NatWest Group plc

Investor Factbook

Q3 Results 2023

NatWest Group

Well positioned for current macro environment

1. The business is performing well as our customers adapt to the changing macro
2. Maintaining focus on serving our customers and meeting their evolving needs
3. Disciplined execution with strong focus on digitisation and simplification
4. Strong Balance Sheet with capacity for targeted growth
5. Good track record of capital generation and committed to continuing to drive returns and capital distributions

Sustainable medium term Group Targets[1]

RoTE

Continue to target a sustainable RoTE of 14–16%

Cost:Income Ratio

Expect to deliver a Group cost:income ratio (excl. litigation and conduct) of less than 50%, by 2025

Capital

We currently expect RWAs to be around £200 billion at the end of 2025, including the impact of Basel 3.1, however this remains subject to final rules and approval

We expect to continue to generate and return significant capital via ordinary dividends and buybacks to shareholders over the medium term and continue to expect that the CET1 ratio will be in the range of 13-14%.

1. Based on latest economic forecasts and expected customer behaviours. See Outlook statement in Q3 IMS.

9M'23 Financial Highlights

Strong earnings and returns, operating profit of £4.9bn in 9M'23	**£10.9bn** Income ex notable items[1] +£1.6bn vs 9M'22	**49.9%** Cost to Income ratio[2] vs 55.6% in 9M'22	**17.1%** Return on Tangible Equity vs 10.0% in 9M'22
Robust funding, deposits and liquidity profile	**£423.5bn** Customer Deposits[3] -£9.4bn vs Dec'22	**£358bn** Customer Loans[3] + £8.0m vs Dec'22	**83%** Loan to deposit ratio +4% vs Dec'22
Strong capital generation of 118bps in 9M'23[4]	**£2.9bn[5]** Shareholder distributions paid and accrued £1.1bn Ordinary dividends, £1.8bn Buybacks	**>90%[6]** of the 9m'23 £3.2bn attributable profit will be distributed	**13.5%** CET1 ratio vs 14.2% at FY'22

1. Total income excluding notable items. 2. Cost:income ratio is total costs excluding litigation and conduct, divided by total income. 51.4% excluding income from notable items. 3. Across the three business segments – Retail, Private and Commercial & Institutional. 4. 118bps Excludes discontinued operations, notable tax adjustments and impacts of Cushon acquisition, reported is 94bps 5. £2.9bn includes £1.3bn Directed Buyback executed in May'23, £0.5bn on-market buyback announced in H1'23 of which almost half executed as at 27th Oct'23; £0.5bn interim dividend paid in Sept'23 and £0.6bn foreseeable ordinary dividend. 6. £2.9bn actual and forseeable shareholder distributions divided by the 9M'23 attributable profit.

Segmental summary[1]

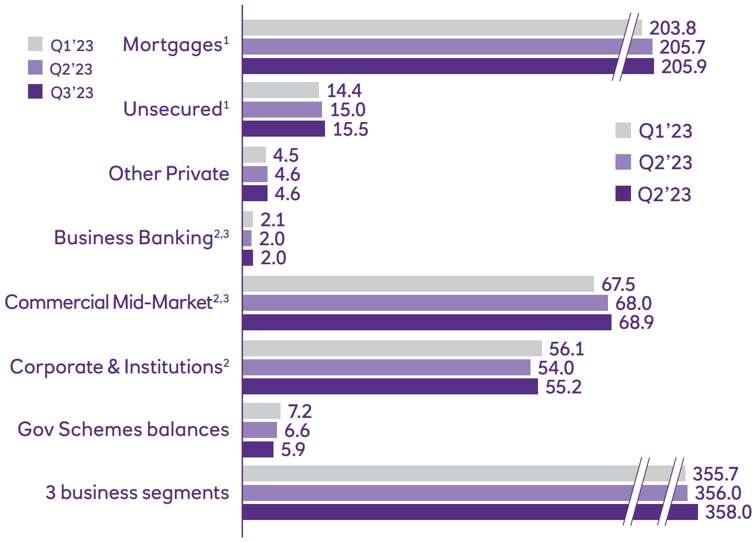
Ulster Bank ROI continuing operations are reflected within Central Items & other

Group Q3'23, £m	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Net interest income	1,334	144	1,271	(64)	2,685
Non-interest income	108	70	570	55	803
Total income	**1,442**	**214**	**1,841**	**(9)**	**3,488**
Income ex-notable items	***1,442***	***214***	***1,847***	***11***	**3,514**
Other operating expenses	(721)	(157)	(960)	45	(1,793)
Litigation and conduct	(59)	–	(52)	(23)	(134)
Operating expenses	**(780)**	**(157)**	**(1,012)**	**22**	(1,927)
Operating profit/(loss) before impairment releases/(losses)	**662**	**57**	**829**	**13**	**1,561**
Impairment releases/(losses)	(169)	2	(59)	(3)	**(229)**
Operating profit/(loss)	**493**	**59**	**770**	**10**	**1,332**
£bn					
Net loans to customers – amortised cost	205.2	**18.8**	**130.5**	**22.8**	**377.3**
Customer Deposits	184.5	**37.2**	**201.8**	**12.4**	**435.9**
RWA's	58.9	**11.6**	**107.9**	**3.2**	**181.6**
Return on equity / tangible equity	17.5%	**11.7%**	**14.7%**	**n.m.**	**14.7%**
Cost:income ratio	50.0%	**73.4%**	**52.1%**	**n.m.**	**51.4%**

Note: May not cast due to rounding.

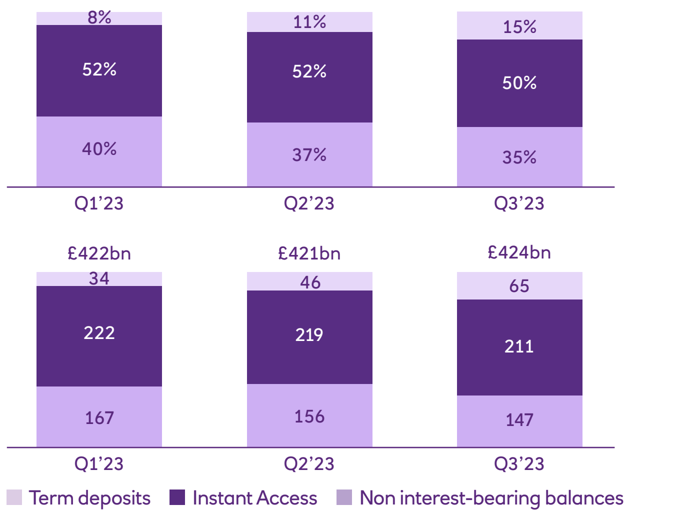
Lending growth

Gross loans to customers (amortised cost) at Q3'23, £bn



Robust deposit funding

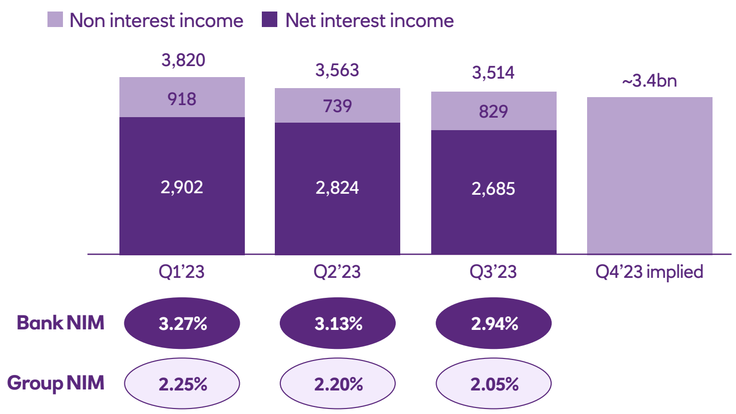
Deposit mix by interest type across the 3 business segments[4]



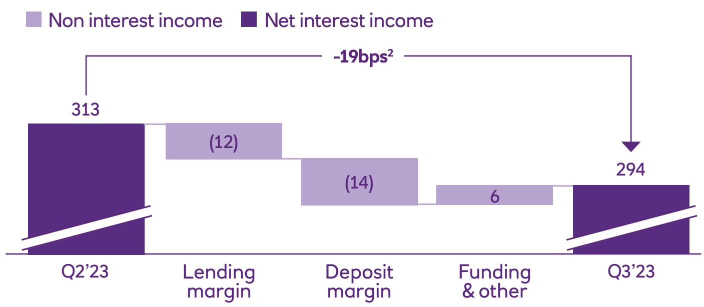
1. Across Retail and Private Banking 2. All sub-segments in Commercial & Institutional are ex government schemes. 3. Business Banking (BB) and Commercial Mid-Market (CMM) segment balances have been restated in Q4'22, Q1'23 and Q2'23 for c. 0.1bn each quarter. This was as result of proportion of customers moving from BB to CMM intra quarter and their repayment balances accordingly. 4. The numbers may not cast due to rounding.

Income broadly stable, stronger non-interest income in Q3

Income[1], £m



Net interest margin, bps



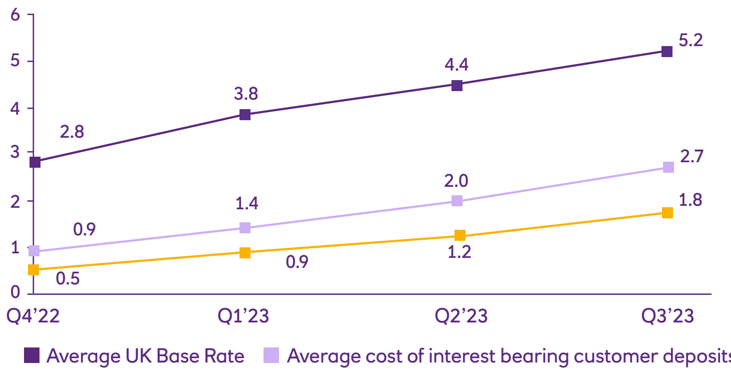
1. Excluding relevant notable income items per slide 22 of the Q3 results presentation. 2. Will not cast due to rounding.

- FY'23 income now expected to be around £14.3 billion[1]
- Q3'23 Net interest income reduction reflects increased deposit expense and lower mortgage income
- Q3'23 Non–interest income improvement includes increased customer activity and higher lending fees

- FY'23 Bank NIM now expected to be greater than 3%
- We expect the sequential reduction in Bank NIM in Q4'23 to be less than the 19bps reduction in Q3'23
- Q3'23 AIEAs higher due to lending and liquidity portfolio
- We now expect our impairment charge for FY'23 to be below 20 bps

Managing deposits for long term value and liquidity

Third party customer deposit rate and UK Base Rate, %

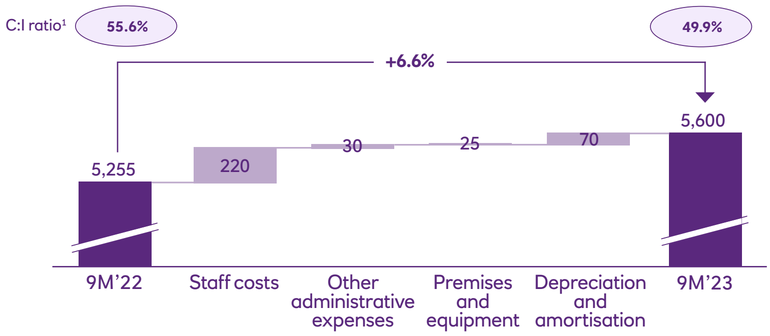


Drivers of deposit margin

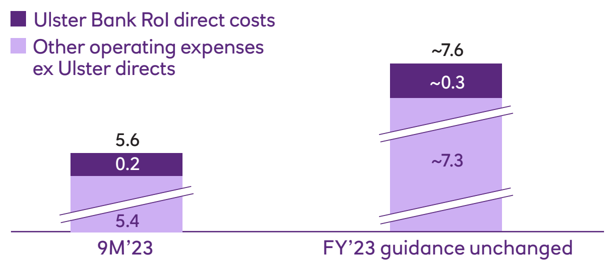
- Deposit balance & mix – customer migration to higher interest-paying accounts increases interest payable reducing deposit income and margin in the near term
- Structural hedging – reinvestment of maturing hedges is expected to increase deposit income over time

On track for ~£7.6bn other operating costs in FY'23

Other operating expenses 9M'23 vs 9M'22, £m



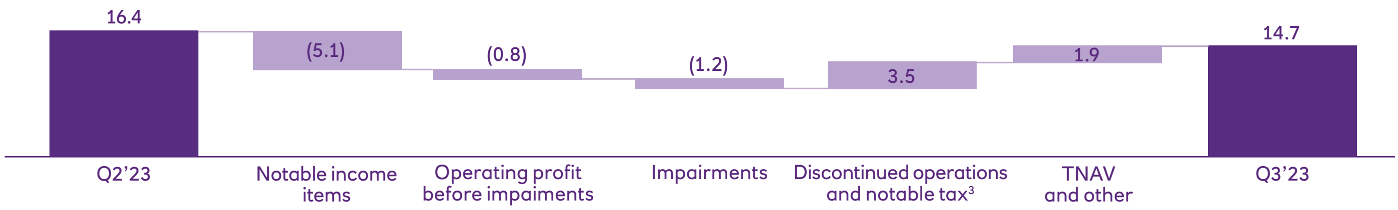
Progress versus cost guidance, £bn



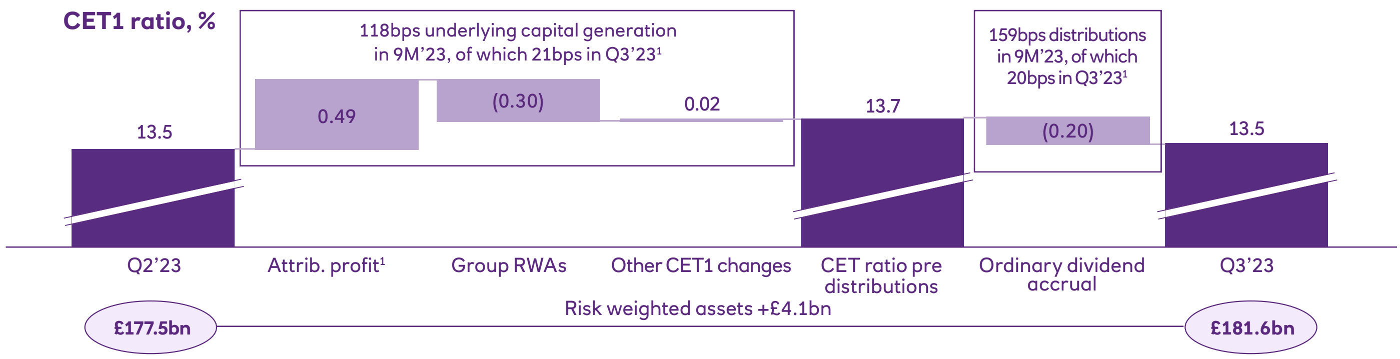
1. Cost:income ratio is total costs excluding litigation and conduct, divided by total income.

Continued sustainable returns and strong capital generation and distribution

Return on tangible equity, %



CET1 ratio, %



1. Attrib. profit net of IFRS 9 changes . 2. 118bps Excludes discontinued operations, notable tax adjustments and impacts of Cushon acquisition, reported is 94bps. 3.Includes loss from discontinued operations, net of tax and tax adjustments in respect of prior periods.

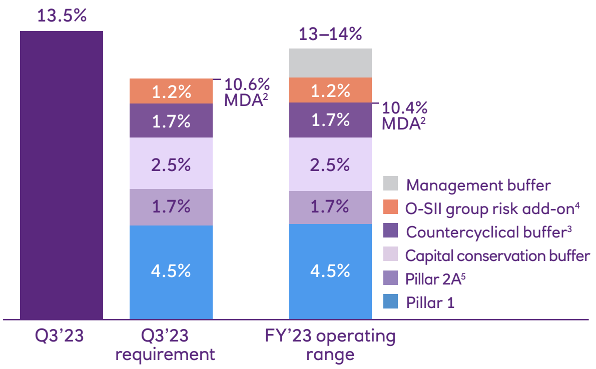
2023 GUIDANCE

Total Income	Other operating costs and C:I ratio[2]	Loan impairment rate	RoTE	Distributions
~£14.3bn[1] NIM: >3%	**~£7.6bn <52%**	**Below 20bps**	**Upper end of 14-16%**	**Payout ratio 40% + capacity for buybacks and inorganic opportunities[3]**

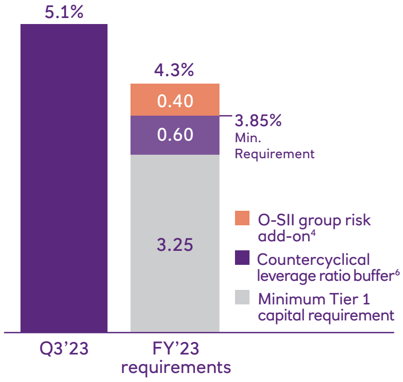
1. Total Income ex notable items. Assumes peak UK Base Rate of 5.25%. 2. Cost:income ratio is total costs excluding litigation and conduct, divided by total income 3. Considered if compelling shareholder value and strategic rationale.

Strong capital and leverage positions provide confidence and flexibility

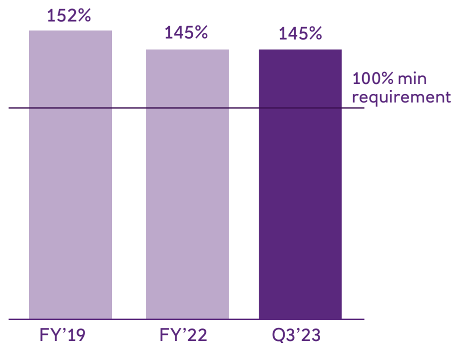
CET1 capital (% RWA)[1,2]



UK leverage ratio (Tier 1 capital as % leverage exposure)



Liquidity coverage ratio (LCR) as at Q3'23 Headroom of £49.6bn



1. Operating range in 2023 reflects medium term CET1 of 13-14%. 2. Based on assumption of static regulatory capital requirement. 3. Countercyclical buffer -The UK CCyB rate increased from 0% to 1% effective from 13 December 2022. A further increase from 1% to 2% was announced on 5 July 2022, effective 5 July 2023. 4.O-SII buffer of 1.5% applies to the ring-fenced bank holding company. The equivalent O-SII Group Risk Add-on' is ~1.2%. The O-SII Group Risk Add-on is included in the Group's minimum supervisory minimum. 5. Pillar 2A requirements are expected to vary over time and are subject to at least annual review. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. 6. The countercyclical leverage ratio buffer is set at 35% of NatWest Group's CCyB. As noted above the UK CCyB increased from 1% to 2% from 5 July 2023. Foreign exposures may be subject to different CCyB rates depending on the rate set in those jurisdictions.

Credit ratings[1]	Moody's	S&P	Fitch
Group holding company			
NatWest Group plc	A3/Sta	BBB+/Sta	A/Sta
Ring-fenced bank operating companies			
NatWest Bank Plc	A1/Sta*	A+/Sta	A+/Sta
NatWest Bank Europe GMBH	NR	A+/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta*	A+/Sta	A+/Sta
Ulster Bank Ireland DAC	A1/Sta*	A/Sta	BBB+/Sta
Non ring-fenced bank operating companies			
NatWest Markets Plc	A1/Sta	A/Sta	A+/Sta
NatWest Markets N.V.	A1/Sta	A/Sta	A+/Sta
NatWest Markets Securities Inc	NR	A/Sta	A/Sta
RBSI Ltd	A1/Sta*	A/Sta	A/Sta

1. Long-term ratings (Senior Unsecured Debt and/or Deposit Ratings for Moody's, Issuer Credit Rating for S&P, Long-Term Issuer Default Rating for Fitch). Ratings as of 27/10/2023. * Moody's long-term Issuer and Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless, Moody's assigns an Issuer Rating. The outlook on both ratings is Stable.

ESG Rating[1]	Scale:	2019:	2020:	2021:	December 2022
MSCI	AAA to CCC	BBB	▲ AA	AA	AA

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Legal entity issuing structure