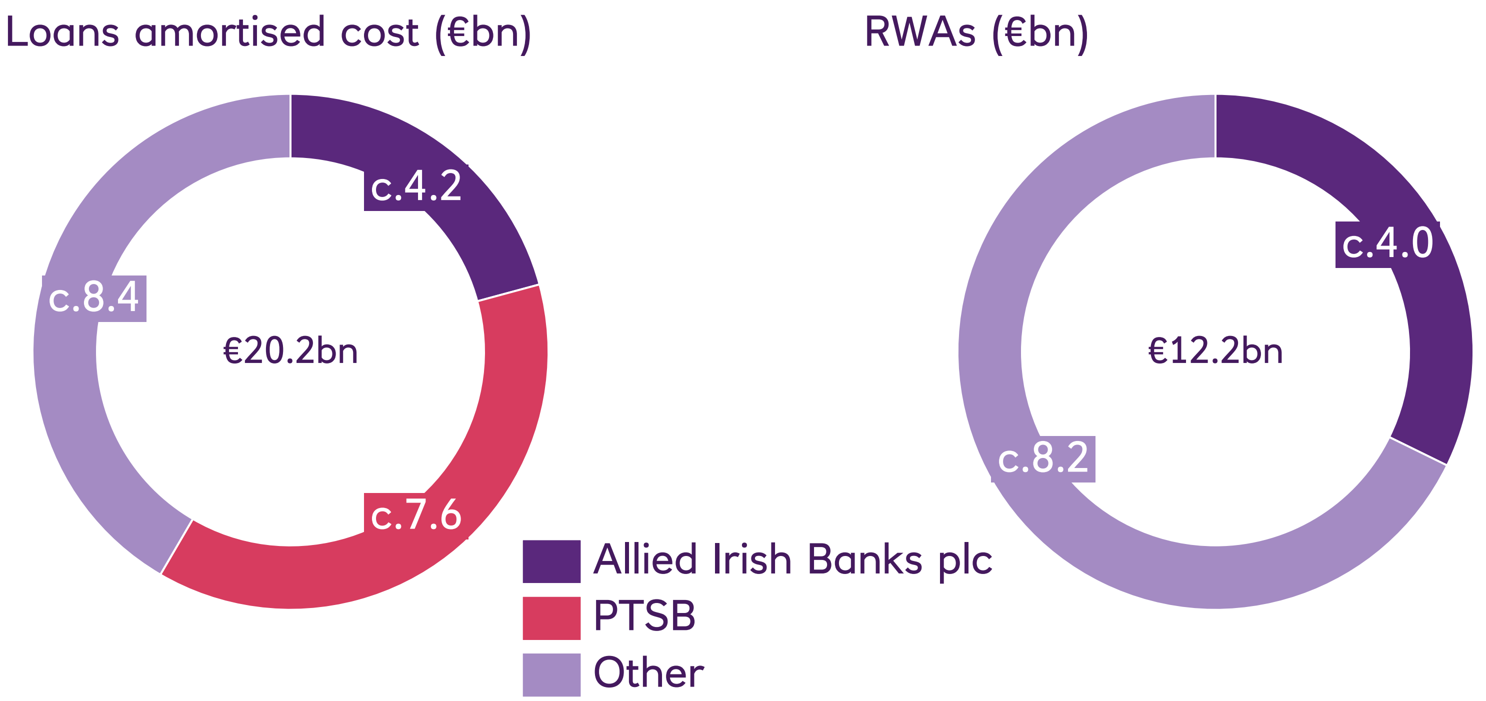
Good progress on our phased withdrawal from the Republic of Ireland

Entered a binding agreement with AIB[1] for the sale of c.€4.2bn gross performing commercial loans[2]

Entered a non-binding MoU with PTSB[1] for the sale of c.€7.6bn gross performing retail and SME loans[3]

Agreement reached with Financial Services Union including enhanced redundancy terms

Ulster Bank RoI, H1’21



- Cost reduction will follow with a lag as we support our employees and customers purposefully through the journey
- There will be costs to exit and decommission

We expect NWG’s withdrawal from the Republic of Ireland to be capital accretive over the multi-year process

1. Please refer to footnote 1 on slide 10
2. AIB = Allied Irish Banks plc, agreement includes associated undrawn exposures of c.€2.8bn, all subject to regulatory approval
3. MoU = Memorandum of Understanding, PTSB = Permanent TSB;, proposed sale of a perimeter comprising performing non-tracker mortgages, performing Micro-SME loans, UBIDAC’s asset finance business and a subset of its branch locations.

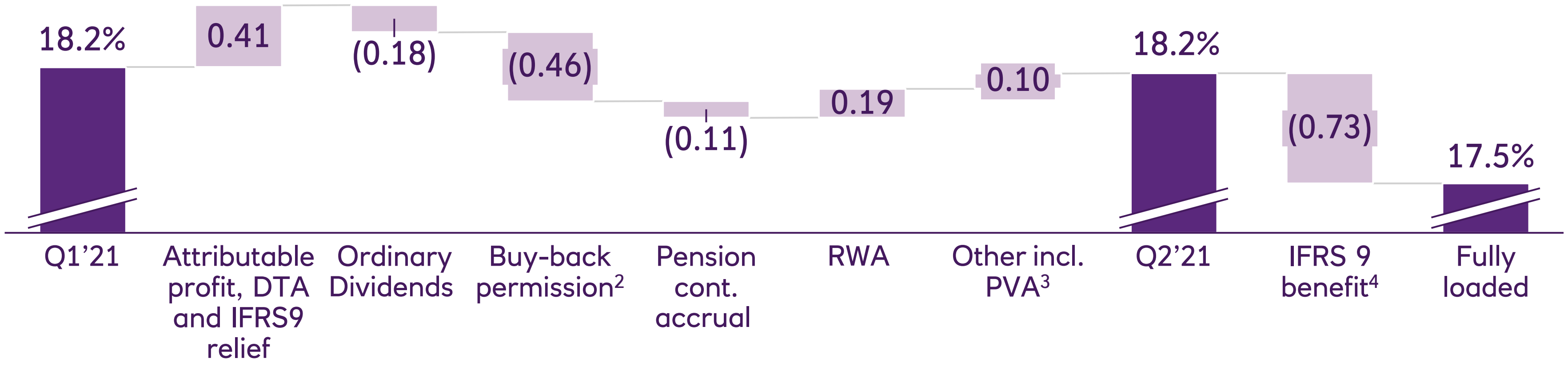
Strong capital position post dividend and buyback accruals

CET1 ratio 18.2% in line with Q1'21

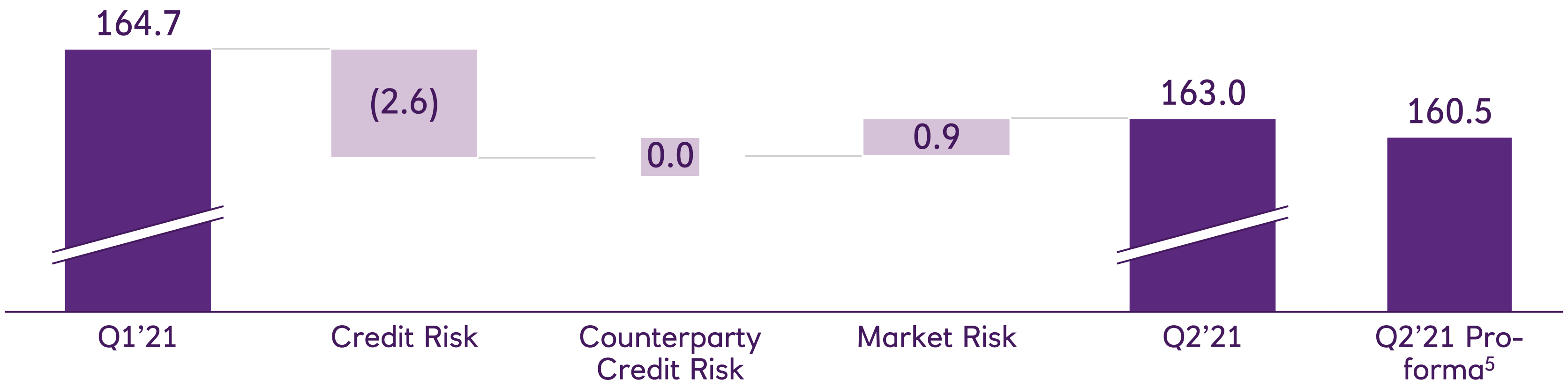
2021 dividend accrual, £750m on-market buyback plus pension contributions reduced ratio by 75 basis points

RWAs reduced by £1.7bn mainly due to Commercial Banking business movements. NWM model change effective in July gives proforma RWA of £160.5bn

CET1, (%)[1]



RWA, £bn



1.May not cast due to rounding. 2.Distributions are subject to regulatory approvals. "Directed" buy backs post March'22 only 3. PVA = Prudential Valuation Adjustment. 4.Including IFRS9 Transitional adjustment at 100% reducing to 75% in 2022. 5.RWA proforma for model change approval received in July 2021, benefit of £2.5bn

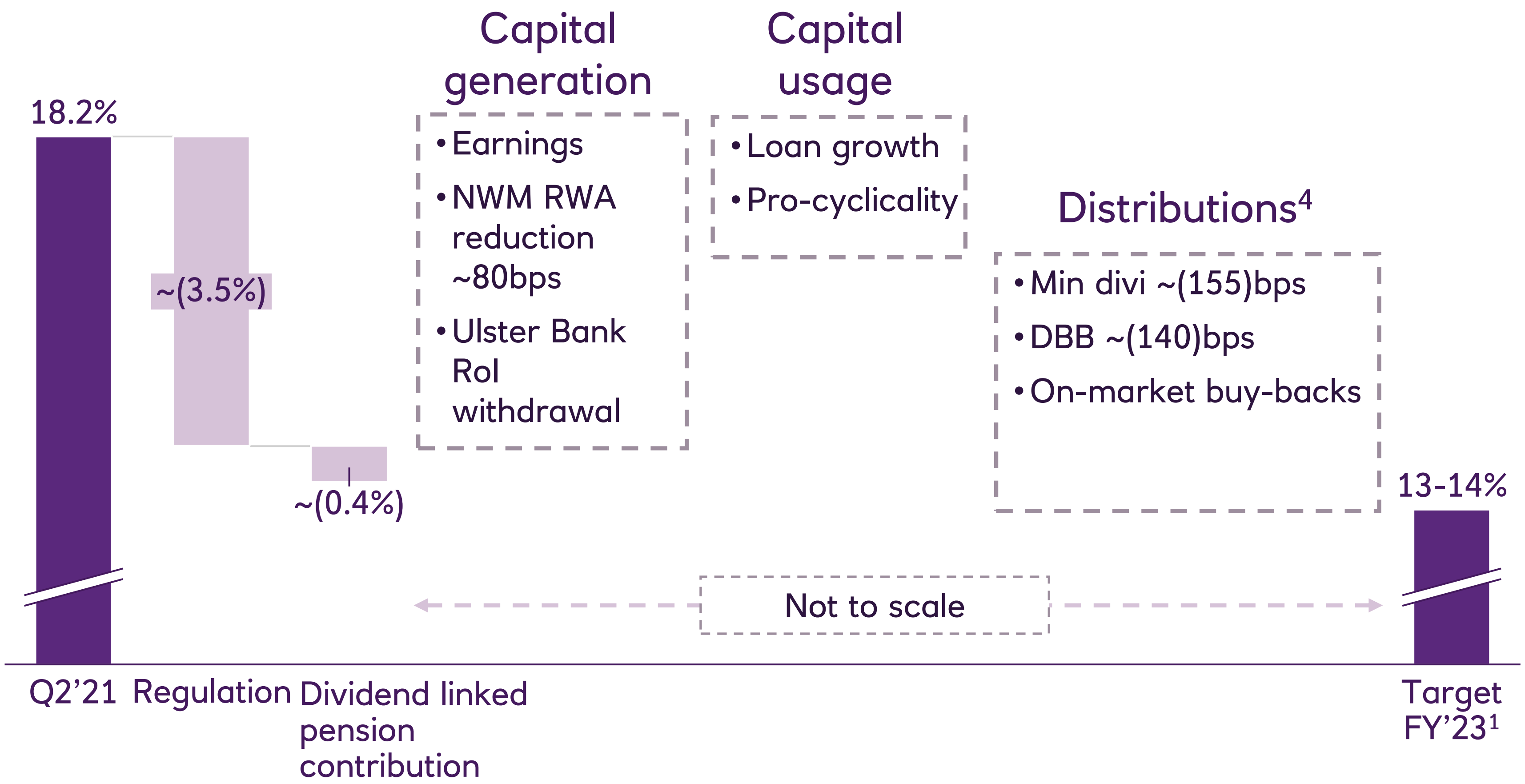
Robust balance sheet with strong capital & liquidity levels

We have shaped a business that can operate at a CET1 ratio of between 13% to 14% by FY'23[1]

We now expect RWAs to be below or at the lower end of our previously guided range of £185-195bn on 1 January 2022

This includes c.£15bn of RWA inflation due to the mortgage book[2]

Key drivers of CET1 ratio[3,4]



1. This presentation contains forward-looking statements, please see Forward-Looking Statements on slide 41 and Outlook Statement on page 2 of NWG Q2'21 IMS
2. £15bn equates to c.15% risk weights on the mortgage book as at Q2'21
3. Impacts are approximate, not to scale and shown on a standalone basis using Q2'21 capital position. These impacts will change quarterly. Combined impacts will not be sum of standalone impact. For more details see slide 31 in the Appendix
4. Distributions are subject to regulatory approvals. "Directed" buy backs post March'22 only

Strong capital and liquidity positions provide flexibility

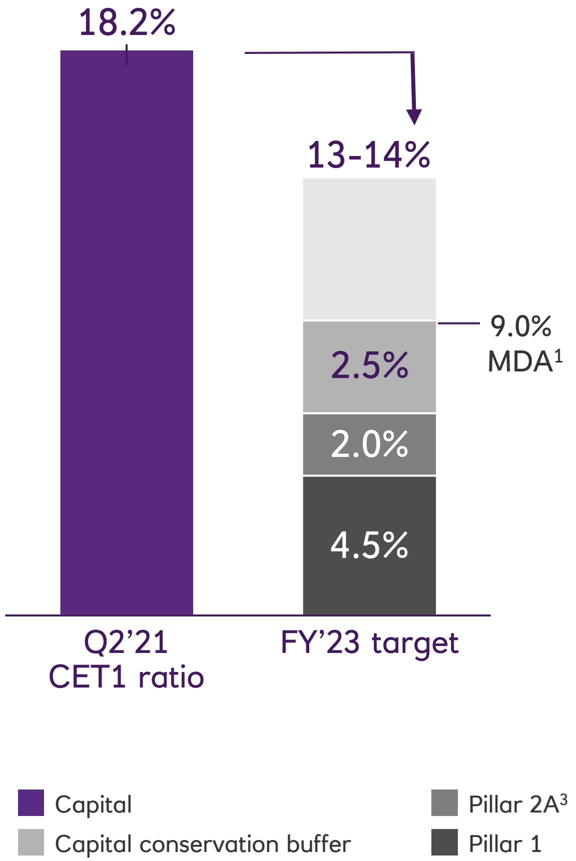
In H1 we repurchased or called c.£2.4bn of Tier 1 and Tier 2 capital securities to optimise the capital stack

In July we gave notice to call $2.65bn AT1 redeemable August 2021 resulting in c.8bps benefit to CET1 and a significant reduction in annual coupons

CET1 headroom above medium term target[1,2]

420-520bps

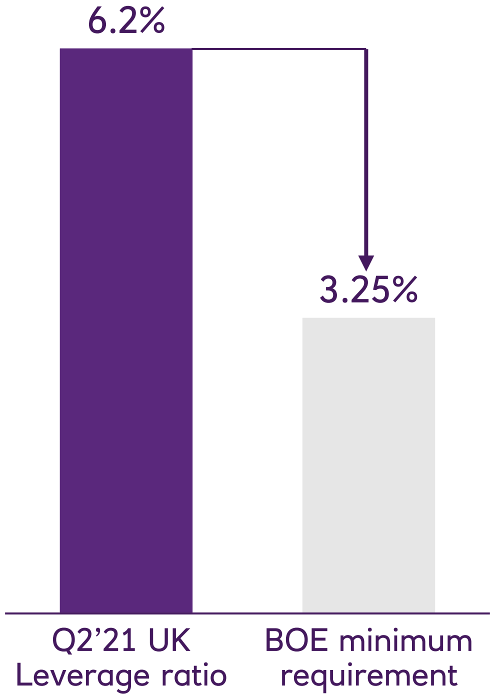
c.£6.8bn - 8.5bn of headroom in Q2'21



Headroom above minimum UK leverage requirements

295bps

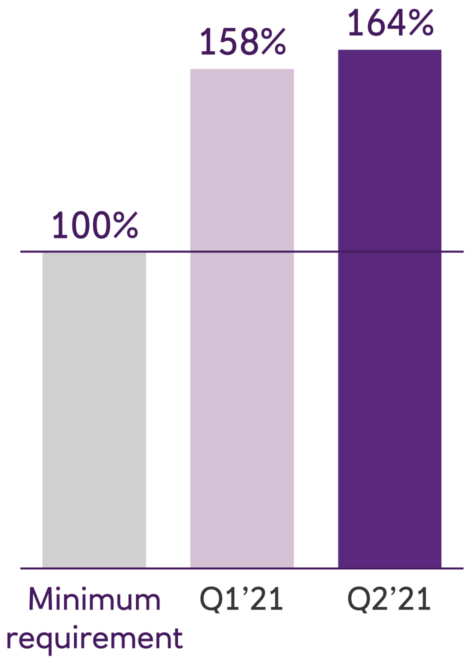
headroom above minimum requirements



Liquidity coverage ratio remains well above min UK requirement

£75bn

surplus liquidity over minimum requirement



1. Refer to detailed disclosure in Q2'21 IMS. 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. NatWest Group plc's Pillar 2A requirements are set on a nominal capital basis which results in an implied 9.0% MDA. 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.

Alison Rose

Chief Executive Officer

Focused on generating shareholder value through our strategic priorities

We are:
- Generating good performance
- Supporting our customers and growing Retail and Commercial lending
- Investing to accelerate our digital transformation to better serve our customers

Purpose-led, long term decision making

A purpose led, customer focused business with capability to grow

Intelligent and consistent approach to risk

Focus on simplification and taking costs out

Robust balance sheet with strong capital & liquidity levels

Focused on generating shareholder value

1 **We have shaped a business that should operate at a CET1 ratio of between 13% to 14% by 2023**

420-520bps or c.£6.8bn-8.5bn headroom to target CET1 ratio in Q2'21 and more than double our Maximum Distributable Amount

2 **Expect to generate a ROTE of 9-10% by 2023**

3 **NatWest Group intends to maintain ordinary dividends of around 40% of attributable profit and aims to distribute a minimum of £1bn per annum from 2021 to 2023 via a combination of ordinary and special dividends**

Q&A

Appendix

Guidance

	2021 financial targets and outlook	Medium-term targets and outlook
Costs	We plan on reducing other expenses, excluding OLD, by around 4% in comparison to 2020, excluding any change in the direct cost base of Ulster Bank RoI. We also expect to incur strategic costs of around £0.8 billion during 2021 from the continued refocussing of NatWest Markets and resizing of the Group's cost base.	Expect annual cost reduction of around 4%, excluding the impact of the phased withdrawal from the Republic of Ireland, along with continued strategic cost reduction.
Impairments	Noting impairment losses in the first half of 2021 were a net release of £707 million, we now expect the 2021 full year impairment loss to be a net release.	n/a
Capital	n/a	CET1 ratio of between 13% to 14% by 2023.
Returns	n/a	9-10% ROTE by 2023
RWA	We now expect NatWest Group RWAs to be below or at the lower end of our previously guided range of £185-195 billon on 1 January 2022. This includes on a proforma basis the impact of Bank of England's mortgage risk weight changes and other model changes introduced on 1 January 2022. The impact of the mortgage regulatory changes is expected to be around £15 billion, subject to the timing and quantum of any procyclicality before implementation and based on the H1'21 book size and weighting. The £15 billion equates to an anticipated book risk weight of 15% which is subject to change. We expect minimal reduction in RWAs in Ulster Bank RoI in 2021 as a result of the completion of the strategic review announced. Other changes in RWAs will be driven by the level of procyclical inflation driven by the economic outlook, downgrades in the credit quality and assessments in the commercial book and ongoing demand for lending from our customers.	We anticipate RWA inflation from Basel 3 amendments to be less than 5% of RWAs as at 31 December 2020 and currently expect implementation in 2023. The details of Basel 3 amendments remain subject to regulatory uncertainty on both quantum and timing. As a result of the decision to withdraw from the Republic of Ireland, we would expect the level of RWAs to reduce in the coming years, and for this withdrawal to be capital accretive for NatWest Group across the multi-year process.
NWM	We now expect NatWest Markets exit/disposal costs and the impact of Commercial Banking capital management actions to total a combined £150 million in 2021. In 2021 we also expect to achieve the majority of the remaining NatWest Markets RWA reduction towards the medium-term target of £20 billion.	n/a RWAs within corridor of c.£20bn in the medium term
Lending	We are targeting above market rate lending growth across our UK and RBS International retail and commercial businesses, excluding UK Government financial support schemes	Supporting this we are targeting above market lending growth per annum across our UK and RBS International retail and commercial businesses
Dividends and pay-outs	NatWest Group now aims to distribute a minimum of £1 billion per annum from 2021 to 2023, via a combination of ordinary and special dividends, and intends to commence an ordinary share buy-back programme of up to £750 million in the second half of the year. NatWest Group intends to maintain the required capacity to participate in directed buybacks of the UK Government stake and recognises 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.	

1. The guidance, targets, expectations and trends discussed in this section represent management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" section on pages 112 and 113 of NWG Q2'21 IMS and pages 345 to 362 of NatWest Group plc's 2020 Annual Report & Accounts. These statements constitute forward-looking statements, please see Forward-Looking Statements on slide 41.

Notable items

£m	Q2'20	Q3'20	Q4'20	FY'20	Q1'21	Q2'21
Metro Bank mortgage portfolio acquisition loss	-	-	(58)	(58)	-	-
FX recycling (loss)/gain in Central items & other	(39)	64	(1)	(40)	-	-
IFRS volatility in Central items & other[1]	55	49	45	83	(1)	45
Retail Banking Debt Sale Gain	3	4	1	8	-	-
Commercial Banking fair value and disposal (loss)/gain	8	1	(27)	(37)	(14)	(8)
NatWest Markets asset disposals/strategic risk reduction[2]	(63)	(12)	(8)	(83)	(4)	(36)
Own Credit Adjustments (OCA)	(102)	(34)	(43)	(24)	2	(2)
Share of associate profits for Business Growth Fund	-	(46)	8	(22)	121	8
Liquidity Asset Bond sale gain/(loss)	17	1	2	113	-	-
Loss on redemption of own debt	-	(324)	-	(324)	(118)	(20)
Commercial Banking tax variable lease repricing, NII impact	-	-	-	-	-	32
Notable Items in Total Income - Total	**(121)**	**(297)**	**(81)**	**(384)**	**(14)**	**19**

Bank Levy	-	(11)	(156)	(167)	-	0
Strategic Costs	(333)	(223)	(326)	(1,013)	(160)	(172)
Litigation & Conduct	85	(8)	(194)	(113)	(16)	34
Notable Items in Total Expenses – Total	**(248)**	**(242)**	**(676)**	**(1,293)**	**(176)**	**(138)**

Cost:income ratio – reported[3]	70.9%	74.5%	92.2%	72.9%	67.8%	63.7%
Cost:income ratio – excluding notable items[4]	58.8%	57.6%	69.2%	60.1%	60.8%	58.8%
Return on tangible equity – reported[3]	(12.4%)	0.8%	(1.4%)	(2.4%)	7.9%	15.6%
Return on tangible equity – excluding notable items[3,4]	(9.3%)	5.7%	4.8%	1.2%	9.8%	16.6%

1. IFRS volatility relates to derivatives used for risk management not in IFRS hedge accounting relationships and IFRS hedge ineffectiveness
2. Asset disposals/strategic risk reduction in 2020 relates to the cost of exiting positions and the impact of risk reduction transactions entered into, in respect of the strategic announcement on 14 February 2020.
3. Refer to the Appendix of Company Announcement for details of the basis of preparation and reconciliation of non-financial and performance measures
4. 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

Key Drivers of CET1 ratio[1]: 18.2% at Q2’21 through to FY’23

Driver	Timing	Impact[2]	Details
Earnings			Target a ROTE of 9-10% by FY'23
Distributions[3]: Dividends	Through to FY’23	c.155bps	Intend to distribute a minimum of £1bn per annum through dividends, £500m accrued at Q2’21. Impact related to remaining minimum £2.5bn intention
Direct Buybacks[4]	Through to FY’23	c.140bps	Retain capacity to participate in Direct Buy Backs up to 4.99% in 12-month period; executed £1.1bn in March ’21. Impact assumes two further DBBs in 2022 and 2023 in line with Mar’21
On-market buybacks			Announced first on-market buyback of up to £750m which is included in Q2’21 CET1 ratio
Dividend-linked pension contributions	Through to FY’22	c.35bps	£1bn of £1.5bn pre-tax contributions outstanding; maximum of £500m per annum accrual in FY’21 and FY’22, £238m accrual at Q2’21 (£174m post tax)
Lending volumes & RWA procyclicality			RWA consumption is dependent on loan growth and mix Expect to incur inflation due to negative credit rating migration, timing is dependent on economic development
NatWest Markets	Through to FY'23	+c.80bps	In 2021 we expect to achieve the majority of the remaining RWA reduction towards the RWA corridor c.£20bn in the medium term, £26.9bn at Q2’21 (£24.4bn[5] proforma for model change)
Ulster Bank RoI	Multi-year	+c.40bps	Impact relates to the binding agreement with AIB for the sale of c.€4.2bn performing commercial loans, estimated at c.€4bn RWAs
Regulation: IFRS 9 unwind	Through to FY'24	73bps	£1.2bn benefit at Q2’21 at 100%, will unwind to 75% in FY’22, 50% FY’23, 25% FY’24. Will also be affected by stage migration which remains uncertain
Software intangibles	01/01/2022	c.30bps	Benefit included at Q2’21 that we expect will end on 1 Jan 2022
Mortgage risk-weight inflation	01/01/2022	c.155bps	Expect mortgage risk-weight inflation of around £15bn based on book at Q2’21. Procyclicality may bring part of this forward into 2021.
Model changes	01/01/2022		Other model changes to be introduced on 1 Jan 2022, including SA-CCR
Basel 3 amendments	FY'23	<90bps	We anticipate RWA inflation from Basel 3 amendments to be less than 5% of RWAs as at FY’20 and currently expect implementation in 2023, subject to regulatory uncertainty on both quantum and timing

1. This presentation contains forward-looking statements, please see Forward-Looking Statements on slide 41 and Outlook Statement on page 2 of NWG Q2’21 IMS.
2. Impacts are approximate, not to scale and shown on a standalone basis using Q2’21 capital position. These impacts will change quarterly. Combined impacts will not be sum of standalone impact.
3. Distributions are subject to regulatory approvals.
4. DBB 4.99% window reopens in March 2022
5. H1’21 RWA shown proforma for model change approval received in July 2021, benefit of £2.5bn. See page 11 in the NWG Q2’21 IMS

Tangible net asset value

	£m	Share count	Pence
31 March 2021	**30,126**	**11,560**	**261**
Attributable profit	1,222	-	11
FY'20 dividend paid	(347)	-	(3)
Remeasurement of net defined benefit liability (net of tax)	(182)	-	(2)
Other movements	(68)	9	(1)
Net change	**625**	**9**	**5**
As at 30 June 2021	**30,751**	**11,569**	**266**

Customer Loans and Deposits

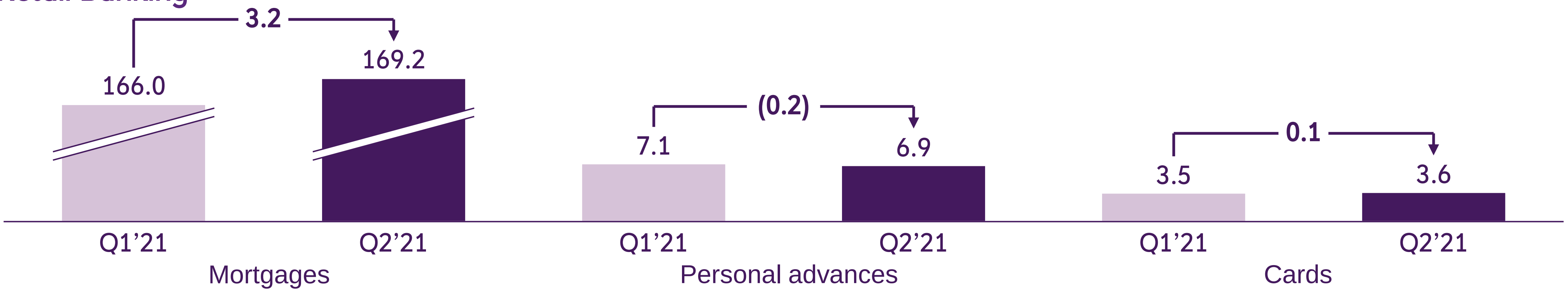
	Loans, £bn[1]		Deposits, £bn	
	Q1'21	Q2'21	Q1'21	Q2'21
Retail Banking	174.8	178.1	179.1	184.1
Private Banking, ex government schemes	17.2	17.7	33.5	34.7
Commercial Banking, ex government schemes	93.5	91.1	169.4	176.0
RBS International	14.7	15.1	33.3	33.9
UK & RBSI Retail and Commercial, Ex Government Schemes	**300.1**	**302.0**	**415.3**	**428.7**
Scheme Lending	13.5	13.0	0	0
UK & RBSI Retail and Commercial Net Lending / Customer Deposits	**313.6**	**315.0**	**415.3**	**428.7**
NatWest Markets	7.5	6.3	2.4	2.5
Ulster Bank RoI	16.9	16.7	18.4	18.5
Central	20.7	24.7	17.2	17.5
Net loans to customers / Customer deposits	**358.7**	**362.7**	**453.3**	**467.2**
Impairment provisions	5.6	4.7		
Gross Loans to Customers	**364.3**	**367.4**		

1. May not cast due to rounding.

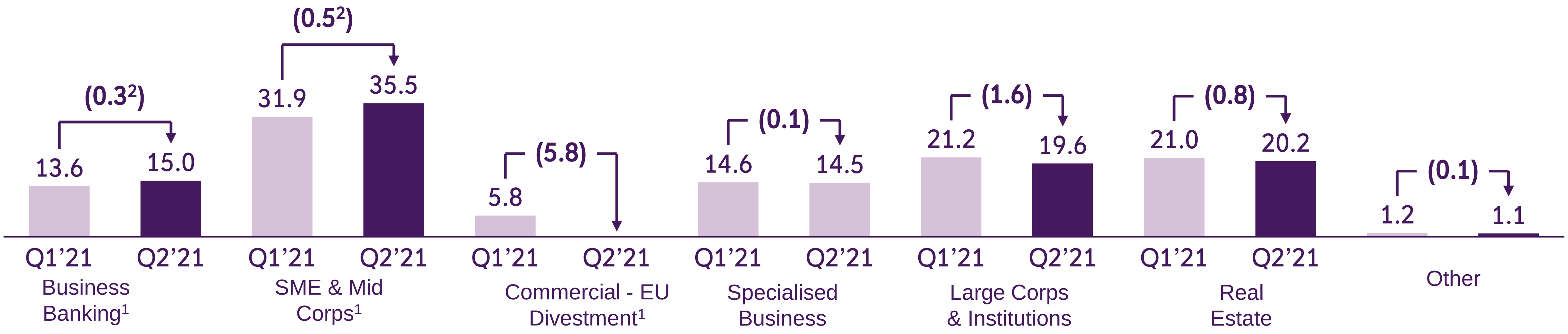
Q2’21 Customer loan growth by product and sector

Total loans to customers (amortised cost), £bn

Retail Banking



Commercial Banking



1. EU-Divestment balances from Q2 2021 integrated within Business Banking (Q4 2020 - £1.1 bn, Q1 2021 - £1.7 bn) and SME & mid corporates (Q4 2020 - £4.8 bn, Q1 2021 - £4.1 bn), as the Incentivised Switching Scheme (ISS) closed end of June 2021
2. The movement adjusts Q1'21 balances for the EU divestment transition to Business Banking (Q1 2021 - £1.7 bn) and SME & Mid Corporates (Q1 2021 - £4.1 bn)

Structural Hedge[1]

	H1 2021					H1 2020				
	Incremental Income (£m)	Total Income (£m)	Period end notional (£m)	Average Notional (£m)	Total Yield %	Incremental Income (£m)	Total Income (£m)	Period end notional (£m)	Average Notional (£m)	Total Yield %
Equity structural hedging	235	244	23	23	2.13	209	294	24	25	2.39
Product structural hedging	360	412	146	135	0.61	146	503	114	112	0.90
Other Structural hedges	74	62	21	22	0.56	42	78	20	20	0.78
Total	669	718	190	180	0.80	397	875	158	157	1.12

1. Page 77 of NWG Q2'21 IMS

Interest rate sensitivity

H1 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	39	127	215	(39)	(127)	(215)
Managed Margin	414	365	287	(374)	(420)	(395)
Other	(3)	-	-	7		
Total	450	492	502	(406)	(547)	(610)

2020	+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	37	118	199	(37)	(118)	(199)
Managed Margin	319	380	387	(258)	(285)	(292)
Other	15	-	-	(20)	-	-
Total	371	498	586	(315)	(403)	(491)

1. Page 78 of the NWG Q2'21 IMS

Economic Assumptions[1]

	H1'21				FY'20			
Scenario	Upside	Base Case	Downside	Extreme downside	Upside	Base Case	Downside	Extreme downside
Weighting	35%	40%	20%	5%	20%	40%	30%	10%
UK GDP – Annual Growth (%)								
2021	10.1	7.3	2.7	0.1	9.0	4.5	2.6	(4.6)
2022	5.4	5.8	4.3	-	2.6	4.2	4.6	6.1
5 year Average	3.9	3.5	2.9	2.5	3.6	3.1	2.8	1.3
UK Unemployment rate – annual average								
2021	4.7	5.3	5.4	5.9	5.6	6.3	8.5	12.3
2022	4.3	4.8	7.0	11.8	4.5	6.3	7.7	12.0
5 year Average	4.1	4.6	5.8	8.1	4.4	5.7	7.1	9.7
UK House Price Inflation – four quarter growth								
2021	8.0	2.0	(2.4)	(5.4)	2.2	(3.0)	(7.4)	(26.9)
2022	1.7	0.5	(3.0)	(27.0)	1.7	3.6	6.5	5.1
5 year Average	4.3	2.6	0.9	1.1	2.4	1.7	1.9	(1.6)
UK Commercial Real Estate Price – four quarter growth								
2021	7.0	(1.4)	(8.4)	(13.4)	2.6	(2.6)	(15.9)	(26.6)
2022	2.1	2.0	(1.3)	(18.2)	0.3	5.7	10.8	3.2
5 year Average	2.7	1.0	0.1	(1.1)	1.1	0.9	0.2	(3.2)

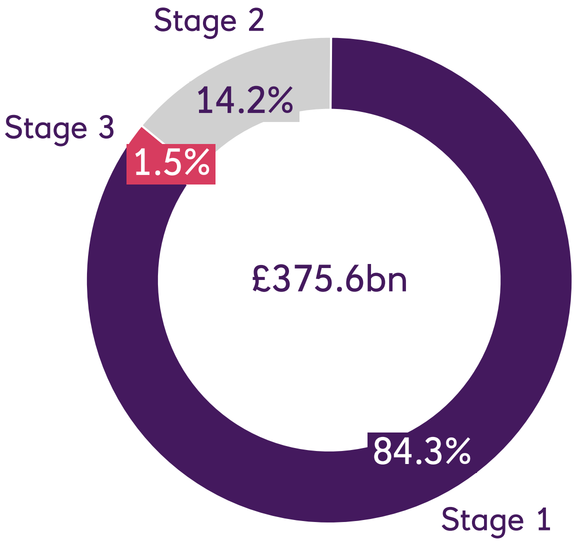
1. Full details of the economic assumptions can be found on page 20 to 23 of the NWG Q2'21 IMS

Impairment charge/(release) by segment

	Retail Banking	Private Banking	Commercial Banking	RBSI	Ulster Bank RoI	Natwest Markets	NatWest Group
Q2'21 (£m)	(91)	(27)	(451)	(27)	1	(10)	(605)
Q2'21 (bps)	(20)	(60)	(170)	(71)	2	n.m	(66)
Q1'21 (£m)	34	-	(117)	(2)	(12)	(6)	(102)
Q1'21 (bps)	8	-	(43)	(5)	(27)	n.m	(11)

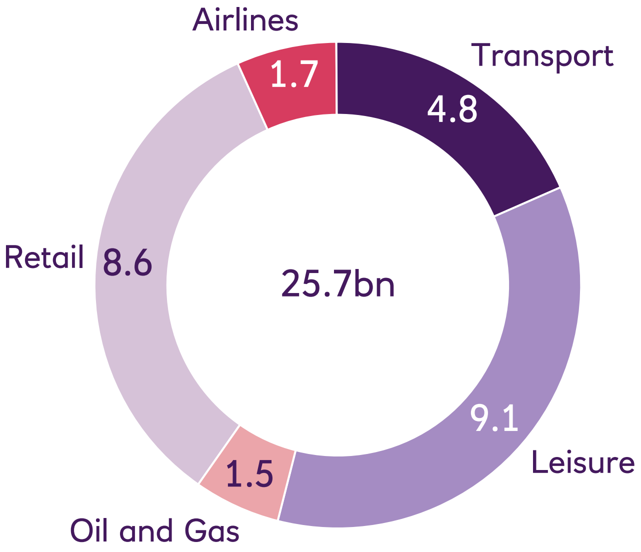
Diversified credit risk profile

Gross Loans & Advances by stage[1,2] £bn, Q2'21



Spotlight on sectors in focus for management

Total loans and advances[1,3], £bn, Q2'21



Staging of total loans and advances, Q2'21

Stage	Loans, £bn[1]	ECL, £bn	ECL cov, %
Stage 1	316.7	0.4	0.1
Stage 2	53.2	2.3	4.3
Stage 3	5.7	2.2	38.4
Total	**375.6**	**4.9**	**1.3**
Total Q1'21	371.0	5.8	1.6

Staging of sectors in focus for management[2,3], Q2'21

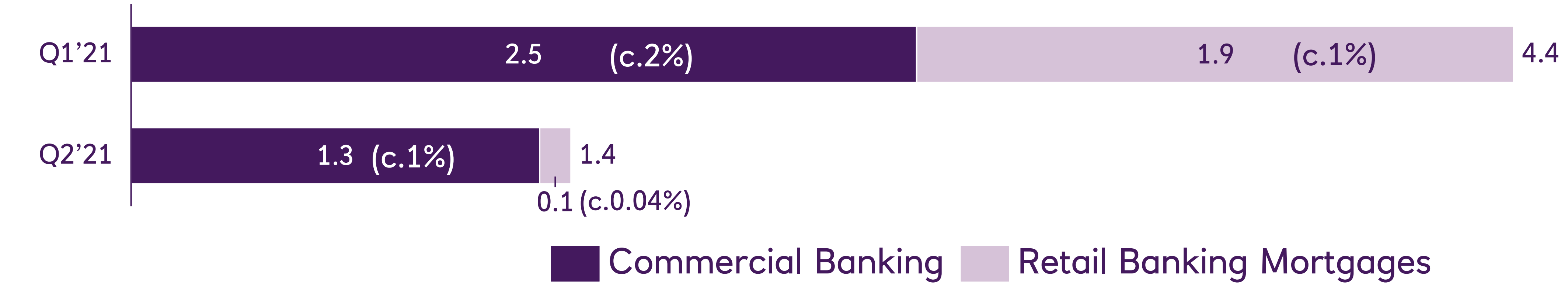
Stage	Loans, £bn[1]	ECL, £bn	ECL cov, %
Stage 1	14.2	0.0	0.3
Stage 2	10.9	0.6	5.2
Stage 3	0.7	0.3	46.3
Total	**25.7**	**0.9**	**3.5**
Total Q1'21	26.8	1.0	3.9

1. Loans – amortised cost and FVOCI., see page 39 of the NWG Q2'21 IMS
2. May not cast due to rounding.
3. Includes: Airlines and aerospace, Land transport and logistics, Leisure, Oil and Gas and Retail sectors. Subset of Corporate Loans, see page 39 of the NWG Q2'21 IMS

Supporting our customers through Covid-19

Payment Holidays

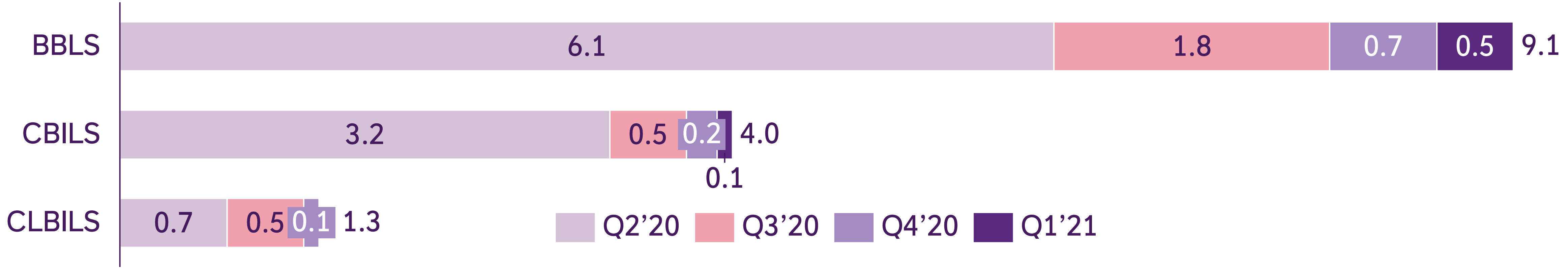
Total Loans, £bn, (% Share of Book)



Government Lending Scheme Approvals

Approved value of c.£14.4bn under government schemes in Commercial Banking as at end of Q1'21

Total Approved Loans in NatWest Group, £bn



The above Government Lending Schemes closed for new applications as at end of Q1'21

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" on pages [111]-[112] of the NatWest Group plc H1 IMS and the "Risk Factors" on pages 345-362 of the NatWest Group plc 2020 Annual Report and Accounts.

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. In particular, this document includes forward-looking statements relating, but not limited to: the Covid-19 pandemic and its impact on NatWest Group; future profitability and performance, including financial performance targets (such as RoTE and ROE) and discretionary capital distribution targets; ESG and climate related targets, including in relation to sustainable financing and financed emissions; planned cost savings; implementation of NatWest Group's Purpose-led strategy, including in relation to the refocusing of its NWM franchise and the digitalisation of its operations and services; the timing and outcome of litigation and government and regulatory investigations; the implementation of the Alternative Remedies Package; balance sheet reduction, including the reduction of RWAs; capital, liquidity and leverage ratios and requirements, including CET1 Ratio, RWAes, Pillar 2 and other regulatory buffer requirements and MREL; funding plans and credit risk profile; capitalisation; portfolios; net interest margin; customer loan and income growth and product share; impairments and write-downs, including with respect to goodwill; restructuring and remediation costs and charges; NatWest Group's exposure to political risk, economic risk, climate, environmental and sustainability risk, operational risk, conduct risk, cyber 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: risks relating to the COVID-19 pandemic (including in respect of: the effects on the global economy and financial markets, and NatWest Group's customers; increased counterparty risk; NatWest Group's ability to meet its targets and strategic objectives; increased operational and control risks; increased funding risk; future impairments and write-downs); economic and political risk (including in respect of: uncertainty regarding the effects of Brexit; increased political and economic risks and uncertainty in the UK and global markets; changes in interest rates and foreign currency exchange rates; and HM Treasury's ownership of NatWest Group plc); strategic risk (including in respect of the implementation of NatWest Group's Purpose-led Strategy, including the re-focusing of the NWM franchise, the phased withdrawal from the Republic of Ireland and NatWest Group's ability to achieve its targets); financial resilience risk (including in respect of: NatWest Group's ability to meet targets and to resume discretionary capital distributions; the competitive environment; counterparty risk; prudential regulatory requirements for capital and MREL; funding risk; changes in the credit ratings; the adequacy of NatWest Group's resolution plans; the requirements of regulatory stress tests; model risk; sensitivity to accounting policies, judgments, assumptions and estimates; changes in applicable accounting standards; the value or effectiveness of credit protection; 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 low carbon economy; the implementation of NatWest Group's climate change strategy and climate change resilient systems, controls and procedures; increased 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 replacement of LIBOR, EURIBOR and other IBOR rates; heightened regulatory and governmental scrutiny (including by competition authorities); implementation of the Alternative Remedies Package; and changes in tax legislation or failure to generate future taxable profits).

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or a solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.