

Segment performance continued

Central items & other

	2023	2022	Variance	
	£m	£m	£m	%
Income statement - continuing operations				
Total income	410	41	369	900.0%
Operating expenses (1)	(392)	(728)	336	(46.2%)
of which: Other operating expenses	(387)	(645)	258	(40.0%)
of which: Ulster Bank Rol direct expenses	(275)	(433)	158	(36.5%)
Impairment (losses)/releases	(5)	12	(17)	(141.7%)
Operating profit/(loss)	13	(675)	688	nm
of which: Ulster Bank Rol	(473)	(723)	250	(34.6%)

	2023	2022	Variance	
	£bn	£bn	£bn	%
Capital and balance sheet				
Net loans to customers (amortised cost) (2)	25.8	19.6	6.2	31.6%
Customer deposits	12.3	17.4	(5.1)	(29.3%)
RWAs	2.8	7.0	(4.2)	(60.0%)

- Total income was £369 million higher than 2022 primarily reflecting notable items including foreign exchange recycling gains of £484 million, lower losses on redemption of own debt, business growth fund gains and lower losses on liquidity asset bond sales, partially offset by lower gains on interest and foreign exchange risk management derivatives not in accounting hedge relationships and losses associated with property lease terminations.
- Other operating expenses were £258 million, or 40.0%, lower than 2022 principally reflecting the reduction in cost due to our withdrawal of operations from the Republic of Ireland.
- Net loans to customers increased by £6.2 billion, to £25.8 billion, over the year mainly due to reverse repo activity in Treasury.
- Customer deposits decreased by £5.1 billion 2023 primarily reflecting our withdrawal of our operations from the Republic of Ireland. Ulster Bank Rol customer deposit balances were £0.2 billion as at Q4 2023.

(1) Includes withdrawal-related direct program costs of £91 million for the year ended 31 December 2023 (31 December 2022 – £195 million).

(2) Excludes £0.3 billion of loans to customers held at fair value through profit or loss (31 December 2022 – £0.5 billion).

Summary financial statements

Summary consolidated income statement

For the year ended 31 December 2023

	2023 £m	2022 £m	2021 £m
Net interest income	11,049	9,842	7,535
Non-interest income	3,703	3,314	2,894
Total income	14,752	13,156	10,429
Operating expenses	(7,996)	(7,687)	(7,758)
Profit before impairment losses	6,756	5,469	2,671
Impairment losses	(578)	(337)	1,173
Operating profit before tax	6,178	5,132	3,844
Tax charge	(1,434)	(1,275)	(996)
Profit from continuing operations	4,744	3,857	2,848
(Loss)/profit from discontinued operations, net of tax	(112)	(262)	464
Profit for the year	4,632	3,595	3,312
Attributable to:			
Ordinary shareholders	4,394	3,340	2,950
Preference shareholders	-	-	19
Paid-in equity holders	242	249	299
Non-controlling interests	(4)	6	44
	4,632	3,595	3,312

Summary consolidated balance sheet

As at 31 December 2023

	2023 £m	2022 £m	2021 £m
Cash and balances at central banks	104,262	144,832	177,757
Trading assets	45,551	45,577	59,158
Derivatives	78,904	99,545	106,139
Settlement balances	7,231	2,572	2,141
Loans to banks and customers - amortised cost	388,347	373,479	366,672
Other financial assets	51,102	30,895	46,145
Other and intangible assets	16,374	16,292	14,965
Assets of disposal groups	902	6,861	9,015
Total assets	692,673	720,053	781,992
Deposits	453,567	470,759	506,089
Trading liabilities	53,636	52,808	64,598
Settlement balances, derivatives, other financial liabilities and subordinated liabilities	139,843	151,426	160,658
Other liabilities	5,202	5,346	5,797
Owners' equity	37,157	36,488	41,796
Notes in circulation	3,237	3,218	3,047
Non-controlling interests	31	8	7
Total liabilities and equity	692,673	720,053	781,992

NatWest Group's financial statements are prepared in accordance with UK adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).



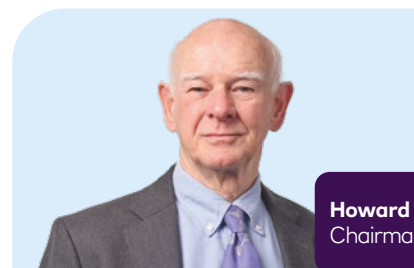
Serving our customers every day

Governance

84	Our Board
88	Chairman's introduction
89	Governance at a glance
105	Report of the Group Nominations and Governance Committee
110	Report of the Group Audit Committee
115	Report of the Group Board Risk Committee
122	Report of the Group Sustainable Banking Committee
127	Directors' remuneration report
138	Summary of Policy for executive directors
141	Annual remuneration report
162	Compliance report
165	Report of the directors
169	Statement of directors' responsibilities

Corporate governance

Our Board



Howard Davies
Chairman

Date of appointment:

14 July 2015 (Board), 1 September 2015 (Chairman)

Committee memberships:



Contribution to the Board:

Howard brings substantial financial services knowledge and experience to the Board, together with a deep understanding of global economic, environmental and social issues. With extensive board level experience, Howard draws on his prior regulatory and supervisory expertise to contribute both strategic and practical insights to Board discussions and debate. Howard is also a highly adept Chairman with valuable leadership and stakeholder management skills.

Relevant experience:

Howard has held several regulatory roles during his career including Chairman of the UK Financial Services Authority and Deputy Governor of the Bank of England. Howard was Director of the London School of Economics and Political Science and is also Professor of Practice at the Paris Institute of Political Studies (Sciences Po).

Howard has also previously served as a non-executive director of Morgan Stanley and Prudential plc, as Chairman of Phoenix plc and as Chair of the UK Airports Commission.

Current external appointments:

- Chairman of Inigo Limited
- Member of the Regulatory and Compliance Advisory Board of Millennium Management LLC
- Chair of the International Advisory Council of the China Securities Regulatory Commission
- Member of the International Advisory Council of the National Administration of Financial Regulation (formerly the China Banking and Insurance Regulatory Commission)



Paul Thwaite
Group Chief Executive
Officer

Date of appointment:

25 July 2023

Committee memberships:

N/A

Contribution to the Board:

An experienced leader of NatWest Group's Commercial & Institutional segment and Payments business, Paul was appointed NatWest Group CEO for an initial 12-month period in July 2023 and then permanently with effect from 16 February 2024. He brings a customer focus to the Board, as well as expertise in balance sheet management, transformation and risk and controls.

Paul was central to the formulation and execution of NatWest Group's strategy reviews in both 2014 and 2019, giving him a strong, enterprise-wide view. He has led the development and delivery of industry-leading initiatives on climate and support for SMEs, including the coordination of NatWest Group's business support during the COVID pandemic.

In addition, Paul has played an active role in NatWest Group's diversity, equality and inclusion agenda, sponsoring and progressing a number of targeted programmes including NatWest Group's Junior Management Team and Multicultural Network.

Relevant experience:

Paul has a track record of success in senior global roles within Wholesale, Corporate, International, Risk and Retail Banking, based across the UK, Europe and US. Most recently he was Chief Executive Officer of NatWest Group's Commercial & Institutional segment between July 2022 and July 2023, having previously led NatWest Group's Commercial Banking division as CEO since November 2019. As part of his most recent role, Paul also led NatWest Group's Payments business.

Current external appointments:

- Non-executive director of Pollinate Networks Limited



Katie Murray
Group Chief Financial
Officer

Date of appointment:

1 January 2019

Committee memberships:

N/A

Contribution to the Board:

Katie is a Chartered Accountant with over 30 years' experience in finance and accounting gained through several roles across the financial services industry. Katie's deep knowledge and experience in specialist areas including capital management, investor relations and financial planning mean she is well placed to provide valuable input and expertise during Board discussions.

Relevant experience:

Katie joined NatWest Group as Director of Finance in 2015 and was appointed as Deputy Chief Financial Officer in March 2017. She was appointed as Group Chief Financial Officer in January 2019.

Katie was previously the Group Finance Director for Old Mutual Emerging Markets, based in Johannesburg (2011-2015), having held various roles across Old Mutual from 2002. Prior to this Katie worked at KPMG for 13 years. She is a member of the Institute of Chartered Accountants of Scotland.

Current external appointments:

- Non-executive director of Phoenix Group Holdings plc

Board Committees

- A** Group Audit Committee (GAC)
- N** Group Nominations & Governance Committee (N&G)
- Re** Group Performance & Remuneration Committee (RemCo)
- Ri** Group Board Risk Committee (BRC)
- S** Group Sustainable Banking Committee (SBC)

Underline denotes Committee Chair

Corporate governance continued



Mark Seligman
Senior Independent
Director

Date of appointment:

1 April 2017 (Board), 1 January 2018
(Senior Independent Director)

Committee memberships:



Contribution to the Board:

Mark, a former senior investment banker, brings comprehensive financial services knowledge and substantial FTSE 100 board experience to the Board. A former boardroom adviser, Mark contributes significant banking and corporate transformation expertise in particular, alongside a range of customer and wider stakeholder engagement skills.

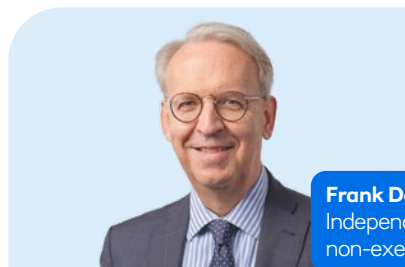
Relevant experience:

Mark has held various senior roles at Credit Suisse/BZW during his executive career, including Deputy Chairman, CSFB Europe and Chairman, UK Investment Banking, CSFB.

Mark has served as a non-executive director on company boards across a range of industry sectors, including BG Group plc, as Senior Independent Director of Kingfisher plc, and as Deputy Chairman of G4S plc. He has significant experience of chairing committees and as a Senior Independent Director.

Current external appointments:

- Non-executive director of Smiths Group plc
- Non-executive director and trustee of The Brooklands Museum



Frank Dangeard
Independent
non-executive director

Date of appointment:

16 May 2016

Committee memberships:



Contribution to the Board:

Frank is a former investment banker and technology company CEO with substantial global board expertise. This broad background enables Frank to make a valuable contribution to Board discussions, particularly in relation to technology, digital and innovation matters. Frank's experience also encompasses key areas including customer experience, stakeholder engagement, ESG and risk. In April 2018, Frank assumed the role of Chairman of NatWest Markets Plc, which enables him to bring a unique perspective to Board debate.

Relevant experience:

During his executive career, Frank held various roles at Thomson S.A., including Chairman and Chief Executive Officer, and was Deputy Chief Executive Officer of France Telecom. Prior to that he was Chairman of SG Warburg France and Managing Director of SG Warburg.

Frank has also held a number of non-executive roles at Crédit Agricole CIB, EDF, Home Credit, Orange, Sonaecom SGPS and Arqiva Group Limited. He was also Deputy Chairman and acting Chairman of Telenor ASA, an international media communications group.

Current external appointments:

- Chairman of Gen Digital Inc.
- Non-executive director of IHS Holding Limited
- Chairman of the Advisory Board of STJ Advisors



Roisin Donnelly
Independent
non-executive director

Date of appointment:

1 October 2022

Committee memberships:



Contribution to the Board:

Roisin brings extensive customer, marketing and branding experience to the Board, gained during her long executive career at Procter & Gamble. She has a strong background in digital transformation and data and significant knowledge and experience of developing ESG strategies at board level. Roisin also brings practical board and committee experience to the role, having served on a number of listed company boards.

In April 2023, Roisin was appointed as NatWest Group's Consumer Duty Board Champion. She is also the Chair of the NatWest Group Colleague Advisory Panel, which provides a valuable link to colleague and customer issues.

Relevant experience:

Roisin spent over 30 years leading marketing and brand building at Procter & Gamble in different UK and international roles. Most recently Roisin served as Chief Marketing Officer for Procter & Gamble Northern Europe (2014-2016) and prior to that served as Chief Marketing Officer for Procter & Gamble UK and Ireland (2002-2014).

Roisin's previous non-executive directorships include HomeServe plc, Just Eat plc, Holland and Barrett Limited, and Bourne Leisure Limited.

Roisin is an Honorary Fellow of the Marketing Society.

Current external appointments:

- Non-executive director of Premier Foods plc
- Non-executive director of The Sage Group plc
- Member of the Digital Advisory Board, Coca-Cola Europacific Partners plc
- Non-executive Advisor, Internet Advertising Bureau

Corporate governance continued



Patrick Flynn
Independent
non-executive director

Date of appointment:

1 June 2018

Committee memberships:



Contribution to the Board:

Patrick contributes significant retail and commercial banking experience to the Board, together with a background in complex organisational restructuring and technology transformation. This experience enables Patrick to provide insightful contributions to Board discussions on complex matters, alongside his significant financial knowledge and expertise.

Relevant experience:

Patrick was the Chief Financial Officer and a member of the Executive Board of ING Group for over eight years to May 2017. Prior to that, he worked for HSBC for 20 years. Patrick is a Fellow of Chartered Accountants Ireland.

Current external appointments:

- Non-executive director and Senior Independent Director of Aviva plc



Rick Haythornthwaite
Independent non-executive
director and Chair Designate

Date of appointment:

8 January 2024

Committee memberships:



Contribution to the Board:

Rick is a highly experienced Chair who combines a successful commercial career with a deep knowledge of financial services markets and technology, as well as a strong track record of delivery at significant customer-facing organisations. Rick's Chair experience extends across industry sectors, including Embedded Finance, a fintech company; QIO Technologies Limited, the industrial AI company that Rick co-founded; and Xynteo, a Norway-based sustainability consultancy.

Relevant experience:

Rick served as Chair of Mastercard Inc. during its transformation from a credit card company to a global technology company and an increase in its market value from \$5 billion to over \$350 billion. He also chaired Arc International Holdings, Centrica plc and Network Rail Limited, and was a partner at Star Capital. Rick's past non-executive directorships include Globant S.A., Cookson plc, Lafarge S.A., Land Securities plc and ICI plc. Rick also led the Haythornthwaite Review of UK Armed Forces Incentivisation.

Rick has been responsible for several high-profile business transformations and rescues, including Invensys, then one of the world's leading industrial controls companies, as CEO.

Current external appointments:

- Chair of Ocado Group plc
- Chairman of AA Limited
- Chairman of Embedded Finance Limited⁽¹⁾
- Senior advisory partner at Moelis & Co

(1) advisory role

Prior to becoming NatWest Group Chair, Rick will step down as Chairman of AA Limited (remaining as a non-executive director) and as advisory Chairman of Embedded Finance Limited.



Yasmin Jetha
Independent
non-executive director

Date of appointment:

1 April 2020

Committee memberships:



Contribution to the Board:

Yasmin brings a wealth of retail banking and customer experience to the Board, as well as valuable technology and innovation insights, and a strong background in general management. Yasmin adds strength and depth to the Board in these important areas, supporting challenge and debate and effective decision-making.

On 1 April 2020 Yasmin re-joined the Board of NatWest Group plc, having first been appointed in June 2017. Yasmin stepped down in April 2018 in order to serve solely as a director of our key ring-fenced entities, and, like the majority of our directors, she continues to serve on these boards in addition to the Board of NatWest Group plc.

Relevant experience:

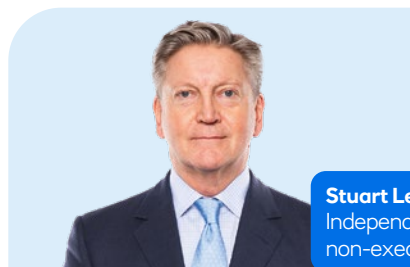
During her executive career, Yasmin held Chief Information Officer roles at Bupa and the Financial Times, where she later became the Chief Operating Officer. Prior to that Yasmin held a number of senior roles at Abbey National PLC, in a career spanning nearly 20 years, where latterly she served as an executive director on the board.

Yasmin has also held a number of non-commercial roles including Vice Chair of the Board of Governors at the University of Bedfordshire (2008 to 2011) and Vice Chair of the National Committee of the Aga Khan Foundation (UK) Ltd, a non-denominational charity that works with communities in Africa, Asia and the Middle East.

Current external appointments:

- Non-executive director of Guardian Media Group plc
- Non-executive director of Nation Media Group Limited

Corporate governance continued



Stuart Lewis
Independent
non-executive director

Date of appointment:

1 April 2023

Committee memberships:



Contribution to the Board:

Stuart brings extensive risk management, financial services and regulatory experience to the Board gained during his executive career, predominantly at Deutsche Bank. He also brings practical board-level experience, having served on a number of boards and committees in both executive and non-executive capacities. Stuart's strengths in risk and financial services complement and enhance the overall knowledge and experience of the Board, particularly in support of growth opportunities and continued organisational transformation.

Relevant experience:

Stuart served 10 years on the Management Board of Deutsche Bank as Chief Risk Officer, retiring in May 2022. He joined Deutsche Bank in 1996, where he held a variety of senior roles, including Deputy Chief Risk Officer, Global Chief Credit Officer and Chief Credit Officer for Asia Pacific. He was previously Head of European Credit Risk Management at Credit Suisse Financial Products.

Stuart served as a non-executive director of the London Stock Exchange Group plc (2013-2016) and in 2013 was elected to the Global Association of Risk Professionals Board of Trustees. He was also a Member of the Foundation Board of the International Financial Risk Institute (2010-2022) and served as Chair (2016-2018).

Current external appointments:

- Member of the Board of Trustees of the Global Association of Risk Professionals
- Member of the Advisory Committee of the International Association of Credit Portfolio Managers
- Visiting Professor in Practice in the Finance Department, London School of Economics



Lena Wilson CBE
Independent
non-executive director

Date of appointment:

1 January 2018

Committee memberships:



Contribution to the Board:

Lena contributes significant knowledge and experience to the Board drawn from a broad executive and non-executive career. She has extensive transformation and development skills, with experience in enterprise, internationalisation, stakeholder management, ESG and general management.

As a former Chair of the NatWest Group Colleague Advisory Panel, Lena provides valuable insights into customer and people issues in particular.

Relevant experience:

Lena has a portfolio of Chair roles in the listed, private equity and professional services sectors. She has been a FTSE 100 non-executive director for over 10 years and previously served on the boards of Scottish Power Renewables Limited and Intertek Group plc. Lena was Chief Executive of Scottish Enterprise (2009-2017) and prior to that was Senior Investment Advisor to The World Bank in Washington DC.

Lena was a member of Scotland's Financial Services Advisory Board and Chair of Scotland's Energy Jobs Taskforce. In June 2015 she received a CBE for services to economic development in Scotland.

Current external appointments:

- Chair of Picton Property Income Limited
- Visiting Professor, University of Strathclyde Business School
- Member of the European Advisory Board of Workday Inc.



Jan Cargill
Chief Governance Officer
and Company Secretary

Date of appointment:

5 August 2019

Contribution to the Board:

Jan works closely with the Chairman to ensure effective and efficient functioning of the Board and appropriate alignment and information flows between the Board and its Committees. She is responsible for advising the Board and individual directors on all governance matters, and also facilitates Board induction and directors' professional development.

Relevant experience:

Jan is a chartered company secretary with over 20 years' corporate governance experience. She was appointed Chief Governance Officer and Company Secretary in 2019, and prior to that held various roles in the legal and secretariat functions, including Head of Board and Shareholder Services.

Jan has a law degree and is a Fellow of the Chartered Banker Institute. She is also an Associate of The Chartered Governance Institute and has an INSEAD Certificate in Corporate Governance.

Former directors:

Mike Rogers stood down as a director on 25 April 2023.

Alison Rose stood down as a director on 25 July 2023.

Morten Friis stood down as a director on 31 July 2023.

Corporate governance continued



Chairman's introduction

Letter from Howard Davies, Chairman of the Board

89	Governance at a Glance
91	UK Corporate Governance Code
92	Our governance framework
95	Principal areas of Board focus

Dear Shareholder,

Welcome to the 2023 Corporate governance report.

It has been a challenging year for the Board with a number of changes to directors and committee structure and composition.

The most significant change was the departure of Alison Rose as Group CEO in July 2023. The Board, supported by the Group Nominations and Governance Committee, had considered Group CEO succession plans in February 2023. We were therefore ready to move quickly when she left. Paul Thwaite was appointed as Group CEO in July 2023 for an initial period of 12 months. We are grateful to Paul for stepping up at short notice, and to Katie Murray for her continued support as Group CFO. Following a robust recruitment process the Board appointed Paul as Group CEO on a permanent basis with effect from 16 February 2024. Further information on this process is available on page 109.

Other changes to Board membership during the year were Mike Rogers and Morten Friis stepping down as directors on 25 April and 31 July 2023 respectively. I would like to record our thanks to Mike and Morten for their significant contributions to the Board during their tenures.

Stuart Lewis was appointed as a director on 1 April 2023, succeeding Morten Friis as the Chair of the Group Board Risk Committee on 1 August 2023.

In September we announced the appointment of Rick Haythornthwaite as the next Chair of NatWest Group. You can read more about the process undertaken by the Group Nominations and Governance Committee to recruit Rick on page 108. The Board's role in the process is also described in our section 172 statement on page 24.

I also want to take the opportunity to thank Graham Beale who stepped down from the NWH Sub Group Boards, and his role as NWH Sub Group Senior Independent Director, on 31 August 2023. We welcomed Mark Rennison to the NWH Sub Group Boards on 1 September 2023 and Ian Cormack is now the NWH Sub Group Senior Independent Director.

During the year the Technology and Innovation Committee was retired, and the remit of the Group Sustainable Banking Committee (SBC) was expanded to include technology, data and innovation matters. Yasmin Jetha became Chair of SBC, succeeding Mike Rogers.

I am also delighted that Geeta Gopalan will join the Board as an independent non-executive director on 1 July 2024.

Given the significant changes in the leadership of NatWest Group, across 2023 and into the first part of 2024, the Board agreed that the 2023 annual evaluation of Board and committee effectiveness will be deferred until 2024 and undertaken by an external facilitator.

The Board maintained its close oversight of the business of NatWest Group through the year. Regular reports included spotlights on cost of living challenges and how the bank has been supporting colleagues and customers. Data on the impact of changes in the macro-economic environment on customer behaviour was considered regularly. The Board also oversaw the preparation for and implementation of the Consumer Duty requirements, which became effective on 31 July 2023.

The Board held a two-day strategy session in June 2023 which was focused on the impact of technological advances on the financial services sector.

Following the announcement that the UK Government will explore a potential retail share sale in 2024 as part of its plans to reduce its shareholding in NatWest Group plc, a Board Oversight Committee was established. This Committee is responsible for considering all matters and taking any necessary decisions in connection with a retail share offering.

Details of the Board's principal areas of focus and operations during 2023 are set out on pages 95 and 97 respectively.

I would like to thank my fellow Board members for their contribution, commitment and dedication during 2023 and also throughout my time as Chairman. I will hand over my chairing responsibilities to Rick Haythornthwaite on 15 April 2024.

Howard Davies
Chairman of the Board

15 February 2024

Corporate governance continued

Theme	Principal areas of committee focus	Outcomes
People, culture and learning	<p>Given significant focus on culture and alignment to the strategy, an update on progress on the One Bank Culture journey and the key drivers of culture was provided. A healthy culture, strong purpose, high levels of engagement and clear values were confirmed. Spotlights on leadership capability, scaling experimentation, and changes to performance management processes demonstrated the work being undertaken to drive a One Bank culture.</p> <p>Acknowledging the integral role of ethics in the assessment of NatWest Group's culture, the committee wanted to understand how business ethics was monitored and reported at NatWest Group.</p> <p>The committee considered action being taken by management to implement our Future Workforce Design, to ensure the bank has the right skills, capabilities and roles for the future and can respond to the internal and external environment at pace. The committee learned how our Future Workforce Design approach will deliver the workforce needed in the face of changing customer expectations, technology advances, and future workforce trends. The committee reviewed impacts on two specific areas, Human support in Retail and Software engineering in Digital X, and noted the changes in the nature of work and skills required in the future.</p> <p>The committee considered how the HR Transformation programme will improve colleague experience by providing more efficient, effective and economical HR services resulting in the acquisition of new capabilities, adopting new ways of working and empowering colleagues to deliver great outcomes for customers and communities. The evolution of the operating model will also support the delivery of Colleague Journeys, aligned to the One Bank vision and pivot to growth.</p> <p>On behalf of the Board, the committee noted the approach taken to the development of workforce policies and practices.</p>	<p>The committee acknowledged the strong bank-wide culture scores but wanted to understand variance in businesses and functions. It was noted that the creation of a people index allowed areas of challenge across NatWest Group to be identified.</p> <p>The committee encouraged management to monitor the impact of experimentation, including how it would enhance culture and psychological safety.</p> <p>The committee was pleased with the scale of management's ambition on the Future Workforce Design but it was acknowledged that there were many aspects which needed to be aligned to deliver success. The committee encouraged management to ensure that any potential disproportionate impact on gender and other forms of diversity was managed carefully to ensure equitable treatment of all employee groups. The positive potential to offer employees more rewarding work was also noted.</p> <p>The committee supported the ambitious work being undertaken on the HR Transformation update and noted the importance of technology enablement to deliver efficiency savings. The committee noted the importance of closely tracking benefits to deliver the projected value creation.</p>
Customer	<p>The committee considered actions being taken by management to improve customer service and experience across key customer segments. Committee discussion focused on Consumer Duty, customer vulnerability and our response to the economic environment.</p> <p>Consumer Duty has been a priority focus of the committee during 2023. There have been a number of spotlights to ensure timely updates on the work underway to embed the Duty and review progress towards key milestones and compliance as at July 2023 and phase two in July 2024. The Consumer Duty Board Champion is a member of the committee and provided input on their industry discussions and engagement with management on steps to embed the Duty. The committee also received the annual Internal Audit Behavioural Risk review which focused on the work being undertaken on Consumer Duty.</p> <p>The committee had a spotlight session on Competition and Markets Authority (CMA) Service Quality Survey performance and plans to improve customer advocacy. The committee wanted to understand how the CMA survey and Net Promoter Scores were used and the usefulness of the survey to our customers and colleagues.</p> <p>The discussion on customer vulnerability considered how the bank's approach has been materially improved in the past 18 months and is already improving outcomes for customers. Through data and monitoring we now identify more vulnerability via inferred vulnerability and customers who have disclosed to us. Discussions on branch closure and fraud helped to demonstrate how vulnerability is considered in the bank's decision-making.</p> <p>The committee received a Cost of Living brief at every meeting providing insight into how our customers are responding to the external environment and how we are supporting the people, businesses and communities we serve.</p>	<p>The committee discussions focused on meeting the required outcomes under the Consumer Duty legislation. Discussions focused on how communications would be reviewed to ensure customer understanding of financial products and how data would be used to evidence good customer outcomes. The directors supported the risk-based approach to remediation.</p> <p>In relation to customer vulnerability, the committee sought to understand the number of customers that could be considered vulnerable and how customers were identified by the bank as potentially vulnerable.</p> <p>The committee agreed it was important it continued to focus on cost of living actions being taken to support customers since it was anticipated the external environment would continue to be challenging.</p>

Corporate governance continued

Theme	Principal areas of committee focus	Outcomes
Technology, data and innovation	<p>Sessions focused on innovation and partnerships, payments, and artificial intelligence (AI) and automation.</p> <p>The committee received an overview of our new, bank-wide innovation framework which was being used to catalyse bank-wide growth through structured Innovation which would scale and deliver initiatives through the core bank.</p> <p>The committee considered new payment initiatives intended to stem the disintermediation of payments income, including Take Payments and Tap to Pay.</p> <p>AI and automation is a key area of focus developing at pace, and the committee considered AI use cases being deployed across NatWest Group for customer benefit, noting how they could enhance the existing automation strategy. The committee noted progress made in evaluating the areas of potential value for leveraging AI and associated risks. The committee acknowledged the importance of risk management and controls and discussed the use of model risk governance. Andrew Rogoyski, a member of the Technology Advisory Board and AI expert, joined the session and provided an external perspective. A number of other Board members also joined the session.</p>	<p>The committee was keen to understand how partnerships were used in the innovation ecosystem and encouraged management to consider the use of accelerator hubs and universities to support innovation initiatives. The committee considered the programme to encourage colleagues to bring forward potential future initiatives and discussed how capabilities could be enhanced to drive more innovation at all levels across the bank.</p> <p>The committee requested that the SBC MI Report be enhanced with new metrics relating to technology, innovation and data to allow it to monitor progress.</p> <p>The committee wanted to understand how payments initiatives progress and requested a future update on the underpinning payments technology architecture to understand risks and opportunities in this area.</p> <p>The committee was keen to understand how improvements and benefits as a result of AI were being measured.</p> <p>The committee considered the approach to AI in various jurisdictions and amongst regulators.</p> <p>The committee emphasised the importance of management's approach to AI being sufficiently customer focused to ensure stakeholder trust was maintained.</p>
Enterprise	<p>The committee received an update on NatWest Group's Enterprise activity, including the strategy and partnership approach. The committee heard feedback from customers on the importance of the support provided to them by the accelerator hubs.</p> <p>The committee discussed the SME (small and medium-sized enterprises) banking market context and NatWest Group's position. The session reflected on our broad proposition that enables us to serve all customers in this segment with distinctive elements, including FreeAgent, Mentor, and Enterprise support.</p> <p>The update included a spotlight on the work undertaken internally and in partnership with Aston University to measure the impact and outcome of NatWest Group's interventions on its Enterprise activity. The analysis demonstrated improved survivability and growth rates of those customers involved in accelerator hubs versus a control group. Professor Mark Hart (Enterprise Research Centre, Aston University) presented the findings of work to date and noted that the impact measurement results were interim and would continue to develop. He commended the results achieved given the external context of the business environment.</p>	<p>The committee discussed both the growth opportunity and challenges in relation to NatWest Group's Enterprise ambitions.</p> <p>The committee discussed the changing competitive landscapes and the entrance of alternative finance providers to the sector and activities.</p> <p>The committee was keen to understand how the accelerator hubs compared to other programmes across the industry and how they could be scaled without reducing impact to ensure greater support for customers.</p> <p>The committee noted the innovative approach presented in relation to measuring impact, which should provide robust analysis and metrics upon which stakeholders could measure NatWest Group.</p>

Corporate governance continued

Theme	Principal areas of committee focus	Outcomes
Supporting long term value creation	<p>The committee supported the Board in overseeing the initial work to reflect on the purpose and understand how this might evolve. This included consideration of the desktop research, and internal and external stakeholder perspectives. The majority of Board members joined the committee for these discussions. Sarah Gillard, the CEO of the Blueprint for Better Business, provided her perspectives following interviews with stakeholders and colleagues, and highlighted the opportunity to bring purpose further into the core of the business.</p> <p>The committee discussed the meaning of Sustainable Banking to ensure a common understanding of the importance of running a business that is capable of generating long term value for its stakeholders. The committee considered how medium to longer term priorities could be measured through financial and non-financial metrics.</p> <p>Following the presentation of the impact measurement work being undertaken by Aston University, the committee received an update on the broader impact measurement work underway across the bank, the proposed new bank wide impact measurement framework, and planned next steps for 2024.</p> <p>SBC considered NatWest Group's 7th Annual Modern Slavery & Human Trafficking Statement. The committee was provided with a comprehensive update on Human Rights including progress made in 2023 and the plan for 2024, and the approach to the first disclosure of NatWest Group's Salient Issues.</p> <p>As a founding signatory of the UN Principles for Responsible Banking (PRB), the committee was provided an update against the major milestones in the 4 year PRB journey, which were achieved by September 2023.</p> <p>The committee considered and provided advice to the Group Performance and Remuneration Committee on the setting and assessment of performance against people and culture, customer, purpose targets.</p>	<p>The committee noted that using 'purpose in practice' is essential and it was important to link purpose with long-term sustainable performance. The committee was keen to understand all stakeholders' views, including investors.</p> <p>The committee agreed it should focus on medium to longer term priorities driving the bank as a sustainable business through a multi-stakeholder lens and requested the inclusion of relevant financial and non-financial metrics in the data provided to it in future.</p> <p>The committee welcomed the experimentation underway in relation to impact measurement, and encouraged management to ensure the measurements were objective given customers' multi-variable behaviour.</p> <p>The committee recommended NatWest Group's 7th Annual Modern Slavery & Human Trafficking Statement to Board for approval. It noted the value of the Colleague Advisory Panel engagement which had resulted in the clarification of roles described.</p> <p>The committee supported and recommended the publication of disclosure on Salient Human Right Issues to Board.</p>

Directors' remuneration report



Letter from Lena Wilson, CBE,
Chair of the Group Performance and
Remuneration Committee

127	Chair's introduction
131	Remuneration at a glance
134	Wider workforce remuneration and the directors' remuneration policy
141	The Annual remuneration report

Dear Shareholder,

On behalf of the Board, I am pleased to present the remuneration report for 2023. This has been a year of significant change for the organisation, with a new Group Chief Executive Officer (Group CEO), Paul Thwaite, now confirmed in role on a permanent basis after an initial appointment in July for a period of 12 months, and an announcement of a new Chair, Rick Haythornthwaite, who will succeed Howard Davies from 15 April 2024.

Performance highlights for 2023

In an uncertain economic environment, NatWest Group has performed well in 2023 delivering an operating profit of £6.2 billion and a RoTE of 17.8%.

Our capital generation has remained strong and we continue to deliver returns and distributions to shareholders. In 2023 £3.6 billion of capital was returned to shareholders including a proposed final dividend of £1.0 billion.

Board changes and impact on remuneration

The committee has been heavily involved in guiding the Board and overseeing management activity with regard to performance and remuneration matters through this period of change. The decisions made during this transitional period, in the context of remuneration, are summarised on the following page.

Colleague highlights

January 2023

- A cash payment of £1,000 (adjusted for local salary levels) was made to approximately 60,000 colleagues.
- We launched our new Partner Leave policies, which introduced significantly enhanced pay and leave for eligible colleagues.

February 2023

- We announced our new Sharing in Success scheme for all colleagues, designed to reward One Bank behaviours and outcomes and align all colleagues across NatWest Group to our purpose and strategy.

April 2023

- Nearly 90% of our junior UK colleagues (A and B grades) covered by our negotiated pay approach received a salary increase of at least 7%, with almost two-thirds receiving 8% or more, on top of the £1,000 payment in January. Salary ranges were also increased.

November 2023

- We were certified as a Regional Living Wage Employer for our global operations by the Fair Wage Network.

December 2023

- We announced Beyond, our changes to performance management for all colleagues, including the removal of performance ratings from 2024 onwards.

From April 2024 onwards

- Nearly 95% of our junior UK colleagues (A and B grades) covered by our negotiated pay approach will receive a salary increase of at least 3.5%, with almost two-thirds receiving 5% or more. In addition, our UK starting salary will move to £23,500 per annum, an increase of 15% since September 2022.
- Our first award under our Sharing in Success scheme will be awarded in May 2024, with a share award of £1,000 for all eligible employees (adjusted for local salary levels), subject to shareholder approval of the recommended dividend.

Directors' remuneration report continued

Executive director changes

On 25 July 2023, Paul Thwaite was appointed as the Group CEO for an initial period of 12 months. The committee set Mr Thwaite's annual base salary on original appointment at £1,050,000. Mr Thwaite has now been permanently appointed as Group CEO from 16 February 2024; details on pay for 2024 are on page 150. Mr Thwaite has been an active member of NatWest Group's defined benefit pension scheme that was available to all employees recruited at the same time as him. Other elements of his fixed and variable pay are in line with the standard terms of our approved directors' remuneration policy (the Policy). Mr Thwaite has confirmed that, following his permanent appointment to the role of Group CEO, he will become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements. The committee agreed that his 2023 variable pay awards would be pro-rated to reflect the time spent in his Group CEO role and in his previous role as CEO of the Commercial and Institutional business (Ring Fenced Bank). More details of Mr Thwaite's remuneration arrangements are on page 141.

Alison Rose stepped down as Group CEO by mutual agreement with effect from 25 July 2023. In line with Ms Rose's service agreement, she will continue to receive her fixed pay for her contractual notice period, which will end on 26 July 2024. In accordance with the terms of the Policy and our share plan rules, any awards due to vest after cessation of her employment on 26 July 2024 will lapse on that date. No bonus or variable remuneration will be paid to Ms Rose in respect of her service during 2023. Ms Rose's shareholding requirement will continue to apply for a period of two years from the date of cessation of her employment. More details of payments made to and received by Ms Rose are on page 150 under 'Payments for loss of office and payments to past directors'.

Joining arrangements for Rick Haythornthwaite

Mr Haythornthwaite joined the Board of NatWest Group as an independent non-executive director on 8 January 2024 and following a handover period will take over as Chair on 15 April 2024, when Howard Davies will stand down from the Board. On assuming the role of Chair, Mr Haythornthwaite's fee will be £775,000 p.a., which is the fee currently paid to Mr Davies.

Wider workforce

Following on from the extensive support provided in 2022 to help our colleagues with the cost of living, continued targeted action has been taken to help those colleagues most likely to be affected by the sudden spike in inflation. Payments of £1,000 (adjusted for local salary levels) were made in January 2023 to approximately 60,000 colleagues, with broad parts of the UK workforce receiving a further salary increase of at least 7% in April 2023. We will build on this in April 2024, continuing to target fixed pay spend to our A and B grade colleagues and further increasing our minimum rate of pay in the UK to £23,500 pro-rata. In December 2023, the committee agreed that no salary increases would apply from 1 April 2024 for the Group CEO, who had been appointed for an initial period of 12 months, and Group CFO. This compares to an average salary increase for the global workforce at 4%. Mr Thwaite has since been appointed permanently as Group CEO with effect from 16 February 2024. Pay arrangements for the executive directors for the 2024 performance year are on page 150, including in respect of Mr Thwaite being appointed permanently as Group CEO.

Wider workforce considerations have remained a key focus of the committee throughout 2023. We believe it is imperative that we continue to monitor and discuss colleague sentiment with regard to both performance and pay matters, and I therefore attended the Colleague Advisory Panel (CAP) in May 2023 to discuss colleague remuneration and benefits, as well as our approach to executive pay and its link to our strategy and purpose. These ongoing two-way discussions with colleagues are a valuable tool to deepen our understanding of colleague views and also to explain the alignment between our executive director and wider workforce pay policies. More details of our work with the CAP are on page 136.

After good committee discussion on what would further drive individual and organisational performance, in late 2023 we announced Beyond – our changes to performance management for all colleagues, including the removal of performance ratings for 2024 and onwards and a changing approach to managing goals, feedback and pay.

NatWest Group has been an accredited Living Wage Employer in the UK since 2014 and sets pay levels above the real living wage (RLW) rates. In 2023, we were also pleased to be certified as a Regional Living Wage Employer for our global operations, recognising that our rates of pay for our colleagues outside the UK are at or above the living wage threshold as defined by the Fair Wage Network.

In last year's report I announced our new Sharing in Success scheme for all colleagues. The scheme is intended to recognise One Bank behaviours, drive a performance culture with purpose-led outcomes and further align colleagues with our strategic direction. The scheme is a welcome addition to our employee value proposition, alongside broader policy enhancements, which will help in light of market

Performance highlights

Income growth

12.13%

2022: 26.15%

Attributable profit

£4,394 million

2022: £3,340 million

RoTE

17.8%

2022: 12.3%

Climate and sustainable funding and financing⁽¹⁾

£29.3 billion

2022: £24.5 billion

Shareholder returns through dividends and buybacks

£3.6 billion

2022: £5.1 billion

(1) Cumulative contribution of £61.8 billion towards £100 billion between 1 July 2021 and the end of 2025 target.

Directors' remuneration report continued

competition for talent. For 2023, we measured success based on financial performance, our approach to risk, helping our customers thrive, living up to our climate targets and ambitions, and delivering value for shareholders. Our first award under our Sharing in Success scheme will be awarded in May 2024, with a share award of £1,000 to all eligible employees (adjusted for local salary levels), subject to shareholder approval of the recommended dividend at the April 2024 Annual General Meeting (AGM). More details of our Sharing in Success scheme are on page 134.

I am also proud of our new Partner Leave policies launched in 2023 which support all eligible employees with significantly more time away from work to help their partner look after their new child. The policies introduce significantly enhanced pay and leave for eligible fathers and partners to share the caring responsibilities. The policy is open to both same-sex parents and heterosexual parents, ultimately championing the potential of both parents and promoting gender equality in the workplace. Colleague feedback has been overwhelmingly positive, with over 1,200 colleagues benefiting from the policy.

Financial wellbeing is vitally important, and colleagues are supported with access to pension and protection products, shopping discounts, as well as a comprehensive range of financial health initiatives. Over 20,000 colleagues contribute to our Sharesave scheme each month, which is available to approximately 97% of colleagues, with participants across the UK, Ireland, India and Poland. It provides an opportunity for colleagues to benefit from increases in the NatWest Group share price with limited risk, encouraging financial capability and aligning their interests with shareholders, and is particularly popular with colleagues at A-C grades. I am pleased that our 2023 Sharesave offer proved to be the most successful in recent memory, and this demonstrates colleagues are responding to our support for colleague share ownership and financial wellbeing.

Bonus pool for the wider workforce

The bonus pool is based on a balanced range of strategically important measures including; financial performance, customer outcomes, colleague experience and diversity, risk management, risk events and progress against our climate and purpose ambitions. The committee agreed a 2023 bonus pool of £356.0 million for those colleagues eligible to receive an award. This is around 3% lower than the 2022 bonus pool of £367.5 million, despite a larger bonus eligible headcount. The bonus pool outturn reflects the impact on shareholders this year due to missed guidance, despite increased group operating profit of 20.4% year-on-year.

Pay gap reporting

We are making good progress in building a diverse, equitable and inclusive workplace and the committee reviews gender and ethnicity pay gap metrics as part of the process. This is the sixth year we have published ethnicity pay gap information on a voluntary basis.

Following our approach last year, we disaggregated our ethnicity pay gaps to compare Black, Asian, mixed and multiple and ethnic minority average hourly pay to that of White colleagues. We are confident that our colleagues are paid fairly, and our policies and processes are kept under review to make sure this continues to be the case. You can find full details of our pay gap reporting in the Strategic report and on natwestgroup.com.

Individual pay adjustments

In 2023, we concluded the accountability review into the events that led to the breaches of the Money Laundering Regulations 2007. None of the individuals in scope were found to be accountable on an individual level, but we recognise that the issues represent a collective failure. Colleagues who were bonus eligible in 2021 were impacted by a reduction in the

bonus pool when the fine was handed down, likewise the relevant senior executive committee members had their awards reduced to reflect the bonus pool adjustment. No further adjustment was deemed necessary for these individuals. However, the committee determined that similar adjustments should be made to ten ex-colleagues who were not impacted by the adjustments made in 2021 as they had left the bank. Further details are provided on page 137.

Remuneration outcomes for 2023

The assessment of performance against their annual bonus scorecards resulted in a scorecard outcome of 53.6% for Mr Thwaite and 52.3% for Ms Murray, including the impact of downwards risk modifiers to reflect risk performance against core goals, balanced by strong leadership behaviours. Mr Thwaite received a separate discretionary award in respect of the portion of 2023 when he was CEO of the Commercial & Institutional franchise. Further details of this award are not included within this report as it does not relate to his time as an executive director. The committee considered the outcomes for Mr Thwaite and Ms Murray to be a fair reflection of performance and felt no further discretionary adjustments were required.

Performance measures	Weighted outcome
Financial (60%)	25.2% out of 60%
Return on Tangible Equity (30%)	14.2%
Income growth (10%)	3.2%
Cost reduction (10%)	2.8%
Medium-term capital target (10%)	5.0%
Strategic (35%)	25.1% out of 35%
Climate (10%)	7.8%
Customer (10%)	4.8%
Purpose, culture and people (10%)	8.3%
Enterprise and capability (5%)	4.2%
Personal (5%)	
Group CEO personal performance	4.0%
Group CFO personal performance	2.5%
Post application of risk modifier (0-100%)	
CEO Outcome	53.6%
CFO Outcome	52.3%

Grant of 2024 Restricted Share Plan (RSP)

The committee also approved that RSP awards for Mr Thwaite and Ms Murray would be granted at maximum as satisfactory performance had been achieved over the year prior to award. The vesting of the RSP awards will be subject to assessment against pre-determined criteria that consider whether sustainable performance has been delivered over the three years after grant. Full details of the annual bonus and RSP performance assessments can be found on pages 143 and 148.

Directors' remuneration report continued

Vesting of long-term incentive (LTI) awards granted in 2021

LTI awards were granted to Mr Thwaite and Ms Murray in March 2021. Prior to the awards being granted to Mr Thwaite and Ms Murray, reductions of 55.2% and 54.5% respectively were applied to the maximum award as a result of the pre-grant performance assessment over 2020. In December 2023, we considered whether anything had come to light since the grant which would change our original view of performance. Based on the pre-vest assessment, the committee concluded that there had been no material deterioration in financial, customer, risk, culture or purpose-linked performance since grant. Therefore, a sustainable level of performance had been achieved over the period and no further adjustments were necessary under the pre-vest test. The committee also considered carefully whether any windfall gain had taken place in relation to the grant in 2021 and determined that no adjustment should be made, noting in particular that there had been no material fall in share price compared to the prior year grant and pre COVID-19 level. The share price used to determine the number of shares subject to the award was in fact 9.7% higher on a like-for-like basis relative to the prior year grant and 18.8% lower relative to the level pre COVID-19. It was noted that both these figures are less than 20%, the level above which further consideration would typically be given to an adjustment. Further details of the performance assessment and consideration of windfall gains can be found on page 147.

Implementation of the Policy for 2024

Under our Policy, annual bonus awards, with formulaic weighted measures and purpose-led targets, are complemented by RSP awards that support longer-term performance and shareholder alignment. This construct provides restrained pay outcomes, alignment between the interest of our executive directors and shareholders and incentivises sound risk management.

In December 2023, the committee agreed that no salary increases would apply from 1 April 2024 for the Group CEO, who had been appointed for an initial period of 12 months, and Group CFO. This compares to an average salary increase for the global workforce at 4%. The maximum bonus opportunity and RSP awards for executive directors in 2024 remains unchanged at 100% of salary and 150% of salary respectively. The committee reviewed the 2024 performance measures for annual bonus awards and the underpin criteria for RSP awards, as detailed later in this report, which remain unchanged and continue to align with our purpose-led strategy.

Mr Thwaite has subsequently been permanently appointed as Group CEO and the committee has reviewed his remuneration arrangements in accordance with the Policy. With effect from 16 February 2024 his base salary will be £1,155,660 per annum, an increase of 10% from his current salary of £1,050,000 per annum which was set at the time of his appointment on 26 July 2023 for an initial period of 12 months. His fixed share allowance will continue to be set at 100% of salary and he will also receive standard benefit funding of £26,250 per annum and standard pension funding of 10% of his salary. This sets Mr Thwaite's fixed pay at the same level as the fixed pay previously paid for the Group CEO role prior to his appointment in July 2023.

The committee noted that pay of our executive directors continues to remain below the target total compensation opportunity of other major UK banks. The committee remains very aware of the importance of recognising good performance and the need to attract and retain highly talented colleagues.

New Employee Share Plan

At the 2024 AGM we will seek approval for the NatWest Group plc 2024 Employee Share Plan. This will replace, and largely replicates, the 2014 Employee Share Plan, which expires in June 2024. It is intended that all non-tax advantaged share awards granted after March 2024 to both senior executives and colleagues, including annual bonus and RSP awards, will be granted under the new 2024 Employee Share Plan. Further details, including a plan summary, will be set out in the Letter to Shareholders.

Looking ahead

How we reward and support colleagues remains of critical importance. Our approach is to reward colleagues in a fair, sustainable and transparent way. In 2024 we will roll out Beyond, our redesigned approach for performance management including goals, feedback and pay. This will aim to drive a culture of high performance and create a better experience for colleagues. In 2024, the committee will also continue focus and discussion on wider workforce considerations.

Our executive directors' strategic scorecard for the last ten years has evolved to include people, climate, enterprise and financial capability measures alongside established focus on delivering against key financial metrics and customer and risk considerations. ESG metrics are also a core part of our performance assessment for our bonus pool. We will continue to use ESG performance metrics for variable pay that are demanding, quantifiable and clearly linked to our strategy.

During 2023 we engaged with the current Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) 'Diversity and Inclusion' consultation and will continue to contribute to the important discussion on how the pace of meaningful change in diversity and inclusion can be accelerated in financial services. In October 2023 the FCA/PRA published a revised policy statement announcing the removal of the variable pay cap for UK banks. NatWest Group has operated a variable pay cap of one times fixed pay since the regulations came into force in 2014. Whilst we do not anticipate making any immediate changes to our existing construct, we have increased our normal maximum variable to fixed pay ratio to 2:1, although this is expected to be used on a gradual and targeted basis. This should align NatWest more closely to peers, ensuring we have the flexibility to remain competitive. No changes are being made to the executive directors whose remuneration will be determined based on the terms of our Policy, approved at the 2022 AGM.

The three-year term of our current Policy comes to an end at the 2025 AGM. The committee will review our current approach and consider how it should evolve considering the need to have a market competitive pay to retain and attract talent, and maintain strong alignment with shareholders' interests. The committee will also consider whether any changes are required to our approach noting the removal of the variable pay cap. We will engage with our large shareholders and proxy advisory bodies to understand their perspectives prior to bringing our new Policy for shareholder approval at the 2025 AGM.

I hope this letter and the information that follows will explain our approach in 2023 to remuneration. I am grateful for the support of our stakeholders during this process and would like to thank my fellow committee members for their valuable contribution.

Lena Wilson, CBE

Chair of the Group Performance and Remuneration Committee

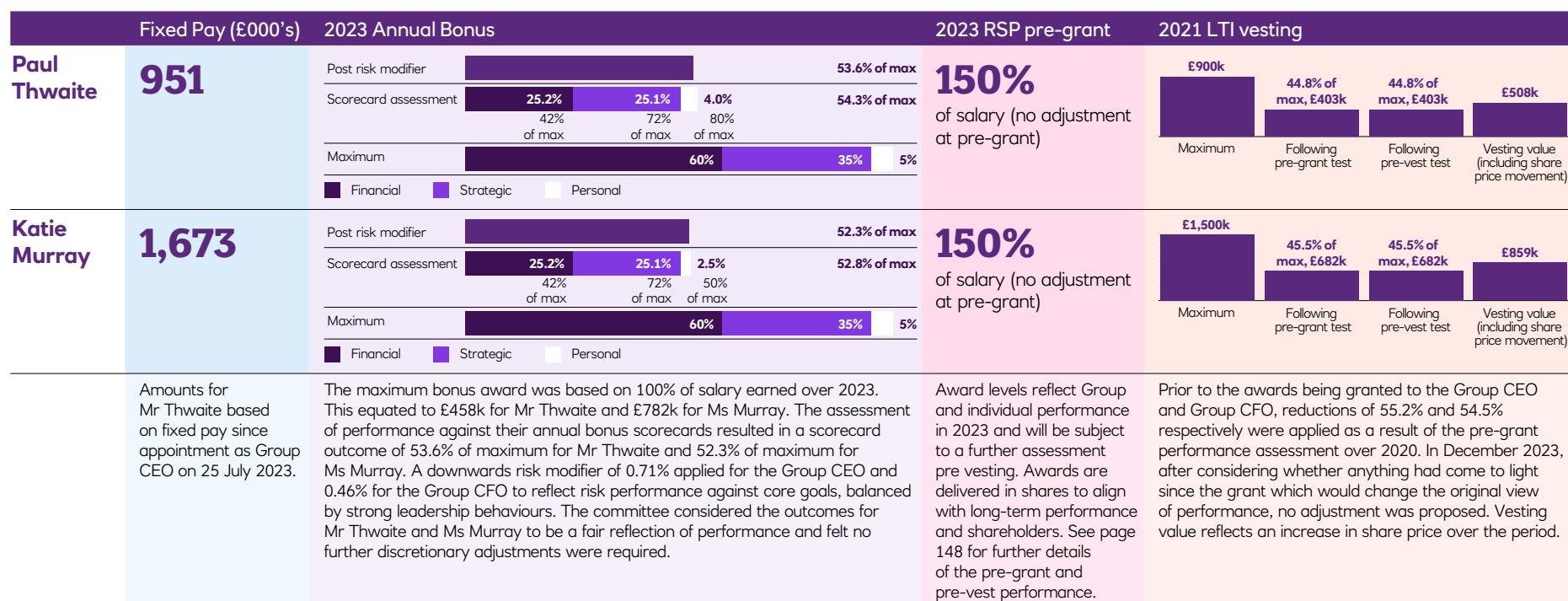
15 February 2024

Remuneration at a glance

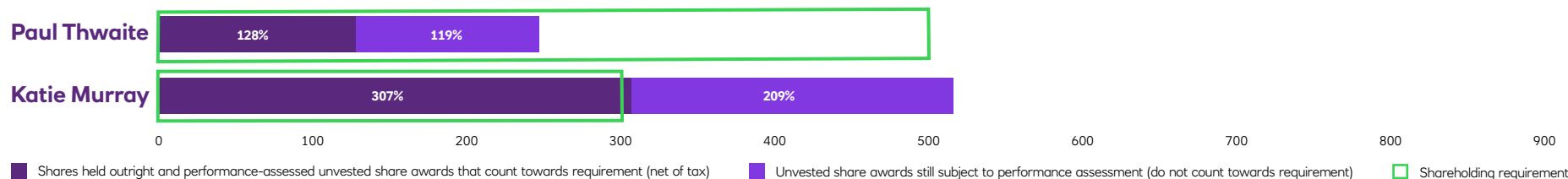
Executive director remuneration outcomes (£000's)

		Paul Thwaite					Alison Rose		Katie Murray				
		Fixed Pay	Bonus	RSP/LTI	Sharesave	Total	Fixed Pay	Total	Fixed Pay	Bonus	RSP/LTI	Sharesave	Total
Pay outcomes	Awarded for 2023	951	245	1,216	2	2,414	1,452	1,452	1,673	409	1,173	3	3,258
	Single figure 2023	951	245	508	2	1,706	1,452	1,452	1,673	409	859	3	2,944

Fixed pay Annual Bonus RSP award 2021 LTI Sharesave

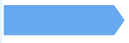
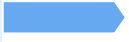
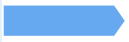

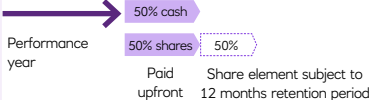
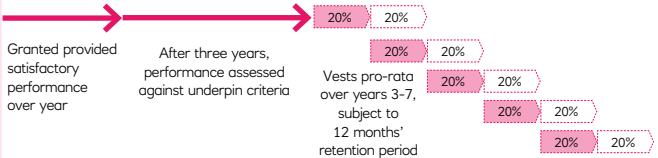




Shareholding requirements for executive directors as at 31 December 2023



Remuneration at a glance continued


Summary of Policy and implementation in 2024

Key elements	Performance year	Variable pay grant year	+1	+2	+3	+4	+5	+6	+7	+8	+9	+10	Summary of Policy and Implementation in 2024
Salary													Any increase will not normally be greater than the average salary increase for NatWest Group employees over the period of the policy. Other than in exceptional circumstances, the salary of an executive director will not increase by more than 15% over the course of this policy. Implementation in 2024: No salary increase is proposed for the Group CFO for 2024. The Group CEO's salary will increase with effect from 16 February 2024 as result of his permanent appointment. Group CEO: £1,155,660 Group CFO: £787,950
Pension													Pension contribution, aligned to the wider workforce, at 10% of base salary. Mr Thwaite has been a member of NatWest Group's defined benefit pension scheme. He is entitled to a pension allowance of 10% of salary. He exchanged this and a portion of his other fixed pay for participating in the defined benefit scheme. Mr Thwaite will become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements.
Benefits													£26,250 standard benefit funding. Other benefits can be paid within the terms of the Policy.
Fixed Share Allowance													100% of base salary. Shares released over five years. Payable broadly in arrears over the performance year, currently in four instalments per year.
Bonus													Maximum award: 100% of salary. Operation: Awarded upfront with a 50/50 split of cash and shares. Annual bonus assessed based on a weighted scorecard of strategic measures, as set out below. A downwards risk modifier also applies.
				Financial metrics		Weighting	Non-financial metrics		Weighting				
				Group RoTE		30%	Climate		10%				
				Group underlying income excl. notable items		10%	Customer		10%				
				Group operating expenses excl. litigation and conduct costs		10%	Purpose, culture and people		10%				
				CET1		10%	Enterprise and capability		5%				
							Personal		5%				
				Total		60%	Total		40%				
Restricted Share Plan													Maximum award: 150% of salary Operation: Delivered in shares, vesting in equal tranches over years three to seven with a 12-month holding period following each vesting. Metrics: RSP awards subject to satisfactory performance before grant and an underpin after three years to check performance has been sustainable.
Share ownership													CEO: 500% of salary CFO: 300% of salary On leaving, requirement to hold shares of a value equal to the lower of the shareholding requirement immediately prior to departure or the actual shareholding on departure, for a period of two years.
Malus and clawback													Any variable pay awarded is subject to malus prior to vesting and clawback for seven years from grant, extended to ten years in certain circumstances. See page 137 for further details.







Remuneration at a glance continued

Linking executive and wider workforce pay to our strategy and ESG priorities

Our purpose

 NatWest Group champions potential, helping people, families and businesses to thrive.
Because when they thrive, so do we.


Stakeholders

 Investors  Regulators
 Customers  Communities
 Colleagues  Suppliers


Strategic priorities

 Supporting customers at every stage of their lives
 Simple to deal with
 Sharpened capital allocation
 Powered by people, technology, innovation and partnerships


Climate


 We have made helping to address the climate challenge and supporting our customers in their transition to net zero a key strategic priority.









Enterprise

 Our ambition is to remove barriers to enterprise and to provide businesses in the UK the support they need to grow.

Learning

 We are helping people to take control of their finances, to make the most of their money, safely and securely – now and in the future.

 [Read more on page 9.](#)

	Annual bonus	RSP awards	Sharing in Success
Performance measures for 2023	<ul style="list-style-type: none"> Financial performance Customer scores Climate Purpose, culture and people Enterprise and capability Risk 	<ul style="list-style-type: none"> Sustainable performance required Underpin criteria based on capital, shareholder distributions, risk and control environment Long-term payment in shares to align with performance and shareholders 	<ul style="list-style-type: none"> Financial performance Helping our customers thrive An intelligent approach to risk Living up to our climate ambitions and targets Delivering value for our shareholders
			
			
			
Alignment with our strategy and stakeholders	<ul style="list-style-type: none"> Delivering on our strategy helps to support growth, makes a positive contribution to society and drives sustainable returns for our shareholders. Linking performance with pay encourages everyone to work and think as One Bank. Goals and measures for executive directors cascade to senior management and the wider workforce, based on our latest strategic priorities. While ambitions can stretch over several years, we set measures and targets for each year. For example, one of our focus areas is supporting our customers in their transition to net zero and you will see climate targets in our annual bonus and Sharing in Success outcome for 2023. Having a balanced scorecard of measures and targets helps to incentivise strong financial and risk performance as well as purpose-led outcomes. Pay is delivered in a way that aligns with the long-term interests of our stakeholders. For those that receive higher amounts of remuneration, it is increasingly delivered in shares and subject to long holding periods. Through malus and clawback, we can recover pay where new information comes to light. 		
Alignment with our ESG priorities	<ul style="list-style-type: none"> People measures have featured in the performance and pay decisions of our executive directors for over ten years. Our approach has evolved beyond employee engagement to include purpose and culture targets as well as creating a diverse and inclusive workplace. For 2023, our climate focus included an increased target for climate and sustainable funding and financing as well as progressing our Climate transition plan. There are also targets to build the financial capability of our customers, encourage youth participation in enterprise and provide support for harder to reach groups with higher barriers to entering and growing a business. Turning to the wider workforce, the annual bonus pool is based on a balanced scorecard which includes climate, enterprise, financial capability, purpose, culture and people measures, broadly aligning with the position for the executive directors. Allocation from the pool depends on the performance of the business area and the individual. Sharing in Success provides a further way for sustainable performance to be reflected in the pay outcomes throughout the organisation. 		

 Details of performance against the 2023 targets for executive directors can be found later in this report. You can also find information on how our executive director performance measures align with the five principles of a purpose-led business in our ESG Disclosures Report, available on natwestgroup.com.

Wider workforce support in 2023



Sharing in Success


Our new Sharing in Success scheme for all colleagues is intended to recognise One Bank behaviours, drive a performance culture with purpose-led outcomes and further align colleagues with our strategic direction.

For the 2023 performance year we measured success based on: financial performance, our approach to risk, helping our customers thrive, living up to our climate targets and ambitions, and delivering value for shareholders. The first awards will be delivered in May 2024, subject to shareholder approval of the recommended dividend at the April 2024 AGM. This will be delivered to colleagues in NatWest Group shares at a value of £1,000 per colleague (adjusted to local levels of £575 for Poland and £375 for India). For 2024, we will measure success based on financial performance, our approach to risk, being brilliant for our customers, and delivering value for shareholders.

Global Living Wage

We are proud to be accredited as a Living Wage Employer by the Living Wage Foundation, demonstrating our commitment to paying wages that meet the true cost of living in the UK. Our rates of pay continue to exceed the Living Wage Foundation benchmarks. This commitment also includes our contractors and suppliers across the UK.

For our hubs outside the UK, we continue to pay above the minimum and living wage rates. In 2023, we furthered our commitment to fair pay by achieving accreditation as a Regional Living Wage Employer from the Fair Wage Network and are now recognised as a Global Living Wage Employer.



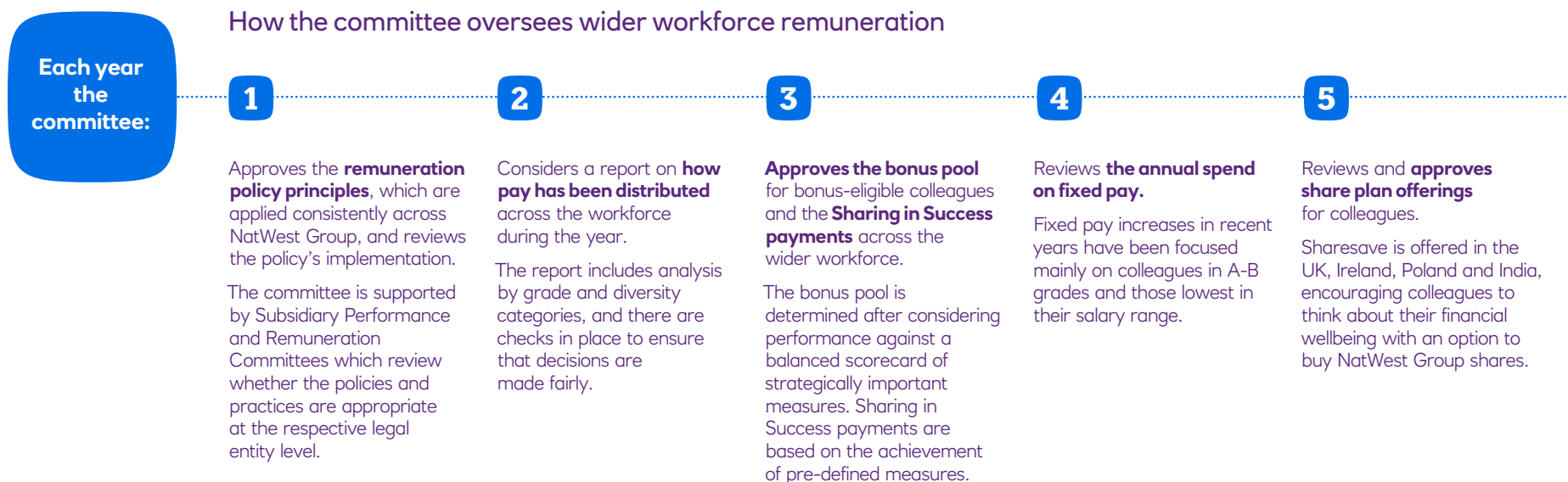
Ongoing enhancements to employee benefits



We offer a comprehensive range of benefits to employees to support our aim of being a truly inclusive organisation.

As part of our private medical cover benefits, we introduced a new 'Neuro-developmental Pathway' from October 2023. This is an expert-led service, which provides initial assessment and diagnosis of Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorder (ASD) and Tourette's syndrome. The cover has been specially designed to provide short-term support following diagnosis, either through adapted Cognitive Behavioural Therapy (CBT) and/or prescription and stabilisation of medication for ADHD.

How the committee oversees wider workforce remuneration



Wider workforce support in 2023 continued

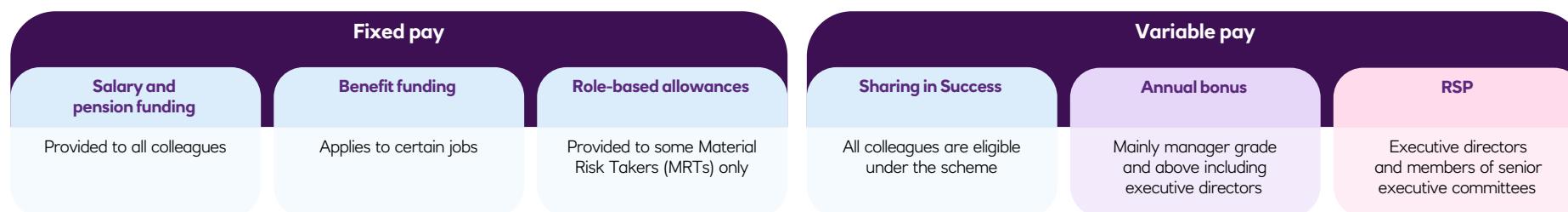
Wider workforce remuneration

How we align wider workforce and executive directors' remuneration

We have invested significantly in colleague⁽¹⁾ pay over the last few years to help large parts of the workforce with the cost-of-living crisis, as well as to deliver on our commitment to deliver fair levels of pay throughout the organisation. The remuneration policy supports a culture where individuals are rewarded for sustained performance and demonstrating the right behaviours. The same principles apply to everyone, adjusted to comply with local requirements. The principles are designed to:

- 1 support a performance culture** – we recognise colleagues' skills and experience, the responsibilities of their job and their geographic location. Ultimately, we pay for performance, underpinned by a robust performance management process;
- 2 be market facing** – we benchmark ourselves against peers and ensure our pay is fair, competitive and affordable; and
- 3 ensure compliance and governance** – our reward design must be within policy, meet the expectations and requirements of our regulators and be appropriately aligned with the expectations of our shareholders and customers.

All colleagues		Certain colleagues depending on location, grade or job			Senior executives only
Base salary & pension funding	Sharing in Success	Benefits and share plans	Role-based allowances	Annual bonus share plans	RSP awards
A competitive level of salary paid in cash and reviewed annually. Set to reflect the talents, skills and competencies that the individual brings to the business. Additional funding is provided which colleagues can use to save in a company pension scheme. UK colleagues receive pension funding at 10% of base salary. Rates in other locations reflect local market practice.	We launched our new Sharing in Success scheme in 2023, to recognise the contribution of all colleagues to our success and the achievement of our purpose-led strategic goals. Subject to performance criteria being met, awards will be delivered to colleagues in NatWest Group shares. Awards will have a maximum value of £1,500 per colleague (adjusted for local salary levels).	Some colleagues receive funding which they can use towards the cost of benefits or take as cash. Benefits offered include life assurance, critical illness protection, private medical cover and childcare vouchers. Individuals in some jurisdictions can also join share plans, providing an efficient way to buy NatWest Group shares and align their interests with our shareholders.	Role-based allowances reflect the skills and experience required for certain jobs. These are part of fixed remuneration for regulatory purposes. They are delivered in cash and/or shares depending on the level of the allowance and the seniority of the recipient. Shares are released in instalments over a minimum three-year period with a five-year period applying to executive directors.	We reward individuals for delivering superior performance in line with risk appetite. The bonus pool is based on a scorecard of measures across our core strategic areas and our purpose. Allocation from the pool depends on the performance of the business area and the individual. Awards are made in cash and/or shares with larger amounts paid out over several years.	Encourages sustainable long-term performance. Awards are delivered entirely in shares to align with shareholders' interests. Checks take place before grant and again after three years to ensure sustained performance has been achieved. Awards are paid out over eight years in total to encourage long-term thinking when making decisions. RSP participants are also subject to shareholding requirements.



Pay for executive directors is aligned with the wider workforce, with two main differences: (i) the use of RSP awards; and (ii) a requirement to maintain a holding of shares in NatWest Group, both during and after employment. These differences are deliberate and recognise that it is in the best interests of our stakeholders for executive directors to have a significant proportion of their remuneration paid in shares and subject to long-term shareholding requirements.

(1) Colleagues mean all permanent employees and, in some instances, members of the wider workforce e.g. temporary employees and agency workers.

Summary of the Policy for executive directors

The Policy was approved by shareholders at the AGM on 28 April 2022 and will apply until the 2025 AGM unless changes are required. There are no changes requiring shareholder approval at this time. A summary of the Policy is set out below together with how the Policy supports alignment with Provision 40 of the UK Corporate Governance Code (the Code). The full Policy can be found under the Governance section of natwestgroup.com.

Purpose and link to strategy	Operation	Maximum opportunity	Alignment with Provision 40 of the Code
Base salary Providing fair levels of base salary supports the recruitment and retention of high-calibre executives to develop and deliver strategic priorities.	Base salary is paid monthly in cash and reviewed annually. Rates are determined based on the individual's role, skills and experience and are benchmarked against market and peer practice. No increase to base salaries is proposed for 2024. See the implementation of the Policy for 2024 on page 150 for details.	Any salary increases will not normally be greater than the average salary increase for NatWest Group employees over the period of the Policy. Other than in exceptional circumstances, an executive director's salary will not increase by more than 15% over the course of the Policy.	Risk Base salary is set at a competitive level which means there is less reliance on variable pay. This helps to discourage excessive risk-taking. Alignment with culture Base salary increases generally aligned to, or lower than, the average increase for the wider UK workforce.
Fixed share allowance Additional fixed pay that reflects the skills and experience required as well as the complexities and responsibilities of the role.	A fixed allowance paid entirely in shares. Individuals receive shares that vest immediately subject to any deductions for tax purposes. Shares are released on a pro-rata basis over five years from the date of each award. The directors are entitled to any dividends paid on the shares.	An award of shares with an annual value of up to 100% of base salary at the time of award.	Risk The fixed share allowance further supports the delivery of a balanced remuneration policy, with a suitable mix of fixed and variable pay. The allowance also creates alignment with the experience of shareholders given it is paid entirely in shares.
Benefits Providing a range of flexible and market competitive benefits that colleagues value and that help them carry out their duties effectively.	Executive directors can select from a range of standard benefits including a company car, private medical cover, life assurance and critical illness insurance. Travel assistance is provided in connection with company business, including the use of a car and driver. Security arrangements may be put in place where that is deemed appropriate. NatWest Group will meet the cost of any tax due on these benefits.	A set level of funding for standard benefits (currently £26,250 per annum). We disclose the total value of benefits provided each year in the Annual remuneration report. The maximum value of benefits will depend on the type of benefit and the cost of providing it, which will vary according to market rates.	Proportionality A competitive benefits offering, which can be tailored to individual circumstances, together with broader support for executive directors to assist them in carrying out their duties.
Pension Encouraging planning for retirement and long-term savings.	A monthly pension allowance of 10% of salary paid in cash. This allowance can be used, along with other elements of pay, to participate in a pension scheme.	The standard pension allowance rate is the same as that applicable to the vast majority of the UK workforce (currently 10% of base salary). Mr Thwaite was a member of NatWest Group's defined benefit pension scheme prior to becoming an executive director, and when appointed as Group CEO in July 2023 he continued to participate on the same terms as applicable to him in his previous role based on the legacy provisions of the Policy, see page 141 and 142 for more information.	Alignment with culture Standard pension rates for executive directors are aligned with the rate offered to the wider workforce. Mr Thwaite has confirmed that, following his permanent appointment to the role of Group CEO, he will become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements.

Summary of the Policy for executive directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Alignment with Provision 40 of the Code
<p>Annual bonus</p> <p>Supporting a culture where individuals are rewarded for the delivery of superior performance, with measures and targets reflecting NatWest Group's strategic priorities and purpose.</p> <p>Performance is assessed based on a range of financial and non-financial measures that encourage long-term value creation.</p> <p>Awards are subject to malus and clawback adjustments to support long-term decision making.</p>	<ul style="list-style-type: none"> – financial measures account for between 50% and 60% of the annual bonus opportunity. – non-financial measures account for at least 30% and personal measures may be used up to a maximum of 10% of the scorecard. – awards will be delivered 50% in shares and 50% in cash. – awards will be deferred in combination with RSP awards to meet regulatory requirements. – a post-vesting retention period will apply to the amount delivered in shares (currently 12 months). – malus provisions apply prior to vesting and clawback applies for seven (and potentially up to ten) years from the date of award. 	<p>Bonus awards will be granted up to a maximum value of 100% of base salary. The value of awards can also reflect a discount for long-term deferral, in line with regulatory guidelines.</p> <p>The level of the award can vary between 10% for threshold performance and 100% for maximum performance. Target performance will pay out at 50% of maximum.</p> <p>You can find the proposed performance measures and weightings for the 2024 financial year on page 151.</p>	<p>Clarity</p> <p>There is clarity on how performance will be assessed and the expected behaviours. We provide transparency through detailed disclosure and engage with shareholders as well as the workforce on our approach to executive pay.</p> <p>Simplicity</p> <p>Most of the remuneration for executive directors is share-based and subject to deferral and retention requirements, which creates simple and significant alignment with our shareholders.</p> <p>Risk</p> <p>We take risk into account at various stages of the performance assessment process, with underpins and malus and clawback provisions to adjust awards if necessary.</p>
<p>RSP awards</p> <p>Supporting sustainable performance over a multi-year period.</p> <p>Awards are delivered entirely in shares over many years to create simple and effective alignment with shareholders over the long term.</p> <p>Malus and clawback provisions discourage excessive risk-taking and other inappropriate behaviours.</p>	<ul style="list-style-type: none"> – an award will be granted provided performance has been satisfactory over the prior year. – after three years, performance will be assessed against pre-determined underpin criteria. – awards will vest in combination with annual bonus awards to meet regulatory requirements for deferral (currently between three to seven years after grant). – a post-vesting retention period will apply (currently 12 months). – malus provisions apply prior to vesting and clawback applies for seven (and potentially up to ten) years from the date of award. – the number of shares for RSP and bonus awards may be calculated using a price that is discounted to reflect the absence of the right to receive dividends or dividend equivalents during the vesting period. 	<p>RSP awards will be granted up to a maximum value of 150% of base salary. The value of awards can also reflect a discount for long-term deferral, in line with regulatory guidelines.</p> <p>Subject to the underpin criteria, the vesting level of RSP awards can vary between 0% and 100% of the original number of shares granted.</p> <p>The expected vesting level is 100% of maximum with safeguards in place to ensure there are no payments for failure. See page 152 for further information on RSP awards to be granted for the 2024 financial year.</p>	<p>Predictability</p> <p>RSP award levels are intended to be more predictable and linked to long-term performance, helping to support prudent risk management.</p> <p>Proportionality</p> <p>Variable pay cannot be awarded above the level of fixed pay. We believe this is a restrained and proportionate approach to executive remuneration.</p> <p>Alignment to culture</p> <p>Variable pay is subject to sustainable performance and progress against our purpose-led strategic goals. Payments are made over many years to encourage long-term thinking.</p> <p>Shareholding requirements further align the interests of executive directors with the returns to shareholders.</p>
<p>Shareholding requirements</p> <p>Executive directors must build and continue to hold a significant shareholding both during and after employment.</p>	<ul style="list-style-type: none"> – shares and unvested awards count on a net-of-tax basis towards the requirement once any performance assessment has taken place. – on leaving, shares must be held for a period of two years and procedures are in place to enforce the requirement. 	<p>CEO – 500% of salary.</p> <p>CFO – 300% of salary.</p>	

Summary of the Policy for executive directors continued

Remuneration for the Chairman and non-executive directors

Purpose and link to strategy		Operation	Maximum opportunity
Fees	Competitive fees that reflect the skills, experience and time commitment required for the role.	Fees can be paid in cash, shares or a combination of the two. From 2023, a portion of fees are used to purchase shares under a new shareholding policy for the Chairman and the non-executive directors. Further details are set out on page 152.	The rates for the year ahead are set out in the Annual remuneration report.
	Fees are set at an appropriate level to attract individuals with the attributes needed to oversee the Board's strategy.	The level of fees is reviewed regularly. Additional fees may be paid for new Board Committees provided these are not greater than fees payable for the existing Board Committees. No variable pay is provided so that the Chairman and non-executive directors can maintain appropriate independence.	Any increases to fees will not normally be greater than the average inflation rate or salary increases for the wider workforce. Other than in exceptional circumstances, fees will not increase by more than 15% over the course of the Policy.
Benefits	Providing a level of benefits in line with market practice.	The Chairman and non-executive directors are entitled to travel assistance in connection with company business including the use of a car and driver. NatWest Group will meet the cost of any tax due on the benefit. Other benefits may be offered in line with market practice.	The value of the private medical and life insurance cover for the Chairman, as well as other benefits, will be in line with market rates and disclosed in the Annual remuneration report.
		The Chairman is entitled to private medical cover and life insurance cover provided the Board considers the costs to be reasonable.	

Other policy elements for Directors

Element	Operation			
Recruitment policy	When recruiting new directors, the Policy aims to be competitive and to structure pay in line with the framework applicable to current directors, recognising that some adjustment to quantum may be necessary to secure the preferred candidate. A buy-out policy exists to replace awards forfeited or payments forgone, which is in line with regulatory requirements.			
Notice and termination provisions	<p>Under service contracts, NatWest Group or the executive director is required to give 12 months' notice to the other party to terminate the employment. There is discretion for NatWest Group to make a payment in lieu of notice (based on salary only). The Chairman and the non-executive directors do not have notice periods and no compensation will be paid in the event of termination, other than standard payments for the period served up to the termination date.</p> <p>Non-executive directors have letters of appointment instead of service contracts and are appointed for three years initially. At the end of this term, a further three-year term may be agreed, and non-executive directors may be invited to serve beyond six years, up to a maximum tenure of nine years. The Chairman is subject to the Code's requirements relating to the maximum tenure period for chairs. All directors stand for annual election or re-election by shareholders at the AGM.</p>			
Effective dates of appointment for directors	Howard Davies – 14 July 2015 Frank Dangeard – 16 May 2016 Yasmin Jetha – 21 June 2017	Paul Thwaite – 25 July 2023 Roisin Donnelly – 1 October 2022 Stuart Lewis – 1 April 2023	Katie Murray – 1 January 2019 Patrick Flynn – 1 June 2018 Mark Seligman – 1 April 2017	Rick Haythornthwaite – 8 January 2024 Lena Wilson – 1 January 2018
Treatment of outstanding share plan awards on termination	<p>On termination, we will treat awards in accordance with the relevant plan rules or other terms on which they were granted. Any deferred annual bonus awards that are unvested will normally lapse on leaving unless good-leaver circumstances apply, in which case the awards will normally continue to vest on the original vesting dates. In good-leaver circumstances, individuals will be eligible to be considered for an annual bonus award for their final year of employment.</p> <p>RSP awards that are unvested will normally lapse on leaving unless specified good-leaver circumstances apply. For good leavers, awards are pro-rated for time served during the three-year performance period and will normally continue to vest on the original vesting dates. Individuals will not be eligible to be considered for an RSP award for their final year of employment.</p>			

Annual remuneration report

Single total figure of remuneration for executive directors for 2023 (audited)

	Paul Thwaite (1)		Alison Rose (2)		Katie Murray	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Base salary	458	–	647	1,117	782	761
Fixed share allowance	458	–	647	1,117	782	761
Benefits	34	–	92	82	30	30
Pension	0	–	65	112	78	76
Total fixed remuneration	951	–	1,452	2,428	1,673	1,628
Annual bonus	245	–	–	643	409	416
Long-term incentive	508	–	–	2,178	859	1,597
Sharesave	2	–	–	n/a	3	n/a
Total variable remuneration	755	–	–	2,821	1,271	2,013
Total remuneration	1,706	–	1,452	5,249	2,944	3,641

(1) Mr Thwaite was appointed as Group CEO on 25 July 2023. Remuneration above includes fixed pay since appointment as Group CEO and annual bonus in respect of period as Group CEO, together with the estimated vesting value of the full 2021 LTI award, including the value relating to the performance period prior to appointment.

(2) Reflects fixed remuneration paid to Ms Rose for the period to 25 July 2023, the date she stepped down from her role. In line with Ms Rose's service agreement, payment of her fixed pay elements are being made for her contractual notice period, which will end on 26 July 2024. See page 150 for further details.

Notes to the single figure table

Mr Thwaite has confirmed that, following his permanent appointment to the role of Group CEO, he will now become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements.

Fixed share allowance: The fixed share allowance is based on 100% of salary and, as part of fixed remuneration, is not subject to any performance conditions.

Benefits: Includes standard benefit funding at £26,250 per annum. The 2023 values reflect updated methodology for benefit calculations for travel assistance. For Mr Thwaite this includes travel assistance in connection with company business (£21,113) and assistance with home security (£1,700). For Ms Murray it includes travel assistance in connection with company business (£405) and assistance with home security (£3,349). For Ms Rose it includes travel assistance in connection with company business (£67,956) and assistance with home security (£9,618).

Pension:

The executive directors receive a monthly pension allowance of 10% of base salary.

Mr Thwaite has been an active member of NatWest Group's defined benefit pension scheme. For participating in this scheme, he was required to exchange part of his fixed pay. This was equivalent to 23.6% of his salary in respect of his services as Group CEO for FY23. This equated to £108,383 (made up of his 10% pension allowance £45,833 plus an additional amount of £62,549 of fixed pay). He also made member contributions to the scheme of 1.7% of salary, equivalent to £7,643 in respect of his services as Group CEO for FY23.

The value of the defined benefit pension for the period Mr Thwaite was an executive director is based on the capitalised pension accrual (net of CPI inflation) during the period less the direct employee contribution referenced above (£7,643). Due to the limit applied to increases in pensionable salaries and the CPI inflation figure required to be used in the calculation, the outcome of this calculation was negative £111,562.

As the aggregate value of these elements is negative, in line with the DRR regulations, the amount included within the single figure is zero.

Annual bonus: In determining bonus awards for 2023, the committee assessed performance against financial, strategic and personal measures as set out on page 143.

Long-term incentive: The 2023 value relates to LTI awards granted in 2021. Ms Rose voluntarily confirmed she did not wish to receive a LTI award for the 2020 performance year to signify that NatWest Group was aware of the need to demonstrate responsibility on pay, due to the magnitude of events relating to COVID-19. For Mr Thwaite and Ms Murray, the committee assessed performance prior to vesting and also considered whether the outcome could represent a windfall gain, as set out on page 146 and 147.

Sharesave: Figures represent our employee share plan Sharesave. For Mr Thwaite this includes a gain when shares under options were exercised and sold. For Ms Murray, options were exercised but not sold and the value therefore represents the notional gain based on the difference between the closing share price on the date of exercise and the exercise price. Sharesave options are not subject to performance conditions.

Annual remuneration report continued

Pension – additional disclosure to the single total figure table

Mr Thwaite has been an active member of the Main Section of the NatWest Group Pension Fund and his membership predated his Board appointment. He joined the Fund from The Royal Bank of Scotland Staff Pension Scheme (RBSSPS) as part of a 2002 merger with the National Westminster Bank Pension Fund. The RBSSPS was a defined benefit pension arrangement and was available to all employees recruited by the Royal Bank of Scotland at the same time as him. The Main Section is a funded defined benefit pension scheme that was closed to new joiners in 2006 and the future service contribution rate is currently 47.2% of salary. Since 2009, increases to pensionable salaries have been subject to a maximum annual increase of the lower of the increase in CPI, 2% and the member's basic salary increase.

The terms applicable to Mr Thwaite, in line with the terms applicable to all other employees who joined the Royal Bank of Scotland at the same time, were as follows:

- Normal Pension Age is age 60 unless members have chosen a Normal Pension Age of 65. For Mr Thwaite, the Normal Pension Age is 60 which normal retirement date is 20 September 2031.
- On retirement at Normal Pension Age, members are entitled to a pension, based on their service, up to a maximum of two thirds of final pensionable salary (subject to an Earnings Cap which is £205,200 for the tax year starting 6 April 2023 and increases annually broadly in line with increases in RPI) less a state pension offset from their State Pension Age.
- Mr Thwaite's pensionable salary as at 31 December 2023 was £140,042 and his accrued pension as at this date was £62,047.
- Members retiring on the grounds of ill-health are normally entitled to an unreduced pension based on service to Normal Pension Age.
- From age 55, members are entitled to leave the bank and with the consent of the bank receive a pension reduced to reflect its early payment (unless this was at the request of the bank, in which case there will be no reduction).

- On death in service, the following benefits are payable to dependants:
 - a lump sum of four times the lower of basic salary and the Earnings Cap (£205,200 for the tax year starting 6 April 2023 and increases annually broadly in line with increases in RPI) plus a refund of any voluntary pension contributions paid to the Fund;
 - a dependant's pension of 50% of the member's pension entitlements based on service to Normal Pension Age less a state pension offset from the recipient's State Pension Age; and
 - children's pensions totalling up to 50% (or 100% if no other dependant) of the member's pension entitlement.
- On death after retirement, the following benefits are payable to dependants:
 - if within the first five years of retirement, a lump sum equal to the balance of five years' instalments of the pension in payment;
 - a dependant's pension of 50% of the member's pension entitlement at death had they not given up any for a lump sum at retirement less a state pension offset from the recipient's State Pension Age; and
 - children's pensions totalling up to 50% (or 100% if no other dependant) of the member's pension entitlement.
- Pensions in payment will increase each year by the lower of 3% and the increase in the Retail Price Index other than where legislation requires a higher amount.
- Members must contribute 2% of their Contribution Salary to the Fund. For Mr Thwaite this equated to 1.7% of salary.

Mr Thwaite has confirmed that, following his permanent appointment to the role of Group CEO, he will become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements.



Annual remuneration report continued

Annual bonus performance assessment for 2023

The committee considered performance against financial and strategic non-financial measures set to reflect our purpose-led strategy as well as personal performance by the executive directors. Bonus awards of 50% of maximum would be expected to be made for the achievement of target performance. The outcome of the assessment against the measures and targets under the bonus scorecard is set out in full on the next page.

In line with leaving arrangements as disclosed on page 150, no bonus will be paid to Ms Rose in respect of service during 2023.

Mr Thwaite received a separate discretionary award in respect of the portion of 2023 when he was CEO of the Commercial & Institutional franchise. Further details of this award are not included within this report as it does not relate to his time as an executive director.

In respect of his bonus for the CEO role, the committee noted that Mr Thwaite quickly and effectively took leadership of NatWest Group and provided stability in challenging circumstances. He successfully handled business as usual matters as well as complex risk events over the second half of the year. Mr Thwaite has also successfully established relations with regulators and investors since his appointment. The committee also noted his support for and from his direct reports.

Ms Murray was also considered to have delivered good overall performance with strong engagement with investors throughout the year, and building a viable yet ambitious financial plan for 2024. The committee noted that good progress had been made on key programmes this year, which resulted in a clear plan for 2024 earlier than normal, and constructive engagement in challenging existing commitments. There had also been progress on building bench-strength in Finance.

The bonus scorecard takes into account the context in which performance was delivered. The committee considered a downward risk modifier which enables risk performance to be assessed and awards reduced, potentially to zero. Downward adjustments of 0.71% were applied to Mr Thwaite and 0.46% to Ms Murray to reflect risk performance against core goals, balanced by strong leadership behaviours. The committee believed the final outcome reflected the considerable achievements by the executive directors through a challenging year and therefore no further discretion was applied to the resulting award levels.

As the transition period for the Policy has ended, the maximum bonus award was set at 100% of base salary. The final bonus amounts are set out below and awards will be made in early 2024, split equally in cash and shares. Malus and clawback provisions apply to the awards and the shares will be subject to a 12-month retention period.

	Maximum award	Final bonus award	Award level %
Paul Thwaite	£458,333	£245,438	53.55%
Alison Rose	–	–	–
Katie Murray	£782,213	£409,097	52.30%



Annual remuneration report continued

Annual bonus performance assessment for 2023

Annual bonus measures	Minimum (10% payable)	On target (50% payable)	Maximum (100% payable)	Weighting	Weighted outcome
Financial (60%)					
Group RoTE (1) (3)	14.0%	15.7%	17.4%	30%	14.17%
	Achieved 15.6%				
Group underlying income excluding notable items (2) (3)	£13.8 billion	£14.8 billion	£15.8 billion	10%	3.16%
	Achieved £14.3bn				
Group operating expenses, excluding litigation and conduct costs	£7.7 billion	£7.6 billion	£7.5 billion	10%	2.84%
	Achieved £7.64bn				
Progress to medium-term capital target (4)	n/a	CET1 target range of 13-14%	n/a	10%	5.00%
	Achieved 13.4%				
Strategic (35%)					
Climate					
Climate and sustainable funding and financing (£100 billion between 1 July 2021 and end of 2025)	£24.5 billion	£25.3 billion	£26.2 billion	5%	5.00%
	Achieved £29.3bn in 2023				
Implementation of the initial Climate transition plan (6)	Four sectors on target plus one of two AUM and Retrofit milestones			5%	2.75%
	Implementation on target				
Customer					
Aggregated view of Net Promoter Score (NPS) and Customer Touchpoint Rating for our brands (7)	Meet target on average			10%	4.80%
	Target met on average				
Purpose, culture and people					
Purpose score (Our View)	74	87	89	3.33%	3.33%
			Achieved 90		
Culture score (Our View)	71	80	82	3.33%	3.33%
			Achieved 83		
Percentage of females in top three layers of the organisation (globally) (8)	39%	42%	44%	1.67%	0.62%
	Achieved 41%				
Percentage of colleagues from ethnic minority backgrounds in top four layers (UK) (8)	9%	12.5%	14.5%	1.67%	1.05%
	Achieved 13.0%				
Enterprise and capability					
Supporting diverse enterprise, prioritising support for harder to reach groups (9)	Support 35,000 businesses through enterprise programmes with 275,000 customer interactions to start, run and grow a business.			1.66%	1.35%
	45,263 businesses supported 300,771 customer interactions				
Number of young adults engaged in enterprise and entrepreneurship activity	47,800	50,000	57,500	1.66%	1.62%
			Achieved 57,155		
Number of financial capability interactions which require active engagement, give knowledge or skills or change behaviour (10)	3.72 million	4 million	4.6 million	1.66%	1.24%
	Achieved 4.3m interactions from key initiatives				
Personal measures (5%)					
Discretionary assessment at year end for both Mr Thwaite, Group CEO and Ms Murray, Group CFO	Strong performance by both directors was recognised across core areas.			5%	4.0% (CEO) 2.5% (CFO)
Downward risk modifier (0-100%)					
Downward risk modifier of 0.71% applied for Mr Thwaite, Group CEO, and 0.46% for Ms Murray, Group CFO, to reflect risk performance against core goals, balanced by strong leadership behaviour				Final outcome post risk modifier	53.55% (CEO) 52.30% (CFO)

■ ■ ■ ■ ■ Performance achieved in 2023

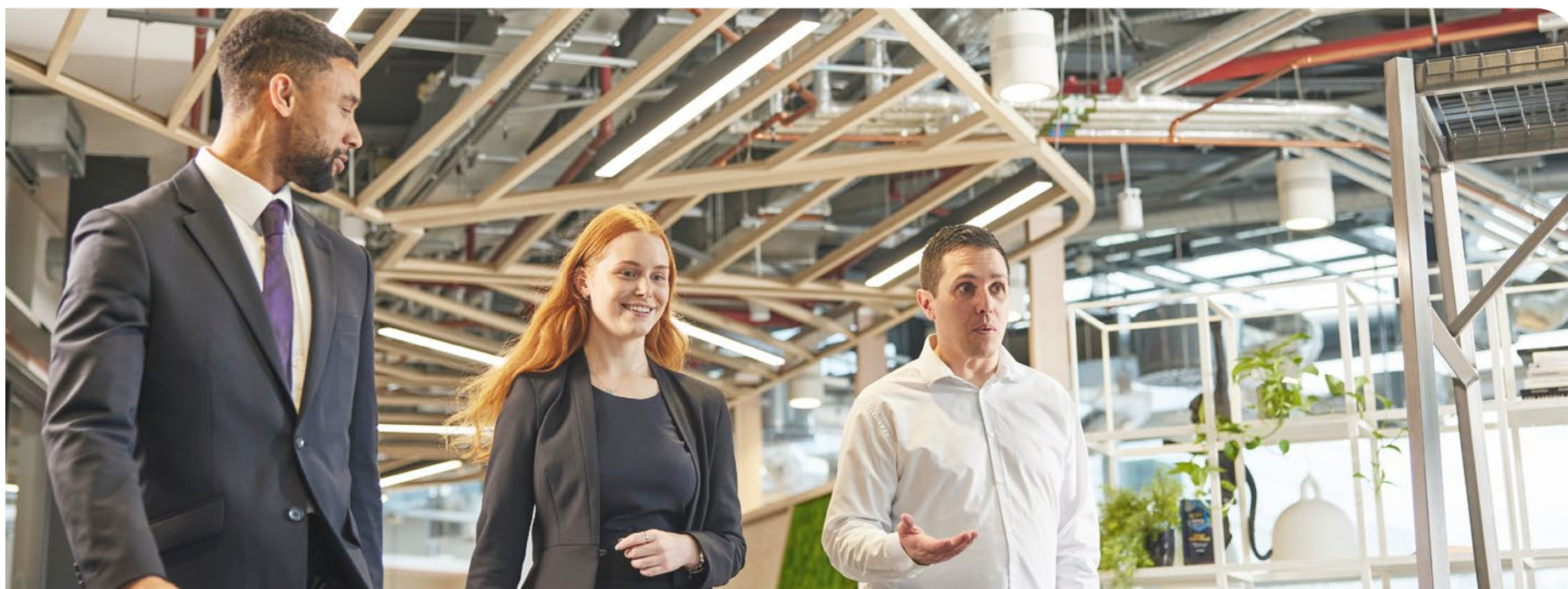
The reconciliation to the reported figures and footnotes for the table above is set out on the next page.

Annual remuneration report continued

Reconciliation to reported figures and footnotes

	Amount	Group RoTE	Group underlying income excluding notable items
Reported figure		17.8%	£14.3 million
Gains from interest and FX risk management derivatives not in accounting hedge relationships and own credit adjustments	£77 million (5)	(0.2%)	
Timing of FX and/or conduct losses	£256 million (5)	(1.0%)	
Deferred tax asset and tax rate	£225 million	(0.9%)	
Figures used in bonus scorecard		15.6%	£14.3 million

- (1) For the purpose of assessment under the bonus scorecard, adjustments are made to the published RoTE to exclude material factors outside management's control. Items will only be adjusted if this results in an impact of at least 0.25% to the RoTE figure. For performance year 2023, these include:
 - a. Gains from interest and FX risk management derivatives not in accounting hedge relationships, own credit adjustments, and the timing of FX and litigation and conduct charges; and
 - b. Deferred tax asset and effective tax rate changes.
- (2) For income, no adjustments are required to the reported figure for gains from interest and FX risk management derivatives not in accounting hedge relationships, own credit adjustments, and FX losses as notable items are already excluded from the definition of the reported figure.
- (3) For RoTE and income, the impact of changes in base rate from that assumed at the beginning of the year net of associated changes in customer behaviour resulting in a deposit balance mix shift is below the materiality threshold for adjustment.
- (4) Capital has been assessed on a qualitative basis against the range.
- (5) Amounts quoted are pre tax whereas RoTE impacts are post tax.
- (6) Minimum (10% payable) – three sectors on target. On target (50% payable) – four sectors on target with one of the two Assets Under Management (AUM) and Retrofit milestones achieved. Maximum (100% payable) – five sectors on target with both of the two AUM and Retrofit milestones. Achieved – Four sectors on target and both milestones (AUM and Retrofit). As a result we have exceeded our target. Recognising the relative importance of the sectors element of the target, 55% (of the 5%) has been awarded. For more information on climate metrics please refer to our Climate-related Disclosures Report, sections 5.3 and 7.1.
- (7) As NPS is not available for NatWest Markets, an internal Customer Touchpoint Rating (CTR) is applied to assess NatWest Markets' customer performance. The aggregated view reflects the contribution of each franchise to NatWest Group's income. Targets: Consumers: Improve NatWest Retail Main Bank NPS to +23 or 3rd (from +22 and 3rd). Businesses: Improve NatWest Business Banking £0-750k NPS to -6 or 3rd (from -8 and 3rd) and maintain NatWest Commercial Mid-Market £750k+ NPS at +17 or 1st. Wealth: Improve Premier NPS to +31 or 3rd (from +29 and 3rd). Achieve Coutts NPS (12MR) of +36 (from +38) or Coutts NPS (3MR) of +49 (from +28). RBS: Maintain NPS of +35. NatWest Markets: maintain average CTR of 72%. We met or exceeded 5 out of the 7 customer goals set for 2023. The weighted average rating across these 7 targets mean that the Customer outcome is 4.80%.
- (8) NatWest Group's management structures were revised during 2023. For the purpose of remuneration reporting, the representation targets were set based on the management structures in place at the start of the FY2023 with performance assessed at 31 December 2023.
- (9) Enterprise target aimed at supporting the recovery and prioritising support for harder to reach groups with higher barriers to entering and growing a business. The support was to be distributed as follows: 75% support to UK regions outside London & South East, 50% support to females, 20% support to individuals from ethnic minority backgrounds. Minimum target: 32,550 businesses and 269,000 interactions, Maximum target: 40,250 businesses and 316,250 interactions (same percentage distribution as target).
- (10) Key initiatives are: MoneySense, Financial Health Checks, Spending Feature and Know My Credit Score. Please see page 8 of the ESG Disclosures Report for Spending Feature measurement approach.



Annual remuneration report continued

2021 LTI award – Pre-vest performance assessment framework

LTI awards were made in early 2021 following an assessment of performance over the 2020 financial year. Before vesting, the committee carries out a further review to consider whether anything has come to light which might call the original award into question. Internal control functions and PwC, as independent advisers, the Group Board Risk Committee (BRC) and the Group Sustainable Banking Committee (SBC) support the committee in this assessment, with the outcome set out below.

Looking back to performance for 2020 and ‘knowing what we know now’, has NatWest Group



Annual remuneration report continued

Vesting of 2021 LTI awards (audited)

Ms Rose had informed the Board she did not wish to receive an LTI award for the 2020 performance year, recognising the magnitude of events relating to COVID-19. LTI awards were granted to Mr Thwaite and Ms Murray in March 2021 in respect of performance year 2020. Prior to the award being granted to Mr Thwaite and Ms Murray, reductions of 55.2% and 54.5% respectively were applied to the maximum award as a result of the pre-grant performance assessment with a further reduction to reflect the impact of COVID-19 on our pay decisions that year. This resulted in LTI awards of £403,000 for Mr Thwaite and £682,000 for Ms Murray. The pre-grant performance reductions were made as risk, customer and enterprise performance in 2020 were not fully at the desired level.

At the end of 2023, a further assessment took place to review whether anything had come to light which might call into question the original award. The pre-vest assessment found that there had been no material deterioration in financial, customer, risk and culture performance since grant. Overall, the data indicated that the required level of sustainable performance had been achieved and no further reductions were made to the 2021 LTI awards under the pre-vest test. The committee also considered the potential application of risk and stakeholder perception underpins, which included a detailed discussion of whether the vesting outcome could result in potential windfall gains. The committee used our pre-disclosed framework and a range of other factors to assess windfall gains and believed there was a strong rationale for not making any adjustment.

A summary of the position from grant to vest is set out below along with the estimated vesting values for the 2021 LTI award, which is used in the single total figure of remuneration table. The shares will vest in equal amounts between 2024 and 2028, followed by a 12-month retention period. Malus and clawback provisions also apply.

2021 LTI Award	Alison Rose		Paul Thwaite		Katie Murray	
	Shares	Value	Shares	Value	Shares	Value
Maximum opportunity	–	–	537,442	£900,000	895,737	£1,500,000
Reduction for pre-grant test	–	–	296,787	£497,000	488,475	£818,000
Award granted	–	–	240,655	£403,000	407,262	£682,000
Reduction for pre-vest test	–	–	–	–	–	–
Amount post performance tests	–	–	240,655	£403,000	407,262	£682,000
Increase in value due to share price	–	–	–	£104,518	–	£176,876
Estimated vesting value	–	–	–	£507,518	–	£858,876

(1) Share price used to determine the number of awards was £1.6746. This was determined using the share price at grant of £1.866 which was discounted to reflect the absence of the right to receive dividends or dividend equivalents during the vesting period, in line with the shareholder approved Policy. The estimated vesting value was based on share price of £2.1089, the average over the three-month period from October to December 2023.

Windfall gains

As previously disclosed in the 2020 Directors' remuneration report, the committee has implemented a framework for the assessment of windfall gains when assessing the vesting of the 2021 LTI gains prior to the vesting of our LTI awards. The committee considered the following factors:

- the level of the grant price in comparison to pre COVID-19 levels – A pre-COVID reference price of £2.30 was used based on the price on the average share price across November and December 2019. Relative to this date the like-for-like⁽¹⁾ grant share price of £1.866 was 19% lower. It was noted this is less than 20%, the level above which further consideration would typically be given to an adjustment. It is also worth noting that the like-for-like grant share price was 10% higher than the price used for the 2020 grant.
- the level of share price appreciation (if any) over the period up to vesting – During the pre-vest period following the grant of the 2021 LTI award, NatWest Group's share price rose by 16%, which in our review did not give rise to a windfall gain to the executive directors.
- consideration of whether share price appreciation was unique to NatWest Group and indicative of strong management performance – Share price growth of 16% over this period in our view largely reflects the improvement in the financial performance of NatWest Group as reflected in the profit and RoTE performance during the pre-vest performance during the pre-vest period.
- whether any reduction had been applied to award levels at pre-grant. The NatWest Group LTI construct was different to a more traditional LTIP construct as the main performance assessment took place prior to grant. Under this assessment, the March 2021 LTI grants to Mr Thwaite and Ms Murray⁽²⁾ for performance year 2020 were reduced to 44.8% and 45.5% of maximum respectively. The reduction reflected both performance during the year and significant further pay restraint to reflect the impact of COVID-19. The committee considered this was another important consideration in making any windfall gain assessment.

Considering the above, the committee concluded that no windfall gain had arisen and that no further adjustment was required to be made to the 2021 LTI awards prior to vesting.

(1) The 2021 LTI grant price was discounted for the first time to reflect the absence of dividends or dividend equivalents over the vesting period, in line with the Policy. For the purpose of the above analysis the 'like-for-like' grant share price of £1.866 used in the analysis represents the share price undiscounted for the lack of dividends.

(2) Ms Rose confirmed she did not wish to receive an LTI award for the 2020 performance year which the committee determined to be £899,000 as noted in the 2020 Directors' remuneration report.

Annual remuneration report continued

Scheme interest – RSP awards granted during 2023 (audited)

	Grant date	Face value	Award price (1)	Shares awarded (2)	Vesting levels	Performance requirement
Paul Thwaite	07-Mar-23	£937,501	£2.2055	425,074	Between 0% – 100%	The award was subject to a pre-grant assessment of performance over 2022. The committee will make a further assessment at the end of the three-year performance period for Mr Thwaite and Ms Murray (covering financial years 2023 to 2025) to determine whether sustainable performance has been achieved. Before vesting, the outcome will be reviewed by the committee using the underpin criteria below, as well as their broader discretion.
Alison Rose (3)	07-Mar-23	£1,395,627	£2.2055	632,794	with no set minimum vesting	
Katie Murray	07-Mar-23	£951,565	£2.2055	431,451		

- (1) The award price shown is calculated as the average share price over the five days prior to the grant date, discounted to reflect the absence of the right to receive dividends or dividend equivalents during the vesting period, in line with the Policy. For reference, the full market price of NatWest Group shares at the time of grant for the 2023 RSP awards was £2.9216.
- (2) The conditional share awards granted to Mr Thwaite relate to his remuneration arrangements as CEO C&I, prior to becoming an executive director. For Ms Murray, the award of conditional shares equated to 125% of base salary. The number of shares was calculated taking into account performance and the maximum potential award. The award price was based on the average share price over five business days prior to grant. Subject to the pre-vest assessment, these awards will vest in equal amounts between years 2026 and 2030. Service conditions and malus provisions apply up until vest, and clawback provisions apply for a period of at least seven years from the date of grant.
- (3) In line with leaving arrangements as disclosed on page 150, all RSP awards granted during 2023 will lapse on the cessation of Ms Rose's employment.

RSP awards to be granted for 2023 (audited)

RSP awards are granted provided the committee considers performance over the prior year has been satisfactory, based on an assessment against our internal performance management framework. The determination of whether satisfactory performance has been achieved is based on our internal ratings scale (1 to 5) with a rating of 3 or above normally resulting in the RSP award being granted at maximum. A 3 rating means performance goals have been fully achieved throughout the year and behaviours have been demonstrated at the required level. Performance against regulatory accountabilities is also considered.

The maximum RSP award under the Policy is limited to 150% of base salary. Mr Thwaite and Ms Murray both received ratings of 3 for 2023, meaning performance goals were fully achieved or exceeded and behaviours were demonstrated at the required level. All regulatory responsibilities were also met. Noting the achievements by both executive directors over the year and the subsequent performance ratings, the committee agreed that RSP awards would be granted at maximum, in line with the Policy.

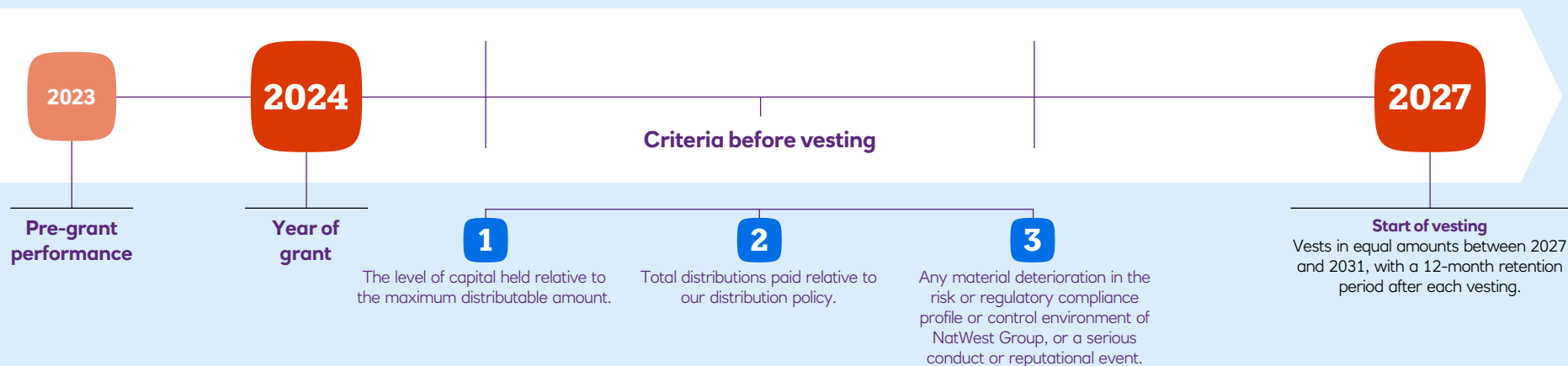
As a result, Mr Thwaite and Ms Murray will receive RSP awards of £1,215,774 and £1,173,319 respectively. The awards will be delivered entirely in shares and subject to conditions before vesting as well as significant holding periods to create long-term alignment with the experience of shareholders. Malus and clawback provisions will also apply.

In line with leaving arrangements disclosed on page 150, no RSP award will be granted to Ms Rose in respect of service during 2023.

Pre-vest underpin

The committee will make an assessment at the end of the three-year performance period (covering financial years 2024 to 2026) to determine whether sustainable performance has been achieved. Before vesting, the outcome will be reviewed using the underpin criteria below. Following the assessment, RSP awards may vest in full, in part or lapse in their entirety, with discretion to consider other factors and apply discretion before deciding the final vesting outcome. This will mitigate any potential unintended outcomes that might arise and ensure that there is a fair outcome.

A sustainable level of performance over the period will be considered with reference to:



Annual remuneration report continued

Remuneration for the Chairman and non-executive directors in 2023

The Chairman's composite fee was increased from £750,000 to £775,000 per annum and the basic Board fee was increased from £82,000 to £85,000 per annum from 1 May 2023. The increases were made after considering the fees paid by other major UK banks as well as salary

increases for the wider workforce. The increases of 3.33% and 3.66% respectively were lower than the 6.4% average salary increase applied across our global workforce from April 2023, and broadly aligned with the executive directors' 3% salary increases in April 2023. All other fee increases are detailed in the table below. A greater percentage increase was introduced for the Group Sustainable Banking

Committee (SBC), reflecting the SBC's expanded remit from 1 May 2023 following the disbandment of the Technology and Innovation Committee. The Colleague Advisory Panel (CAP) fee was unchanged at £15,000. All changes were within the scope of the Policy approved by shareholders and no directors were involved in decisions regarding their own remuneration.

	2022 fees £	2023 fees £	Increase £	Increase %
Chairman – composite fee	£750,000	£775,000	£25,000	3.33%
Basic Board fee	£82,000	£85,000	£3,000	3.66%
Senior Independent Director (SID) (1)	£34,000	£36,000	£2,000	5.88%
Chair – GAC, BRC and RemCo	£73,000	£75,000	£2,000	2.74%
Chair – SBC	£60,000	£65,000	£5,000	8.33%
Member – GAC, BRC and RemCo	£34,000	£35,000	£1,000	2.94%
Member – N&G (2)	£15,000	£16,000	£1,000	6.67%
Member – SBC	£30,000	£32,000	£2,000	6.67%
NatWest Markets plc Chair – composite fee (3)	£270,000	£280,000	£10,000	3.70%

GAC (Group Audit Committee), BRC (Group Board Risk Committee), RemCo (Group Performance and Remuneration Committee), N&G (Group Nominations and Governance Committee), SBC (Group Sustainable Banking Committee).

(1) The SID fee was increased to reflect additional responsibilities relating to Chair succession and to align more closely with market comparators.

(2) The fees for N&G members were increased in light of increased Board recruitment activity.

(3) For the Chair of NatWest Markets plc, the fees were increased at a broadly equivalent rate to the basic Board fee increase in percentage terms.

For NatWest Group plc Board directors who also serve on the boards and committees of NatWest Holdings Limited, National Westminster Bank Plc and The Royal Bank of Scotland plc, the fees below reflect membership of all four boards and their respective Board Committees. Directors may also receive fees for membership of other subsidiary company boards and committees, the value of which would be included below. No variable pay is provided to the Chairman and non-executive directors. You can find further details of board and committee members and their attendance at meetings in the Corporate governance report on page 97.

Total remuneration for the Chairman and non-executive directors in 2023 (audited)

	Fees		Benefits (1)		Total	
	2023	2022	2023	2022	2023	2022
Chairman (composite fee)	£'000	£'000	£'000	£'000	£'000	£'000
Howard Davies	767	750	6	14	772	764
Non-executive directors						
Frank Dageard	277	268	2	3	279	271
Roisin Donnelly	118	21	6	6	124	27
Patrick Flynn	219	232	3	5	222	237
Morten Friis (2)	121	202	9	44	130	246
Yasmin Jetha	158	171	5	4	163	175
Stuart Lewis (3)	139	–	5	–	144	–
Mike Rogers (4)	61	179	3	15	64	194
Mark Seligman	204	198	5	5	209	203
Lena Wilson (5)	278	205	11	17	289	222

(1) The benefits column for Howard Davies, Chairman, includes private medical cover, life cover and expenses in connection with attendance at Board meetings. There was a COVID-19-related private medical cover refund of premiums in 2023 due to a reduction of services in prior years, which resulted in a drop in the cost of the benefit, although this is expected to return to more typical rates in 2024. Non-executive directors are reimbursed expenses incurred in connection with travel and attendance at Board meetings.

(2) Morten Friis stepped down from the Board on 31 July 2023.

(3) Stuart Lewis was appointed to the Board with effect from 1 April 2023.

(4) Mike Rogers stepped down from the Board on 25 April 2023.

(5) Fees for Lena Wilson include a one-off additional fee of £37,500 for undertaking, at the request of the Board, an additional oversight and coordination role in relation to matters arising from the account closure arrangements at Coutts and associated events. This included holding extensive additional meetings between July 2023 and November 2023 with management and other stakeholders to review and discuss relevant matters and overseeing the preparation of proposals for consideration by the board committees. This is a one-off payment for 2023 reflecting the exceptional events of 2023.

Annual remuneration report continued

Payments for loss of office and payments to past directors (audited)

Alison Rose stepped down as Group CEO by mutual agreement with effect from 25 July 2023.

In line with Ms Rose's service agreement, she will continue to receive her fixed pay elements for her contractual notice period, which will end on 26 July 2024 in line with the terms of our approved Policy. For this purpose, her fixed pay elements consist of salary of £1,155,660 per annum, fixed share allowance of £1,155,660 per annum, pension allowance of £115,566 per annum, and contractually agreed benefits of £26,250 per annum.

In accordance with the terms of the Policy and our share plan rules, any awards due to vest after cessation of her employment on 26 July 2024 will lapse on that date. There is no change to the vesting schedule of her awards. Details of outstanding share awards are included in the scheme interests table of page 148. The value of unvested share awards, as at 31 December 2023, was £5,147,914. This value differs from that previously disclosed in the Section 430(2b) Companies Act 2006 Statement on 10 November 2023 as it is based on an updated share price. The final value of any lapsed share awards will depend on the share price on 26 July 2024.

In addition, no bonus or variable remuneration will be paid to Ms Rose in respect of service during 2023.

Ms Rose's shareholding requirement will continue to apply for a period of two years from her date of cessation of employment.

In accordance with the terms of the Policy, under the settlement agreement contributions towards Ms Rose's legal fees and outplacement support were agreed. This was £395,000 plus VAT for legal fees and £60,000 plus VAT for outplacement support.

Implementation of remuneration policy in 2024

Pay arrangements

Both executive directors will receive annual bonus and RSP awards in March 2024 in respect of the 2023 performance year. You can find details of these awards on pages 143 and 148. In December 2023, the committee agreed that no salary increases would apply from 1 April 2024 for the Group CEO, who had been appointed for an initial period of 12 months, and Group CFO. This compares to an average salary increase for the global workforce at 4%. Mr Thwaite has since been appointed permanently into the Group CEO role with effect from 16 February 2024. His salary element was reviewed in accordance with the Policy and set at £1,155,660. This sets Mr Thwaite's fixed pay at the same level as the fixed pay previously paid for the Group CEO role prior to his appointment in July 2023. Pay arrangements for the 2024 performance year are set out below.

	Salary (1 Jan 2024)	Salary (1 Apr 2024)	Standard benefits (1)	Pension (2)	Fixed share allowance (3)	Maximum bonus award for 2024 (4)	Maximum RSP award for 2024 (5)
Paul Thwaite	£1,050,000	£1,155,660	£26,250	10% of salary	100% of salary	£1,142,243	£1,713,364
Katie Murray	£787,950	£787,950	£26,250	10% of salary	100% of salary	£787,950	£1,181,925

- (1) Amounts shown relate to standard benefit funding. Executive directors are also entitled to benefits such as travel assistance and security arrangements in line with the Policy. We will disclose the value of benefits received each year. Executive directors are eligible to participate in all-employee share plan arrangements on the same basis as colleagues.
- (2) Mr Thwaite was a member of NatWest Group's defined benefit pension scheme prior to becoming an executive director and continued to participate on the same terms as applicable to him in his previous role based on the legacy provisions of the Policy, see page 141 and 142 for more information. Mr Thwaite has confirmed that, following his permanent appointment to the role of Group CEO, he will become a deferred member of the defined benefit scheme as soon as reasonably practicable and can choose to join NatWest Group's defined contribution pension arrangements.
- (3) Fixed share allowance is payable broadly in arrears, currently in four instalments per year. The shares will be released in equal amounts over a five-year period.
- (4) The maximum bonus award under the Policy is set at 100% of base salary and is calculated on salary earned over the year. The award is expected to vest at 50% where on-target performance is achieved across the scorecard.
- (5) The maximum RSP award under the Policy is set at 150% of base salary and is calculated on salary earned over the year. The award is normally expected to vest in full, subject to underpin criteria that will ensure there is no payment for failure. The maximum value of the RSP award receivable by the Group CEO and Group CFO for 2024 would increase to £2,570,046 and £1,772,888 respectively in the event there was a 50% increase in the NatWest Group plc share price over the RSP three-year period from grant to vest.

Annual bonus performance assessment for 2024

The annual bonus scorecard will be based on weighted performance measures and appropriately stretching targets across financial and non-financial areas that align with our purpose-led strategy.

For 2024, financial performance will represent 60% of the scorecard with target ranges set in line with the budget. Non-financial measures will be focused across climate, customer, purpose, culture and people, and enterprise and capability. These measures represent an aggregate of 35% of the scorecard and reflect our ESG priority areas as well as the importance of good customer outcomes. The remaining 5% will be assessed on Personal measures based on a discretionary assessment of the performance of each executive director over the year. A downward Risk modifier will also apply, enabling risk performance to be assessed and awards reduced, potentially to zero.

Threshold and maximum targets will be disclosed retrospectively at the end of the performance period in the 2024 Directors' remuneration report, alongside the actual level of performance achieved and associated narrative. No award will be made if threshold performance, as determined by the committee, is not achieved. The level of the award to be paid will vary between 10% for threshold performance and 100% for maximum performance. Target performance will pay out at 50% of maximum opportunity.

All assessments of performance are subject to the committee's judgement to determine the appropriate outcome. Discretion will only be used by the committee when the application of the formulaic performance outcome drives an unrepresentative outcome or when it is necessary to take into account strategic, economic or societal impacts that were not or could not have been accounted for at the point of agreeing the bonus scorecard.

Annual remuneration report continued

Annual bonus performance measures and targets for 2024

Category	Performance measures		Target	Weighting
Financial				
Financial 60%	Group RoTE.		Target will be set with appropriate reference to our external guidance for RoTe. The targets set and the extent of their achievement will be disclosed in the 2024 Annual Report as the committee considers them to be commercially sensitive at this point in time.	30%
	Group underlying income excluding notable items.		Target will be set with appropriate reference to our external guidance for income excluding notable items. The targets set and the extent of their achievement will be disclosed in the 2024 Annual Report as the committee considers them to be commercially sensitive at this point in time.	10%
	Group operating expenses, excluding litigation and conduct costs.		Target to be in line with our external Group operating expenses guidance.	10%
	CET1.		CET1 target range of 13-14%.	10%
Non-Financial				
Strategic 35%	Climate	Climate and sustainable funding and financing. Implementation of the Climate transition plan.	Target of £25.8 billion towards the £100 billion target. 1. Volume of customer engagement through carbon tracking, energy and retrofit journey tools; 2. Number of large customers for which the Customer Transition Plan Assessment (CTPA) is undertaken; and 3. % of in-scope AuM which align to a net zero trajectory.	10%
	Customer	Net Promoter Score (NPS) and Customer Touchpoint Rating (CTR) for our brands.	Consumers: Maintain NatWest Retail Main Bank NPS at +22. Businesses: Maintain NatWest Business Banking £0-750k NPS at -6 and maintain NatWest Commercial Mid-Market (£750k-£250m) NPS at +11 and maintain NatWest Large Corporate >£250m NPS at +19. Wealth: Maintain Premier NPS at +17. Improve Coutts NPS (12MR) to +34. RBSI: Improve NPS by 2 points on the new baseline to +43. NatWest Markets: Maintain average CTR of 75%. Also: Maintain RBSI NPS for Institutions to +44 and shared targets of Commercial Mid-Market NPS +11 and Large Corporate NPS +19.	10%
	Purpose, culture and people	Progress against purposeful leadership targets. Progress against culture targets. Number of females in senior roles. Number of colleagues from ethnic minority backgrounds in senior roles.	Purposeful leadership target from Our View = 84. Culture target from Our View = 83. Increase percentage in the top three layers to 43% on aggregate. Increase percentage in the top four layers in the UK to 13.5% on aggregate.	10%
	Enterprise and capability	Support the sustainable growth ambitions of our customers through our wrap around support, knowledge and expertise. Prioritise support for harder to reach groups with higher barriers to entering and growing a business.	Support UK businesses through enterprise programmes with 350,000 interventions to start, run and grow a business. In-person support (where measurement is possible; excluding digital) being distributed as follows: 75% to UK regions outside London & South East; 50% to females; 20% to Black, Asian and Minority Ethnic individuals.	5%
		To help 10 million people, per year, manage their financial wellbeing by 2027. To improve the financial wellbeing of young people and help them feel more confident about their future.	To help 7 million people to manage their financial wellbeing by the end of 2024. To reach 1 million young people in 2024.	
Personal (5%)	Discretionary assessment at year end for both executive directors.		Group CEO performance is based on recommendation from Chair taking into account additional individual performance factors. Group CFO performance is based on recommendation from CEO taking into account individual performance goals.	5%
Risk (0 – 100%)	Risk performance assessment based on Group, NatWest Holdings, Functional (CFO only) and individual risk performance.		Discretionary downwards modifier.	0-100%

Annual remuneration report continued

RSP performance assessment for 2024

RSP awards are granted entirely in shares creating simple and effective alignment with the returns that shareholders receive over the long term. This is supported by annual bonus arrangements, which ensure that executive directors are also incentivised to deliver on the key strategic priorities of NatWest Group, with robust weighted performance measures as set out on the previous page. After the application of the pre-grant test and the pre-vest underpin, the RSP would be expected to pay out at 100% in the vast majority of cases to deliver the expected value under the Policy.

Pre-grant test

Executive directors will be granted an RSP award in 2025 provided the committee considers performance over 2024 has been satisfactory, based on an assessment against our performance management framework.

Pre-vest underpin

RSP awards will not be subject to further performance conditions. However, before vesting, the committee will review the outcomes of the business against the underpin criteria. Details of the underpin criteria for the RSP award to be granted in respect of 2023 performance as well as the broader discretion available to the committee can be found on page 148.

Chairman and non-executive directors' shareholding policy and annual fees for 2024

From 1 January 2023, the Board introduced a formal shareholding policy for the Chairman and non-executive directors. The policy did not apply to directors who were due to step down from the Board within 12 months of 1 January 2023. Under the shareholding policy, NatWest Group retains a portion of the net monthly basic fees (10% for the Chairman and 25% for non-executive directors) which is used to purchase shares every quarter. The Chairman is required to build towards a shareholding equivalent to four times the basic annual Board fee (currently £340,000) and for non-executive directors the target is one times the basic annual Board fee (currently £85,000). Once the target is achieved, monthly deductions and quarterly purchases will continue at a reduced percentage of net monthly fees (5% for the Chairman and 10% for non-executive directors). The shares purchased under the shareholding policy are held in a nominee account with dividends reinvested and shares retained until the director steps down from the Board.

We believe this is a progressive and proportionate approach to shareholder alignment that will provide consistency and ultimately higher levels of shareholdings for this cohort. It will also ensure there is a continuous element of shareholder alignment as the Chairman and non-executive directors will continue to acquire shares over their entire tenure.

The annual fees applicable from 1 January 2024 are set out in the tables, with the fees delivered in a combination of cash and shares in line with the shareholding policy above.

Fees for NatWest Group plc Board (1)		Rates from 1 January 2024
Chair (composite fee)		£775,000
Non-executive director basic fee		£85,000
Senior Independent Director		£36,000

Fees for NatWest Group plc Board Committees (1)		Member	Chair
Group Board Risk Committee		£35,000	£75,000
Group Audit Committee		£35,000	£75,000
Group Performance and Remuneration Committee		£35,000	£75,000
Group Sustainable Banking Committee		£32,000	£65,000
Group Nominations and Governance Committee		£16,000	–

Other fees for NatWest Group plc Board directors		Rates from 1 January 2024
Chair of NatWest Markets plc (composite fee to cover all boards and committees)		£280,000
Chair of the Colleague Advisory Panel		£15,000

(1) No additional fees are payable where the director is also a member of the boards and respective board committees of NatWest Holdings Limited, National Westminster Bank Plc and The Royal Bank of Scotland plc. Where appropriate, directors receive additional fees for membership of other subsidiary company boards and committees including NatWest Markets Plc. If applicable, we will disclose the value of fees received in this report each year.

Other external directorships

The Board must approve any additional appointments undertaken by directors outside NatWest Group. Steps are in place to make sure that directors comply with regulatory limits on the number of directorships held. The Board also considers whether it is appropriate for executive directors to retain any remuneration from any new external roles, depending on the appointment. You can find details of current external appointments in the biographies section of the Corporate governance report.

Annual remuneration report continued

Annual change in directors' pay compared to average change in employee pay

Remuneration for employees is based on salary, benefits and annual bonus. Executive directors receive fixed share allowances and, from the 2022 performance year onwards, annual bonus awards. The Chairman and non-executive

directors receive fees rather than salary and do not receive annual bonus awards. We regularly review membership of Board Committees and changes in membership will impact the level of fees paid to non-executive directors from one year to the next. The benefits figures for non-executive directors can also change significantly year on year

depending on the amount of travel undertaken in connection with Board meetings. The data for non-executive directors below reflects the value of benefits mainly falling in 2020 and 2021, due to less travel during the COVID-19 restrictions, before returning to more typical levels in 2022.

Annual percentage change	2022 to 2023			2021 to 2022			2020 to 2021			2019 to 2020		
	Salary	Benefits	Annual Bonus	Salary	Benefits (1)	Annual Bonus	Salary	Benefits (1)	Annual Bonus	Salary	Benefits (1)	Annual Bonus
UK employees (2)	8.11%	9.65%	7.13%	5.20%	6.34%	42.48%	2.02%	4.68%	35.24%	2.86%	1.70%	-32.40%
Executive directors												
Paul Thwaite (3)	–	–	–	–	–	n/a	–	–	n/a	–	–	n/a
Alison Rose (3)	-42%	-43%	-100%	1.50%	0%	n/a	0%	0%	n/a	–	–	n/a
Katie Murray	3%	0%	-2%	1.50%	0%	n/a	0%	0%	n/a	0%	0%	n/a
Chairman and non-executive directors												
	Fees	Benefits	Annual Bonus	Fees	Benefits	Annual Bonus	Fees	Benefits	Annual Bonus	Fees	Benefits	Annual Bonus
Howard Davies (4)	2%	-57%	n/a	0%	8%	n/a	0%	8%	n/a	0%	9%	n/a
Frank Dangeard	3%	-33%	n/a	2%	200%	n/a	1%	0%	n/a	0%	-75%	n/a
Roisin Donnelly (5)	462%	0%	n/a	–	–	n/a	–	–	n/a	–	–	n/a
Patrick Flynn	-6%	-40%	n/a	2%	400%	n/a	0%	-67%	n/a	2%	-70%	n/a
Morten Friis (5)	-40%	-80%	n/a	3%	100%	n/a	17%	214%	n/a	14%	-80%	n/a
Yasmin Jetha (5)	-8%	25%	n/a	1%	300%	n/a	33%	100%	n/a	–	–	n/a
Stuart Lewis (5)	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a
Mike Rogers (5)	-66%	-80%	n/a	4%	–	n/a	1%	-100%	n/a	0%	-83%	n/a
Mark Seligman	3%	0%	n/a	4%	400%	n/a	1%	0%	n/a	-4%	-88%	n/a
Lena Wilson	36%	-35%	n/a	5%	240%	n/a	8%	25%	n/a	16%	-64%	n/a

(1) Standard benefit funding for executive directors has remained unchanged. The figures above exclude any other benefits to executive directors such as travel assistance in connection with company business, the value of which is disclosed each year in the single total figure table.

(2) NatWest Group plc is a holding company and is not an employing entity. The disclosure above compares the change in directors' pay with all employees based in the UK. The data is based on the average full time equivalent salary and benefit costs of UK-based employees of NatWest Group, excluding the CEO and the CFO. This is considered to be the most representative comparator group, as it covers the majority of employees and the CEO and CFO are based in the UK. The average percentage change relates to salaries and benefits awarded in the respective financial years for UK employees and therefore may differ from figures quoted elsewhere in the report, for example, the proposed salary increases announced in December 2023 to be awarded from April 2024.

(3) Paul Thwaite was appointed as Group CEO on 25 July 2023 and therefore the annual change comparison to 2022 is not applicable. Alison Rose stood down with effect from 25 July 2023.

(4) The benefits column for Howard Davies, Chairman, includes private medical cover, the cost of which fell in 2023 due to a reduction of services in prior years but is expected to return to more typical rates in 2024.

(5) Stuart Lewis joined the Board on 1 April 2023, Roisin Donnelly joined the Board on 1 October 2022 and Yasmin Jetha re-joined the Board on 1 April 2020, so there are no prior year comparisons. Mike Rogers and Morten Friis stepped down from the Board with effect from 25 April 2023 and 31 July 2023 respectively.

Annual remuneration report continued

CEO to employee pay ratios

The ratios below compare the total pay of the CEO, as set out in the single figure of remuneration table in this report, against the pay of three employees whose earnings represent the lower, median and upper quartiles of the UK employee population. A significant proportion of the CEO's total remuneration is delivered through long-term incentive arrangements, linked to performance and share price movements, which means this part of the ratio can fluctuate significantly from one year to the next. None of the three employees identified this year received equivalent long-term incentive arrangements. Information based on salary only is included as a further comparison.

The pay ratios reflect the diverse range of roles and pay levels across NatWest Group as a large financial services company. For the total remuneration comparison, the

median employee for 2023 works in Digital and the median pay ratio is consistent with the pay and reward policies for UK employees as a whole. We are determined to pay each individual a fair rate for the role performed, using consistent reward policies and offering opportunities for progression. We set out further information on our fair pay approach on natwestgroup.com. The change in the median pay ratio since 2018 is largely driven by the more volatile nature of performance-related pay for the CEO. In April 2020, Ms Rose decided to forgo 25% of her fixed pay for the rest of the year which contributed to the ratio falling in 2020 before rising in 2021. The median pay ratio then increased further in 2022 primarily due to Ms Rose receiving an annual bonus award for the first time under the new Policy and a higher vesting value for the LTI award, as a result of strong share price performance.

As there was a change in Group CEO during the year, the data for 2023 is based on remuneration earned by Ms Rose and Mr Thwaite, as set out in the single figure of remuneration table. As the single figure table only includes the pro-rated amount of Mr Thwaite's annual bonus award, the ratio may vary next year, depending on outcomes. Also, as Ms Rose voluntarily declined a LTI award in 2021, in relation to the magnitude of events relating to COVID-19, there was no vesting amount to include in her single figure of remuneration and this contributed to the pay ratio falling in 2023. The total remuneration and salary only for employees at the lower, median and upper quartiles has either remained stable or increased year-on-year.

CEO to employee pay ratios

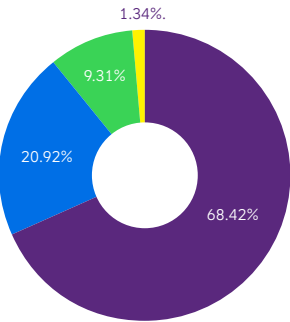
Year	Methodology		Pay ratios			Remuneration values (£000)				
			P25 (LQ)	P50 (Median)	P75 (UQ)	Calculation	CEO	Y25 (LQ)	Y50 (Median)	Y75 (UQ)
2018	A	Total remuneration	143:1	97:1	56:1	Total remuneration	3,578	25	37	64
		Salary only	44:1	30:1	19:1	Salary only	1,000	23	33	51
2019	A	Total remuneration	175:1	118:1	69:1	Total remuneration	4,517	26	38	66
		Salary only	44:1	30:1	19:1	Salary only	1,017	23	34	52
2020	A	Total remuneration	99:1	66:1	39:1	Total remuneration	2,615	26	40	66
		Salary only	46:1	31:1	20:1	Salary only	1,100	24	36	54
2021	A	Total remuneration	130:1	87:1	51:1	Total remuneration	3,588	28	41	70
		Salary only	44:1	29:1	20:1	Salary only	1,100	25	37	55
2022	A	Total remuneration	177:1	119:1	71:1	Total remuneration	5,249	30	44	74
		Salary only	42:1	28:1	19:1	Salary only	1,117	27	40	58
2023	A	Total remuneration	95:1	64:1	39:1	Total remuneration	3,158	33	50	81
		Salary only	38:1	25:1	17:1	Salary only	1,106	29	44	63

Supplementary information on the pay ratio table:

- The data for 2023 is based on remuneration earned by Mr Thwaite and Ms Rose, as set out in the single figure of remuneration table in this report which details the pro-rated amount of Mr Thwaite's annual bonus, together with the estimated vesting value of the full 2021 LTI award, including the performance period prior to appointment.
- The employees at the 25th, 50th and 75th percentiles (lower, median and upper quartiles) were determined as at 31 December of the relevant year, based on full-time equivalent remuneration for all UK employees. This includes fixed pay (salary, pension funding and where relevant benefit funding and other allowances) and also any variable pay (based on the amount to be paid). For employees who work part time, fixed pay is grossed up to the full-time equivalent.
- 'Option A' methodology was selected as this is considered the most statistically accurate method. UK employees receive a pension funding allowance set as a percentage of salary. Some employees continue to participate in the defined benefit pension scheme. For simplicity and consistency with prior years, we have included the pension funding allowance value in the calculation for all employees.
- The data for the three employees identified has been considered and fairly reflects pay at the relevant quartiles among the UK employee population. Each of the three individuals was a full-time employee during the year and none received an exceptional award that would otherwise inflate their pay figure.

Annual remuneration report continued

Summary of remuneration levels for employees in 2023



- 48,178 employees earned total remuneration up to £50,000
- 14,731 employees earned total remuneration between £50,000 and £100,000
- 6,555 employees earned total remuneration between £100,000 and £250,000
- 946 employees earned total remuneration over £250,000

The disclosure of remuneration levels for employees includes anyone employed by NatWest Group during the year.

Remuneration of Material Risk Takers (MRTs) in 2023

Each year, we disclose the remuneration paid to individuals whose activities have a material influence over NatWest Group’s performance or risk profile, known as MRTs. The disclosures are made in line with regulatory requirements and full details can be found in our Pillar 3 reports on natwestgroup.com. The tables below summarise the total pay for colleagues identified as MRTs for one or more entities across NatWest Group along with the number of individuals earning more than €1 million for the year. Note that the number of MRTs excludes colleagues who left NatWest Group prior to 31 December 2023 in line with regulatory requirements.

		Number of >€1m earners (1)	
Number of MRTs	686	€1.0 million to below €1.5 million	49
Remuneration (€millions)		€1.5 million to below €2.0 million	15
Total fixed pay	£201.06	€2.0 million to below €2.5 million	5
Total variable pay	£103.98	€2.5 million to below €3.0 million	5
Total remuneration	£305.05	€3.0 million to below €3.5 million	–
		€3.5 million to below €4.0 million	1
		€4.0 million to below €4.5 million	–
		Total	75

(1) This information is disclosed in Euros in line with the requirements of the regulations.



Annual remuneration report continued

Directors' interests in NatWest Group plc shares (audited)

Under the shareholding requirements, the Group CEO and Group CFO need to build up and maintain shares to the value of 500% of salary and 300% of salary respectively. The requirements apply both during employment and for two years after leaving, in line with best practice. Procedures are in place to enforce the shareholding requirements, and you can find further details on page 139.

	Paul Thwaite (5)	Alison Rose (6)	Katie Murray
Shares held – beneficially owned (1)	571,862	2,516,174	763,090
Shares held – performance assessed unvested shares (2)	42,232	228,807	340,582
Total shares held counting towards requirements (3)	614,094	2,744,981	1,103,672
Shareholding requirement	500% of salary	500% of salary	300% of salary
Position against requirement (4)	128% of salary	596% of salary	307% of salary

(1) Shares owned beneficially as at 31 December 2023 or at the date of stepping down from the Board if earlier. Includes shares held by persons closely associated with the directors.

(2) Share awards are also included for the purposes of the shareholding requirement once any performance assessment has been completed. All share awards are included net of taxes due to be paid on vesting.

(3) As at 16 February 2024, there were no changes to the shares held as shown above for Mr Thwaite and Ms Murray. Ms Rose has received additional shares in respect of her fixed share allowance awards since stepping down as Group CEO.

(4) For Mr Thwaite and Ms Murray, the position against the requirement was calculated as at 31 December 2023 based on the closing price of £2.1940 on 29 December 2023. For Ms Rose the position is calculated based on the closing price on the date of stepping down, 25 July 2023, of £2.5120.

(5) On 25 July 2023, Mr Thwaite was appointed as Group CEO for an initial period of 12 months and was appointed permanently as of 16 February 2024.

(6) For Ms Rose shares held are as at 25 July 2023 from when she stepped down from her role. The position against requirement for Ms Rose includes unvested share awards with a vest date up to 7 March 2024 only. Under the post-employment shareholding requirement, Ms Rose will be required to hold shares for a period of two years from her date of leaving, 26 July 2024, which will be calculated on this date.

Share interests held by Chairman and non-executive directors

As set out on page 152, the Chairman and non-executive directors are also subject to a separate shareholding policy from 2023.⁽⁵⁾ Under the shareholding policy, NatWest Group retains a portion of the net monthly basic fees (10% for the Chairman and 25% for non-executive directors) which is used to purchase shares every quarter. The shareholding requirement for the Chairman is four times the basic annual Board fee and for non-executive directors the target is one times the basic annual Board fee. Once the target is achieved, monthly deductions and quarterly purchases will continue at a reduced percentage of net monthly fees (5% for the Chairman and 10% for non-executive directors).

The shares purchased under the shareholding policy are held in a nominee account with dividends reinvested and shares retained until the director steps down from the Board.

The shareholding requirement is expressed as a number of shares, which is calculated at the beginning of each year. This is the first year of the policy and the progress being made towards the shareholding requirement is in line with expectations. A number of the directors held shares prior to the policy's introduction which has accelerated their progress.

	Howard Davies	Frank Dangeard	Róisín Donnelly	Patrick Flynn	Morten Friis (4)	Yasmin Jetha	Stuart Lewis (3)	Mike Rogers (4)	Mark Seligman (4)	Lena Wilson
Shares held (1)	119,382	9,182	11,858	23,111	18,570	32,063	3,879	18,571	59,363	31,910
Shareholding requirement (2)	4x basic annual Board fee	1x basic annual Board fee	1x basic annual Board fee	1x basic annual Board fee	N/A	1x basic annual Board fee	1x basic annual Board fee	N/A	1x basic annual Board fee	1x basic annual Board fee
Position against requirement	97% of target	29% of target	38% of target	75% of target	N/A	104% of target	12% of target	N/A	193% of target	104% of target

(1) Shares owned beneficially as at 31 December 2023 or at the date of stepping down from the Board if earlier. Includes shares held by persons closely associated with the directors. As at 16 February 2024, there were no changes to the shares held as shown above.

(2) Shareholding requirement for 2023 equates to 122,617 shares for Howard Davies and 30,654 for other non-executive directors. These amounts were calculated based on the Board fee at the start of the year (£82,000) and a share price of £2.1675 on 28 December 2022.

(3) Stuart Lewis was appointed to the Board with effect from 1 April 2023.

(4) Mike Rogers stepped down from the Board on 25 April 2023, and Morten Friis stepped down from the Board on 31 July 2023. The shareholding policy does not apply to directors who stepped down from the Board within 12 months of 1 January 2023. The share interest for Mr Friis held is over 9,285 American Depositary Receipts representing 18,570 ordinary shares.

(5) 36,585 shares are held in the name of M Seligman & Co Limited, of which Mr Seligman and Louise Seligman are shareholders.

(6) For the Chairman and non-executive directors, a final share purchase under the shareholding policy for 2023 was made on 2 January 2024 and this has been included in the table above as it related to deductions from 2023 fees.

Annual remuneration report continued

Share awards under share plans

	Year	Awards held 1 Jan 2023	Awards granted	Award price £ (5)	Full market value at grant £ (5)	Awards vested	Awards lapsed	Awards held 31-Dec-23	Expected vesting dates
Paul Thwaite									
Sharesave (3)	2017	2,643		2.27		2,643		–	
Sharesave (3)	2018	3,169		1.89		3,169		–	
Deferred award (4)	2018	17,487		2.66		17,487		–	
Deferred award (4)	2019	38,871		2.64		19,437		19,434 (1)	07.03.24
Deferred award (4)	2020	90,377		1.70		30,127		60,250 (1)	07.03.24 – 07.03.25
LTI award	2021	240,655		1.67	1.87			240,655 (2)	07.03.24 – 07.03.28
LTI award	2022	410,492		1.82	2.23			410,492 (2)	07.03.25 – 07.03.29
RSP award	2023		425,074	2.21	2.92			425,074 (2)	07.03.26 – 07.03.30
Annual bonus/Deferred award (4)	2023		63,764	2.82	2.92	63,764		–	
		803,694	488,838			136,627		1,155,905	
Total LTI and RSP awards subject to service								79,684 (1)	
Total LTI and RSP awards subject to performance and service								1,076,221 (2)	

	Year	Awards held 1 Jan 2023	Awards granted	Award price £ (5)	Full market value at grant £ (5)	Awards vested	Awards lapsed	Awards held 25-Jul-23	Expected vesting dates
Alison Rose (6)									
LTI award	2017	111,838		2.41		55,920		55,918 (1)	07.03.24
LTI award	2018	276,420		2.66		92,140		184,280 (1)	07.03.24 – 07.03.25
LTI award	2019	429,276		2.64		107,319		321,957 (1)	07.03.24 – 07.03.26
LTI award	2020	881,679		1.70		176,336		705,343 (1)	07.03.24 – 07.03.27
LTI award	2022	877,781		1.82	2.23			877,781 (2)	07.03.25 – 07.03.29
RSP award	2023		632,794	2.21	2.92			632,794 (2)	07.03.26 – 07.03.30
Annual bonus/Deferred award (4)	2023		113,820	2.82	2.92	113,820		–	
		2,576,994	746,614			545,535		2,778,073	
Total LTI and RSP awards subject to service								1,267,498 (1)	
Total LTI and RSP awards subject to performance and service								1,510,575 (2)	

The footnotes for the tables above are set out on the next page.

Annual remuneration report continued

	Year	Awards held 1 Jan 2023	Awards granted	Award price £ (5)	Full market value at grant £ (5)	Awards vested	Awards lapsed	Awards held 31-Dec-23	Expected vesting dates
Katie Murray									
Deferred award (4)	2018	26,795		2.66		26,795		–	
Deferred award (4)	2019	167,155		2.64		41,790		125,365 (1)	07.03.24 – 07.03.26
LTI award	2020	646,565		1.70		129,313		517,252 (1)	07.03.24 – 07.03.27
Sharesave (3)	2020	3,200		1.12		3,200		–	
LTI award	2021	407,262		1.67	1.87			407,262 (2)	07.03.24 – 07.03.28
LTI award	2022	580,885		1.82	2.23			580,885 (2)	07.03.25 – 07.03.29
RSP award	2023		431,451	2.21	2.92			431,451 (2)	07.03.26 – 07.03.30
Annual bonus/Deferred award (4)	2023		73,596	2.82	2.92	73,596		–	
		1,831,862	505,047			274,694		2,062,215	
Total LTI, RSP and deferred awards subject to service								642,617 (1)	
Total LTI and RSP awards subject to performance and service								1,419,598 (2)	

(1) Performance assessment has taken place and awards remain subject to deferral and employment conditions before vesting. These awards count on a net-of-tax basis towards meeting the shareholding requirement.

(2) Awards are subject to the pre-vest performance assessment along with deferral and employment conditions before vesting. See earlier in this report for the pre-vest assessment of the 2021 LTI award. The first vesting of this award is due to take place in March 2024, which will be reflected in next year's table together with any shares lapsed for performance.

(3) Sharesave options enable colleagues to save from their salary with an option to buy shares at the end of the savings period. The award price is the price at which shares can be bought. Sharesave options are normally exercisable for a period of six months from the maturity date at an option price that is discounted by up to 20% of the market value around the time of the award.

(4) For annual bonus, shares were granted as an element of the up-front bonus awarded in March 2023 and vested in June 2023, in line with the Policy. For Mr Thwaite deferred awards from 2018 to 2023 relate to annual bonus awards granted for performance prior to becoming an executive director, with payments deferred in line with regulatory requirements. Similarly, for Ms Murray deferred awards from 2018 and 2019 relate to annual bonus awards granted for performance prior to becoming an executive director.

(5) The award price shown from 2021 onwards is discounted to reflect the absence of the right to receive dividends or dividend equivalents during the vesting period, in line with the Policy. For reference, the full market price of NatWest Group shares at the time of grant is also shown.

(6) For Ms Rose figures are based on 25 July 2023. In line with leaving arrangements for Ms Rose as disclosed on page 150, any awards due to vest after the cessation of her employment on 26 July 2024 will lapse on that date.

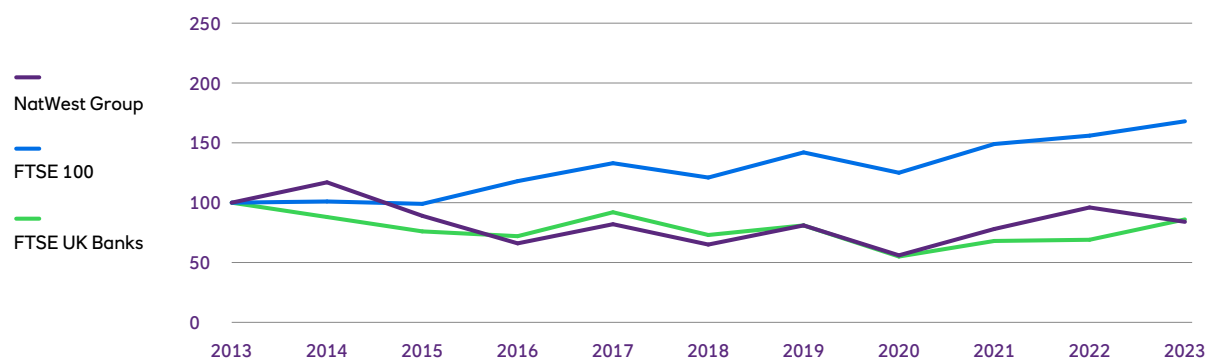
Annual remuneration report continued

Shareholder dilution and share sourcing

NatWest Group can use new issue, market-purchase or treasury shares to deliver shares that are required for employee share plans. Best practice dilution limits are monitored and govern the number of shares that may be issued to satisfy share plan awards.

Total Shareholder Return (TSR) performance

The graph compares the TSR performance of NatWest Group with companies comprising the FTSE 100 Index over the last 10 years. We have selected this index because it represents a cross-section of leading UK companies. We have added the TSR for FTSE UK banks for the same period as a further comparison.



CEO pay over the same period

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total remuneration (£000s) ⁽¹⁾	PT										1,706
	AR						1,401	2,615	3,588	5,249	1,452
	RM	1,878	3,492	3,702	3,487	3,578	4,066				
Annual bonus against maximum opportunity	PT										54%
	AR									68%	— ⁽²⁾
LTI vesting rates against maximum opportunity	PT										45%
	AR						60%	82%	83%	78%	— ⁽³⁾
	RM	73%	62%	56%	89%	41%	78%				

(1) CEOs are Paul Thwaite (PT), Alison Rose (AR) and Ross McEwan (RM) with figures based on the single figure of remuneration for the relevant year.

(2) In line with leaving arrangements as disclosed on page 150, Ms Rose did not receive a bonus in respect of service during 2023.

(3) Ms Rose informed the Board she did not wish to receive an LTI award for the 2020 performance year, recognising events relating to COVID-19.

Statement of shareholder voting

The resolutions to approve the Policy at the 2022 AGM and the Annual remuneration report from the 2023 AGM received strong levels of support, as set out below.

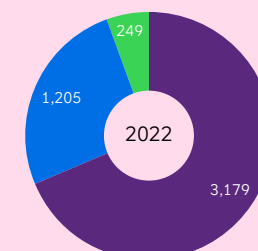
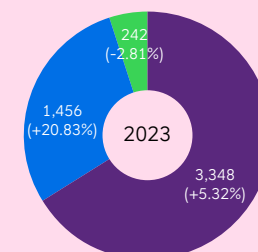
Directors' Remuneration Policy

Vote	Number of shares	Percentage
For	33,883,943,928	92.75%
Against	2,649,384,392	7.25%
Withheld	126,953,196	—

Annual Remuneration Report

Vote	Number of shares	Percentage
For	32,683,776,892	97.35%
Against	891,030,920	2.65%
Withheld	142,525,464	—

Relative importance of spend on pay £m (% change on 2022)



- Remuneration paid to all employees⁽¹⁾
- Distributions to holders of ordinary shares⁽²⁾
- Distributions to holders of preference shares and paid-in equity

(1) Remuneration paid to all employees represents total staff expenses as per Note 3 to the consolidated financial statements, exclusive of social security and other staff costs.

(2) Reflects distributions to shareholders through dividend payments during the financial year. The Board has confirmed its intention to pay a dividend of 11.5p per ordinary share in respect of financial year 2023, which will be paid in 2024 subject to approval by shareholders at the forthcoming Annual General Meeting.