



NatWest
Group

FY 2023 Results

16 February 2024



NatWest
Group

Paul Thwaite **Chief Executive Officer**

Supporting our customers and the UK Economy

Growing our customer base

+£9bn
Customer Loans¹
+3% vs. FY'22

>100k
New Business start-up
accounts opened²

1.1m
Personal Current accounts
opened³
+ 57% vs FY'22

Supporting personal customers

+£21bn
Fixed Term Savings⁴
across Retail and Private

+£7bn
AUMA⁵
+22% vs FY'22

~6m
Retail customers helped
with financial wellbeing⁶

Supporting businesses and enterprise

+£29bn
CSFF⁷
£62bn since Jul'21

€500m
Women led social bond
Issued in March 2023

+£2.6bn
Lending for
renewable energy⁸

Our business has delivered FY'23 RoTE of 17.8%

Strong returns with attributable profit of £4.4bn

£14.3bn
Income ex notable items¹
+10% vs FY'22

£7.6bn
Costs²
+5% vs FY'22

17.8%
Return on Tangible Equity
vs 12.3% in FY'22

Significant capital generation and £3.6bn distributions³

17p
Ordinary dividend per share
+26% vs FY'22

£2.1bn
Buybacks
Includes new £300m on-market buyback⁴

13.4%
CET1 ratio
vs 14.2% in FY'22

Strong funding and risk management
15bps Loan impairment rate

84%
Loan to Deposit Ratio
£66bn surplus deposits⁵

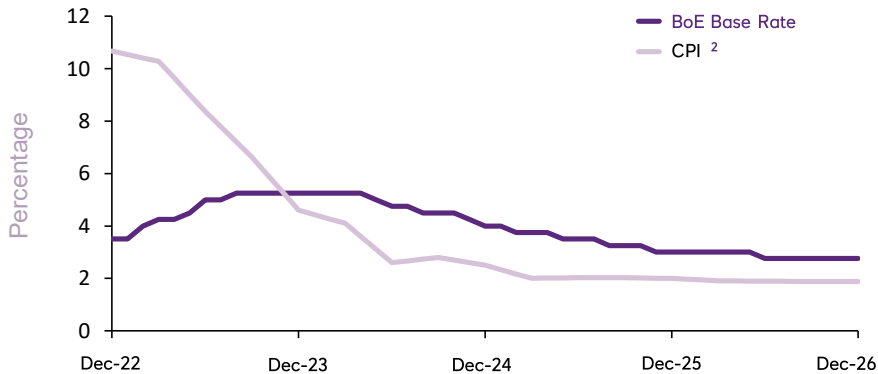
144%
Liquidity Coverage Ratio
£45bn headroom⁶

£12bn
TFSME Financing⁷
£4bn due by end of 2025

UK Macro outlook

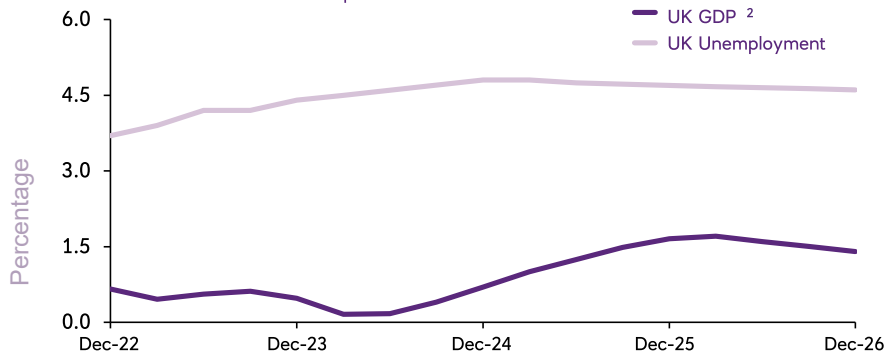
BoE base rate estimated to be 4% at end 2024 & 3% at end 2025 ¹

2024-2026 Forecast is NatWest Group IFRS 9 base case



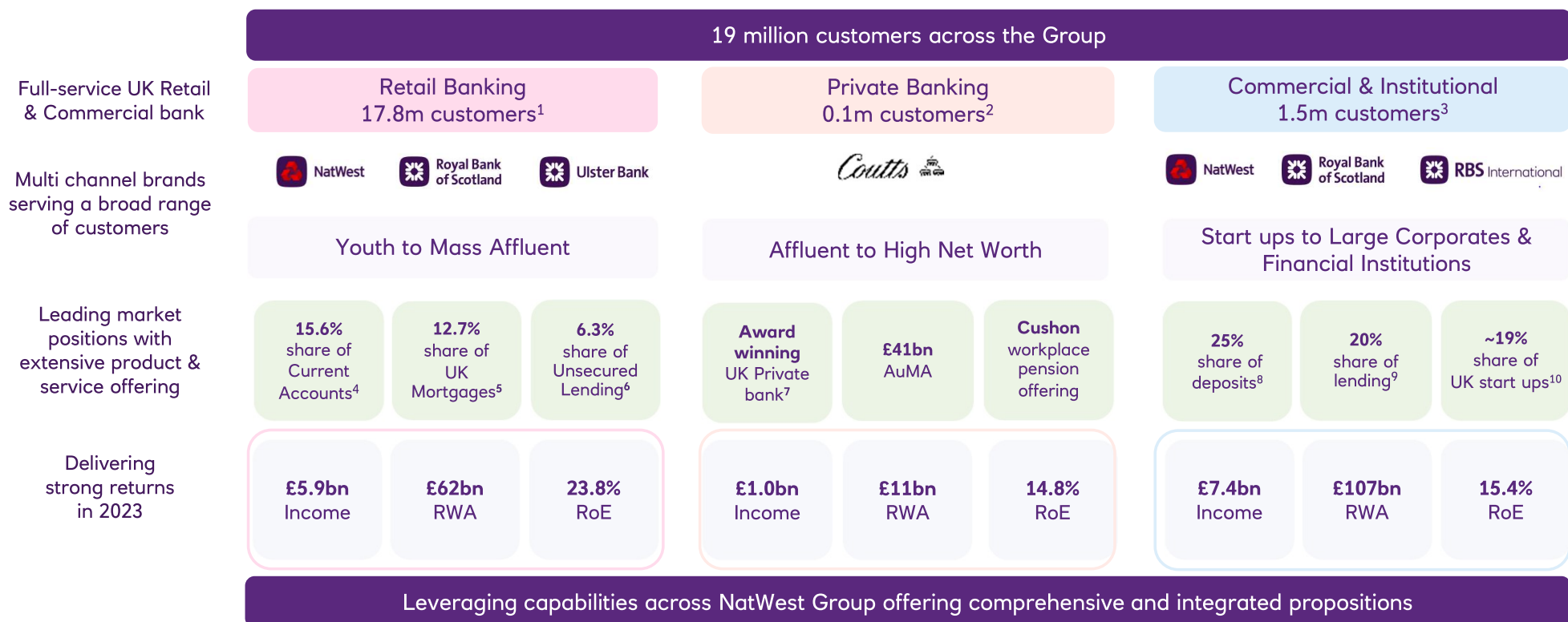
We assume UK GDP growth to improve through the plan ¹

2024-2026 Forecast is NatWest Group IFRS 9 base case



- Customers are paying down their debt in a higher rate environment ³
- Early signs of improving mortgage demand as customer rates fall ⁴
- Flows into UK fixed term savings down 75% from the peak ⁵
- Business confidence is improving but overall demand remains muted ⁶
- Customers are adapting to higher interest rates, our arrears remain low

Leading positions across our three businesses with capacity for growth



Our focus is on creating sustainable long-term value



2024 priorities to deliver returns

Disciplined growth

- Meet more of our customers' needs, diversifying income
- Improve share in targeted segments, subject to returns
- Deepen engagement through increased personalisation

Building stable income streams

Bank-wide simplification

- Digitise journeys to improve customer experience
- Streamline platforms, processes and systems
- Invest in scalable and new technology including AI

Improving productivity and efficiency

Active balance sheet and risk management

- Allocate capital dynamically to optimise returns
- Maintain strong asset quality through the cycle
- Return surplus capital to shareholders

Driving capital generation and distribution capacity

Delivering attractive returns to shareholders

Focused on returns

2026 RoTE target of >13%

Committed to returning surplus capital to shareholders

Target an ordinary dividend payout ratio ~40%

Capacity for buybacks

Underpinned by a strong Balance Sheet

CET1 ratio in the range of 13-14%



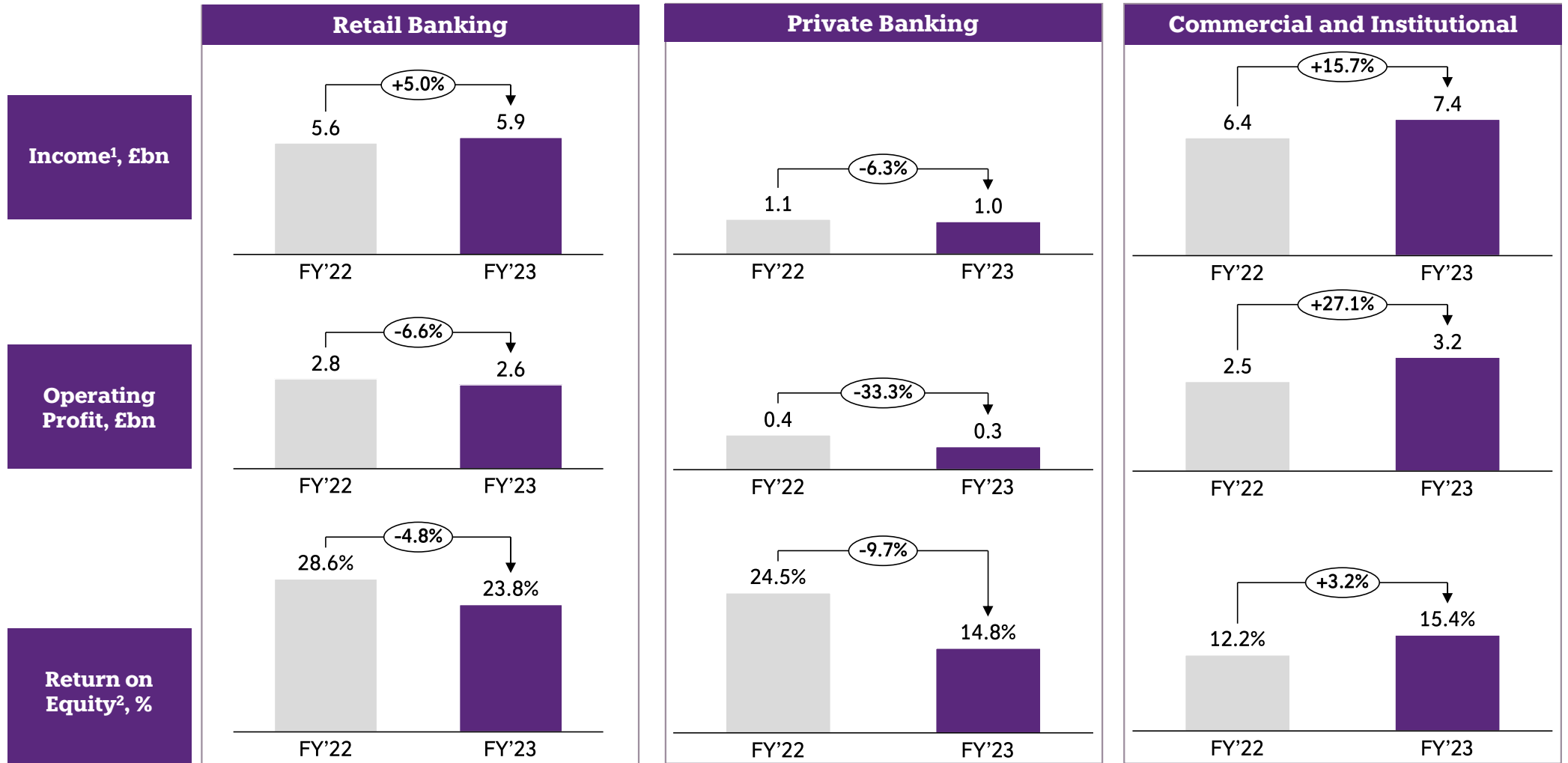
NatWest
Group

Katie Murray **Chief Financial Officer**

Strong financial performance

Group, £m	FY'23	FY'22	FY'23 vs FY'22	Q4'23	Q3'23	Q4'22	Q4'23 vs Q3'23	Q4'23 vs Q4'22
Net interest income, ex notable items ¹	11,081	9,883	12.1%	2,670	2,685	2,909	(0.6%)	(8.2%)
Non-interest income, ex notable items ¹	3,258	3,178	2.5%	772	829	857	(6.9%)	(9.9%)
Total income, ex notable items¹	14,339	13,061	9.8%	3,442	3,514	3,766	(2.0%)	(8.6%)
Total income	14,752	13,156	12.1%	3,537	3,488	3,708	1.4%	(4.6%)
Other operating expenses	(7,641)	(7,302)	4.6%	(2,041)	(1,793)	(2,047)	13.8%	(0.3%)
Litigation and conduct costs	(355)	(385)	(7.8%)	(113)	(134)	(91)	(15.7%)	24.2%
Operating expenses	(7,996)	(7,687)	4.0%	(2,154)	(1,927)	(2,138)	11.8%	0.7%
Operating profit before impairments	6,756	5,469	23.5%	1,383	1,561	1,570	(11.4%)	(11.9%)
Impairment losses	(578)	(337)	71.5%	(126)	(229)	(144)	(45.0%)	(12.5%)
<i>Loan impairment rate</i>	<i>15bps</i>	<i>9bps</i>	<i>6bps</i>	<i>13bps</i>	<i>24bps</i>	<i>16bps</i>	<i>(11bps)</i>	<i>(3bps)</i>
Operating profit	6,178	5,132	20.4%	1,257	1,332	1,426	(5.6%)	(11.9%)
Attributable profit	4,394	3,340	31.6%	1,229	866	1,262	41.9%	(2.6%)
Return on Tangible Equity	17.8%	12.3%	6ppts	20.1%	14.7%	20.6%	5ppts	(0)ppts

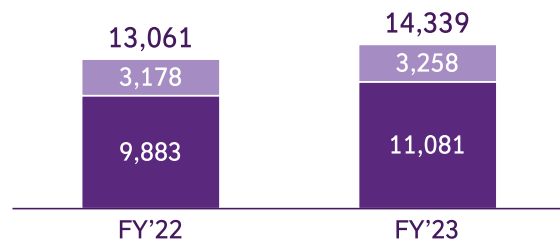
Strong returns across all three businesses



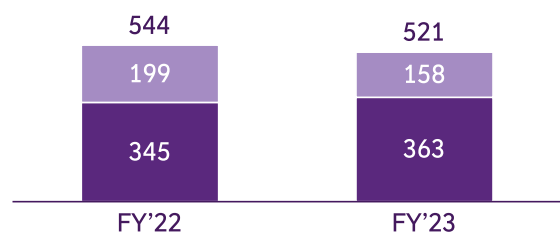
FY'23 income and Bank NIM in line with guidance

Year-on-Year Change

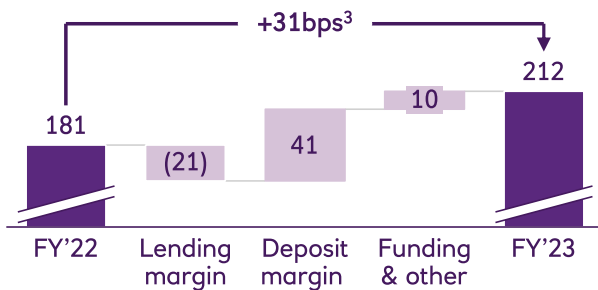
Total Income ex notable items¹, £m



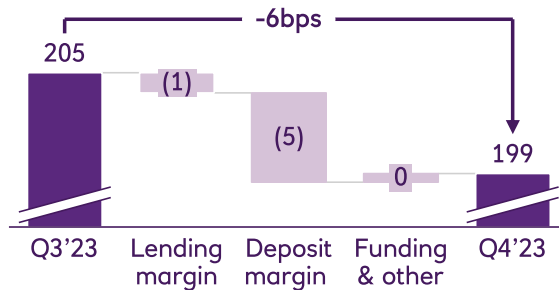
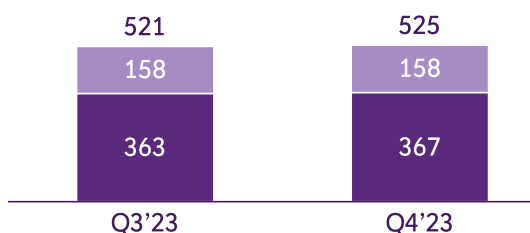
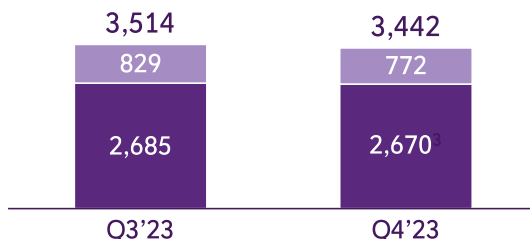
Average Interest Earning Assets, £bn



Group Net interest margin², bps



Quarter-on-Quarter Change



Non interest income
Net interest income

Group AIEAs
Liquid asset buffer
Bank AIEAs

2.85%

+19bps

3.04%

2.94%

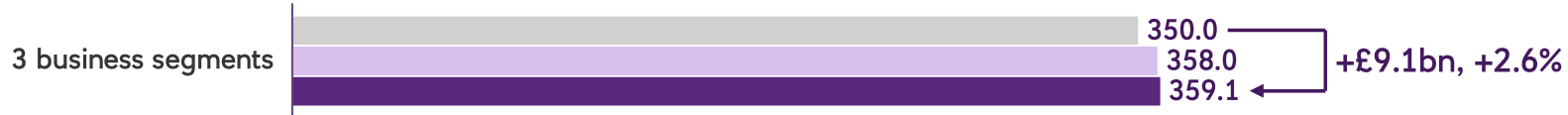
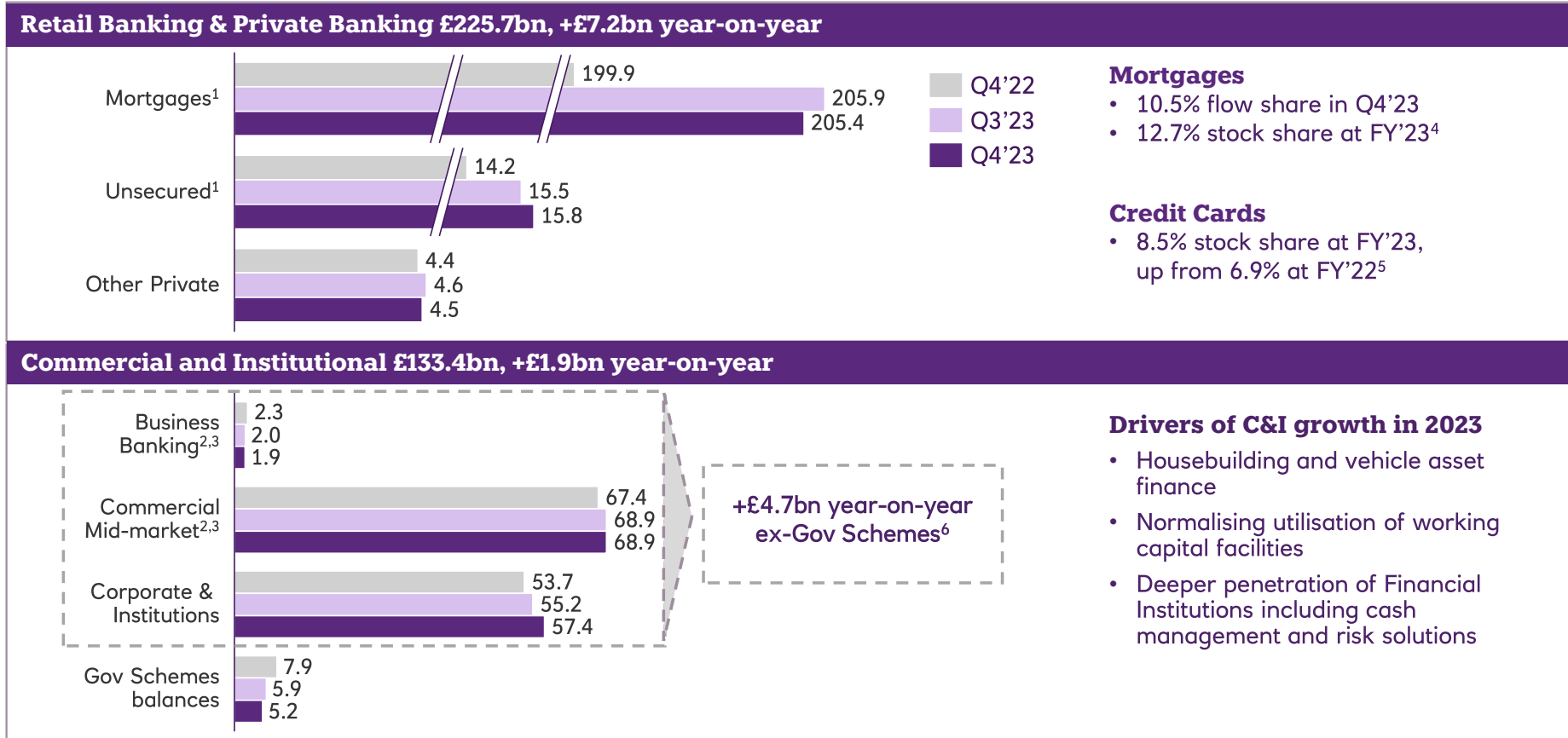
-8bps

2.86%

Bank Net Interest Margin²

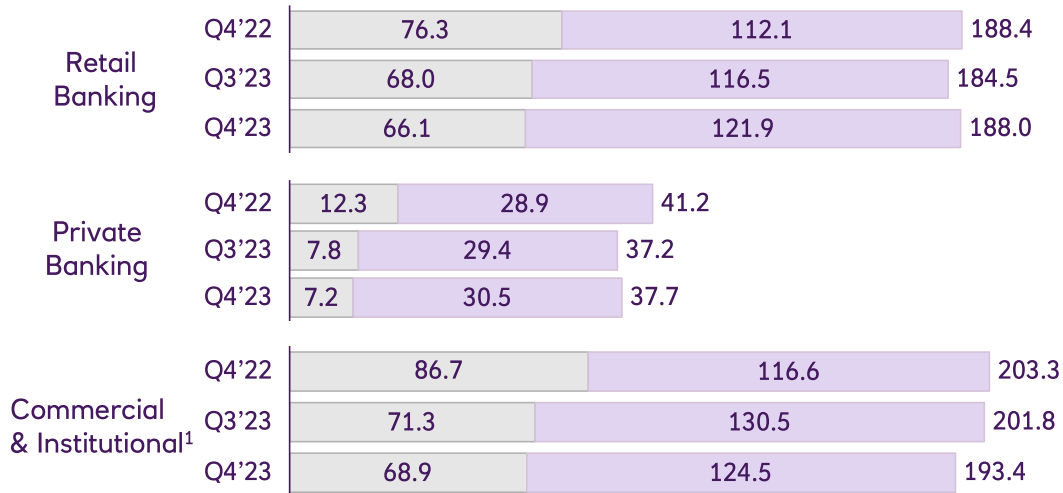
Disciplined approach to growth

Gross loans to customers (amortised cost) at Q4'23, £bn



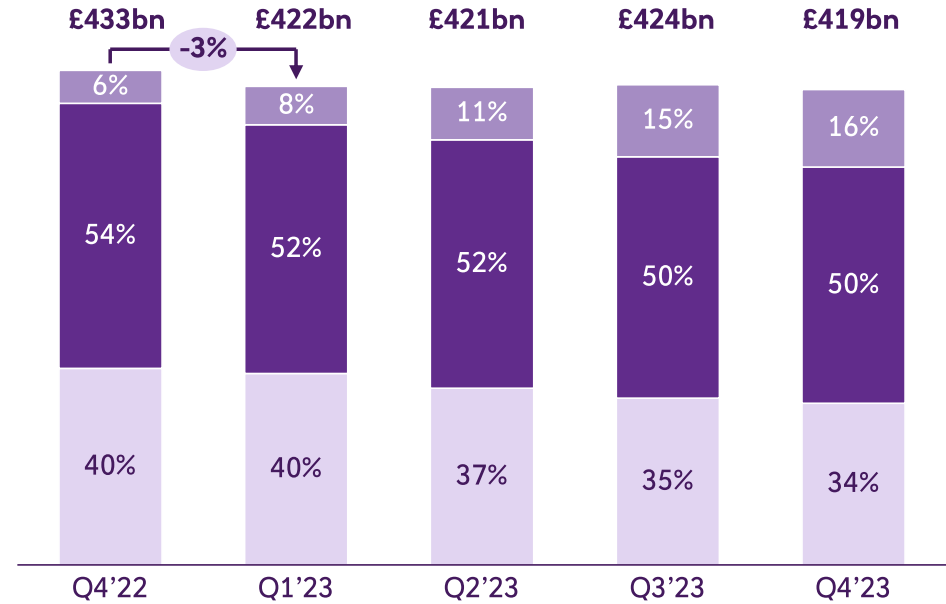
Deposit migration is slowing in line with expectations

Customer deposits across 3 customer businesses, £bn



Non-interest-bearing balances ²
 Interest-bearing balances ³

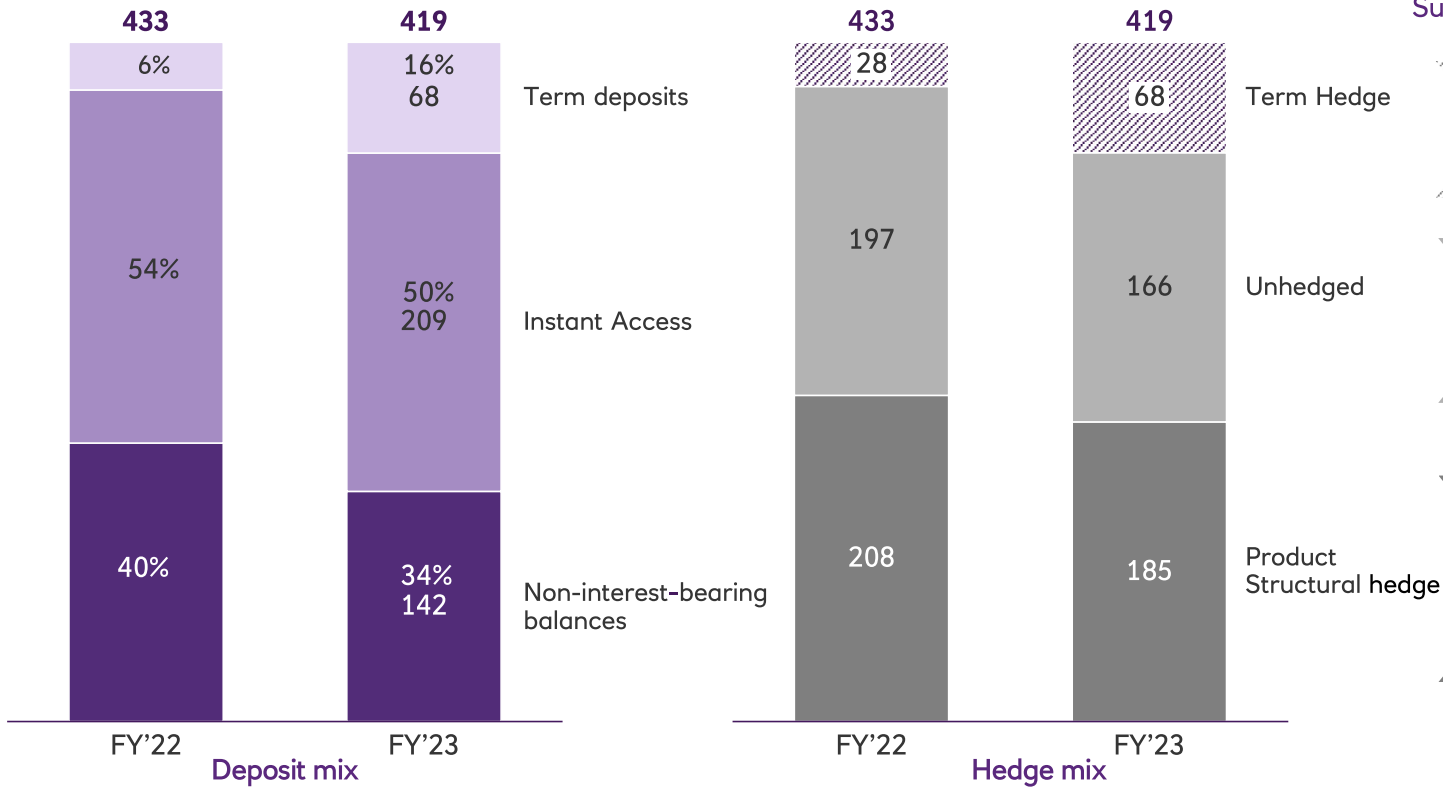
Deposit mix by interest type across the 3 customer businesses¹ %, £bn



Term deposits
 Instant Access
 Non-interest-bearing balances

Deposit income drivers

Deposit mix by interest and hedge type¹, £bn



2024 deposit income outlook year-on-year

Subject to customer and market dynamics

Term Deposit Income: moderate increase

- **Volume:** increasing at a more moderate rate
- **Margin:** broadly stable

Unhedged Deposit Income: significant reduction

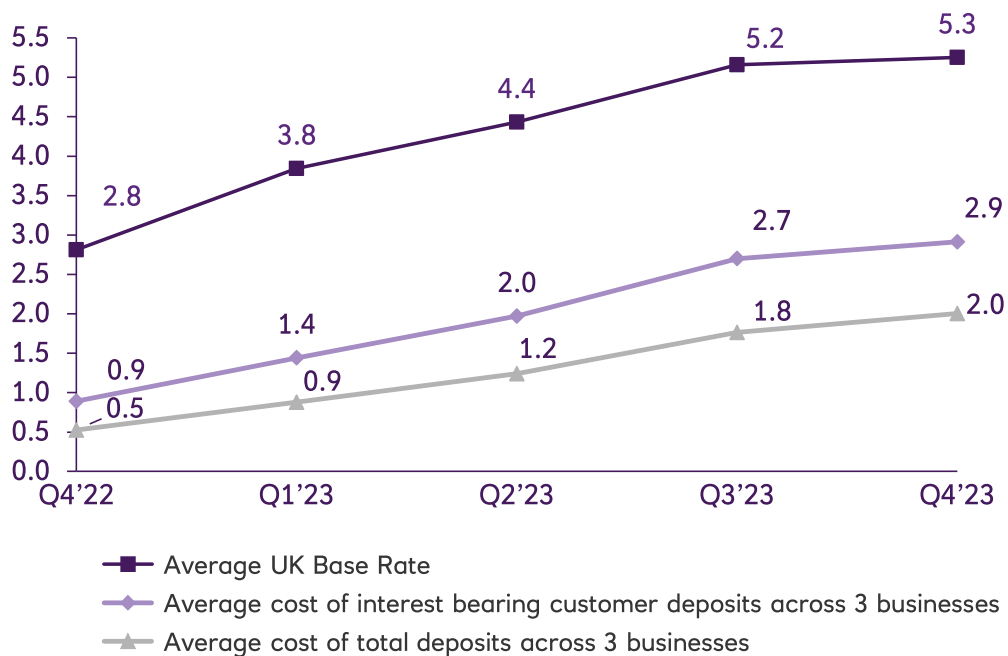
- **Volume:** subject to mix
- **Margin:** decreasing due to base rate cuts

Product Hedge Income: moderate increase

- **Volume:** reducing due to lower eligible balances
- **Margin:** increasing due to higher reinvestment rate

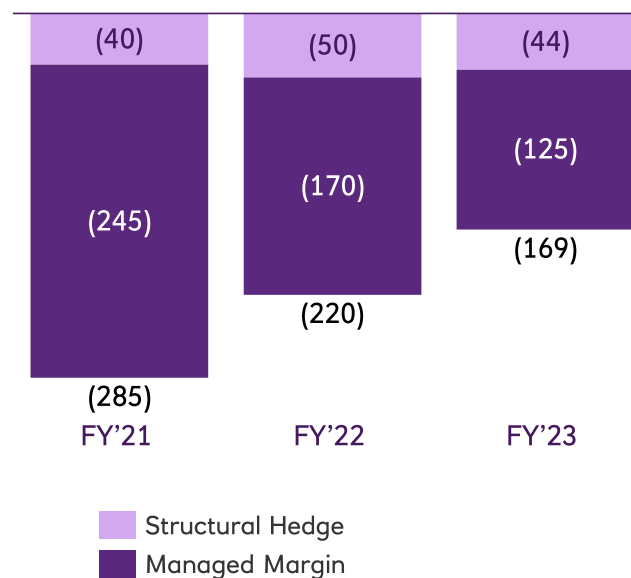
Our sensitivity to interest rates has reduced

Third party customer deposit rate and UK Base Rate, %



Our sensitivity to interest rates has reduced

Illustrative Year 1 Income impact of -25bps downward shift in yield curve, (£m)



Sensitivity considerations

- **Static balance sheet** – sensitivity illustration is based on end 2023 balance sheet. We expect further mix shift through 2024
- **Passthrough** – illustration assumes ~60% passthrough but the actual passthrough will depend on market dynamics

Key drivers of income in 2024

BOE Base Rate cuts and deposit pass through

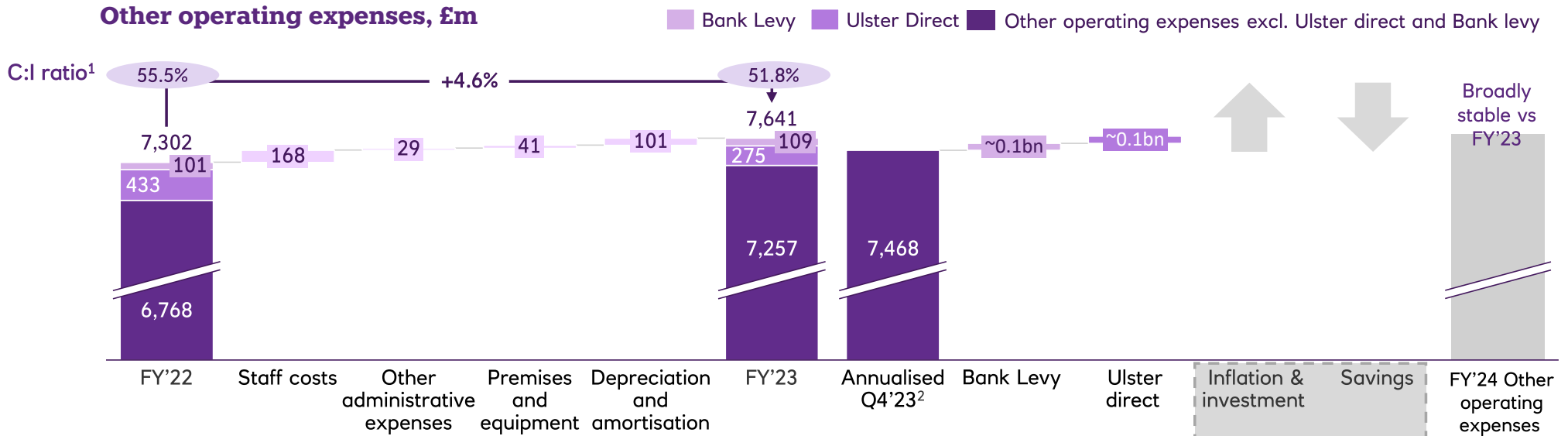
Deposit volumes and mix

Product structural hedge volume and reinvestment rate

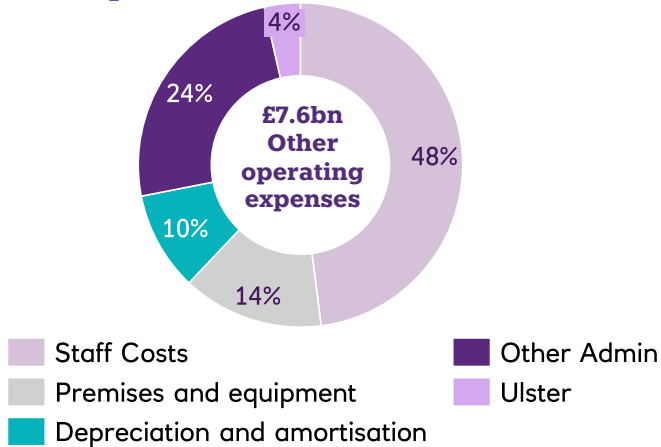
Mortgage volumes and margins

**In 2024 we expect Income excluding notable items to be
£13.0 – 13.5bn**

Delivered FY'23 cost guidance, expect broadly stable in FY'24



Composition of FY'23 cost base



FY'24 cost considerations

Inflation and investment

- Agreed 4% average annual wage increase vs 6.4% in FY'23
- Expect inflation to fall throughout 2024, averaging c.3% CPI
- Provision included for cost to achieve FTE reductions in FY'24

Savings

- Customer journey simplification and automation
- Property portfolio and technology efficiencies
- Further resource management across FTE and contract workers

Well diversified, high-quality loan book

Arrears levels remain broadly stable

Personal: £223.8bn, 57% of group

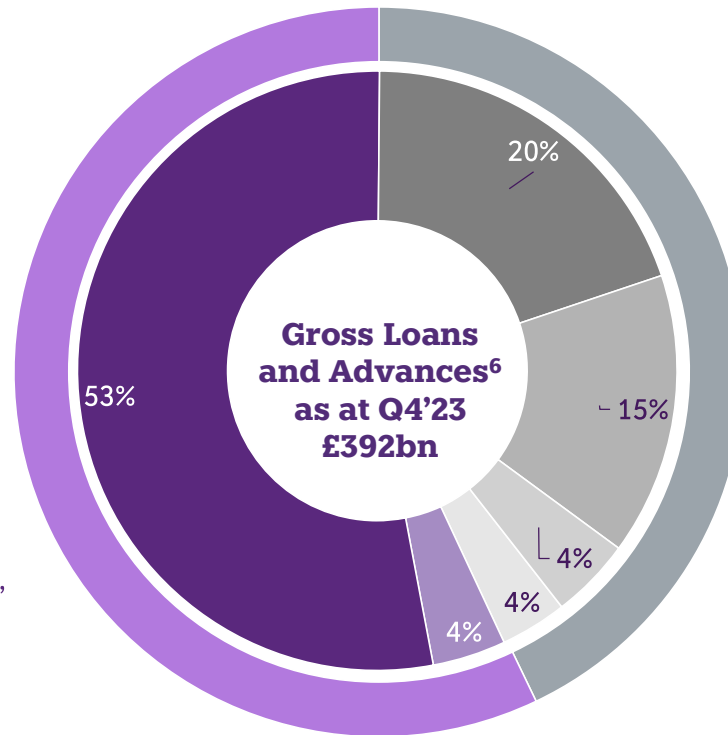
Wholesale: £168.3bn, 43% of group

Group mortgages £208.3bn

Loan-to-value of 55%¹, stable year-on-year
 64% 5Y, 24% 2Y, 1% 10Y, 6% Tracker², 4% SVR
 £65bn or 29% mortgage stock repriced in 2023³
 £34bn or 19% of fixed book expires in 2024⁴
 Arrears levels increasing but remain low

Credit cards and other unsecured £15.5bn

<4% of Group Loans
 Successful entry into whole-of-market credit cards,
 with tighter criteria for new customers
 Portfolio default rates remain low



Corporate £77.3bn

Out of scope of FCA review into broker-introduced personal Car Finance⁵
 Diverse corporate loan book, with exposure across a broad range of sectors
 Default levels remain below historic trends

Commercial Real Estate (CRE) £17.1bn

<5% of Group lending
 Loan-to-value of 48%¹
 Exposure to the Retail and Office sector is geographically diversified across all regions of the UK

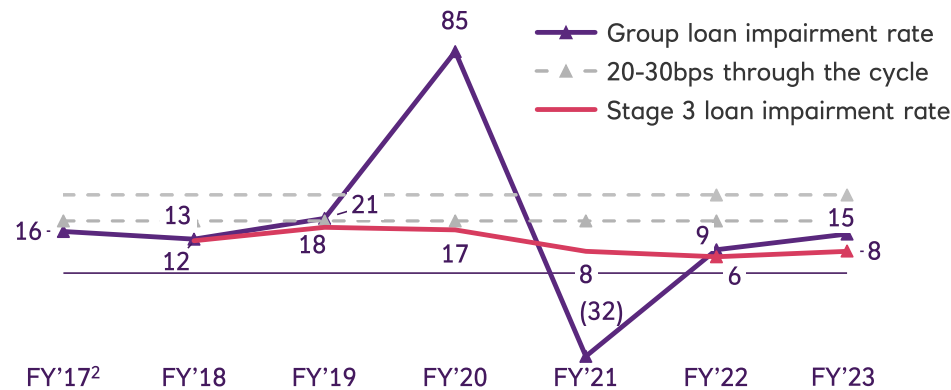


15bps impairment in FY'23, macroeconomic assumptions slightly improved

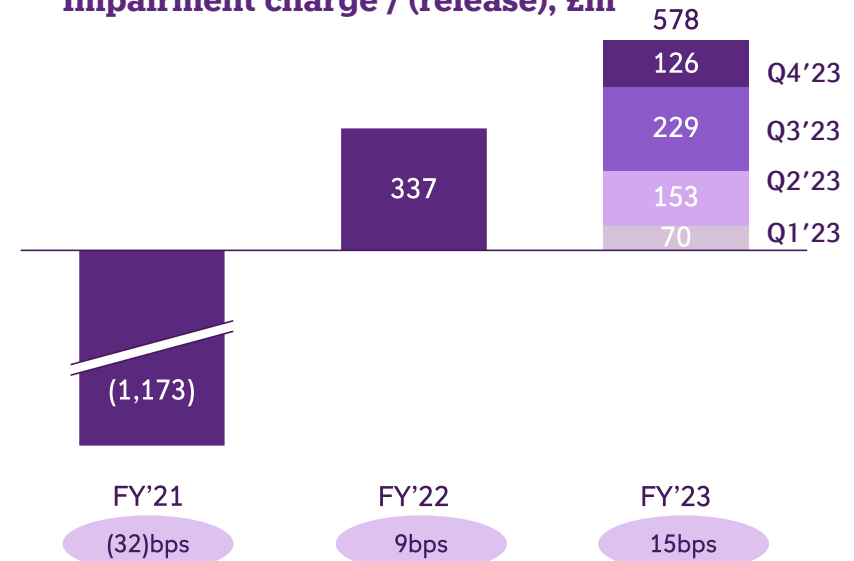
	H1'23				FY'23			
	Upside	Base Case	Downside	Extreme downside	Upside	Base Case	Downside	Extreme downside
Additional Stage 1 and 2 ECL at 100% weighting	19.5%	45.0%	21.5%	14.0%	21.2%	45.0%	20.4%	13.4%
	(355)	(148)	214	1,558	(309)	(132)	220	977

	H1'23		FY'23		Change		FY'23 Extreme Downside	
	2024	2025	2024	2025	2024	2025	2024	2025
Weighted-average variables								
UK GDP - annual growth	0.3	1.1	0.3	1.0	0.1	(0.1)	(2.7)	(1.6)
UK Unemployment - annual avg.	4.7	4.8	4.8	5.1	0.2	0.3	6.2	8.4
UK House Price Index ¹	(3.1)	0.9	(3.7)	1.2	(0.6)	0.3	(11.5)	(14.2)
UK Consumer price index ¹	3.2	2.3	2.9	2.4	(0.3)	0.1	(1.2)	1.7

History of loan impairment rates, bps

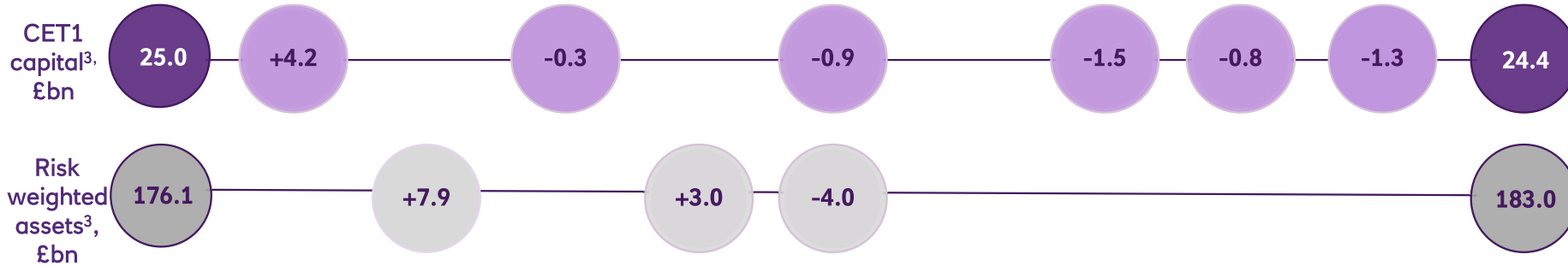
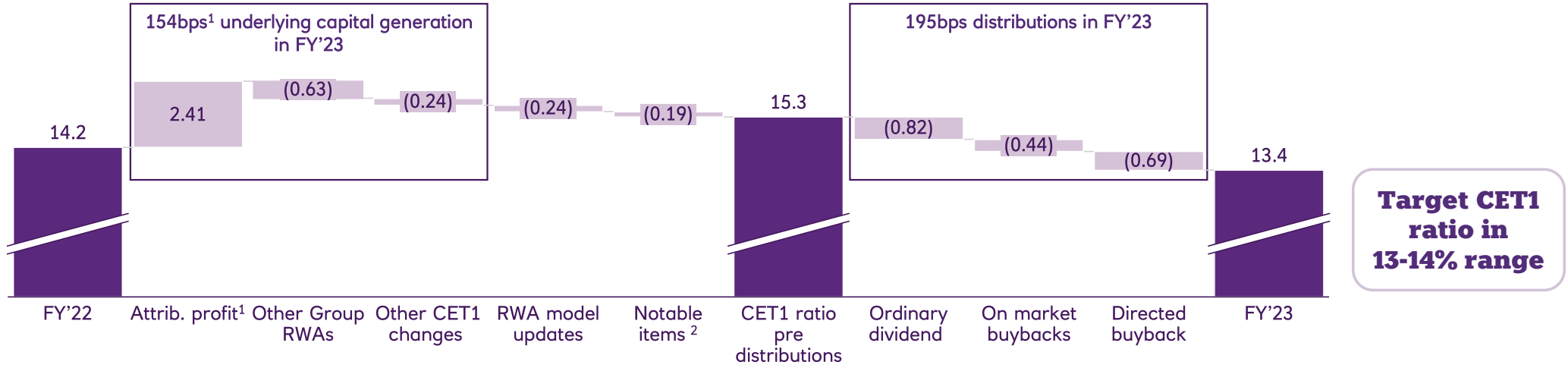


Impairment charge / (release), £m



Good capital generation supporting strong distributions

CET1 ratio, %

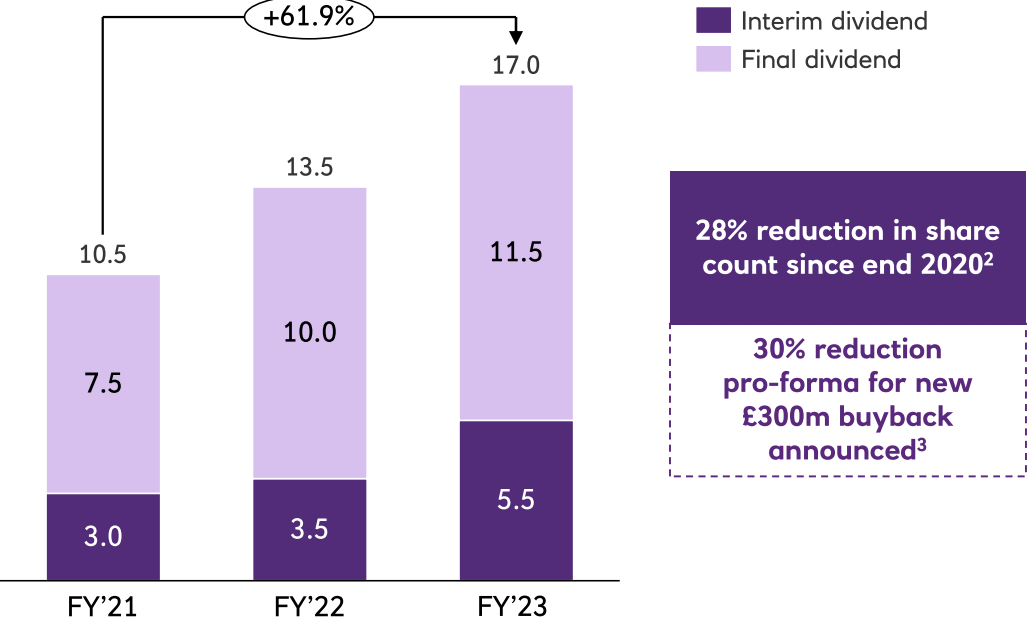


~£200bn end 2025⁴

Delivering sustainable long-term value

Strong ordinary dividend per share growth supported by multi-year buyback programmes

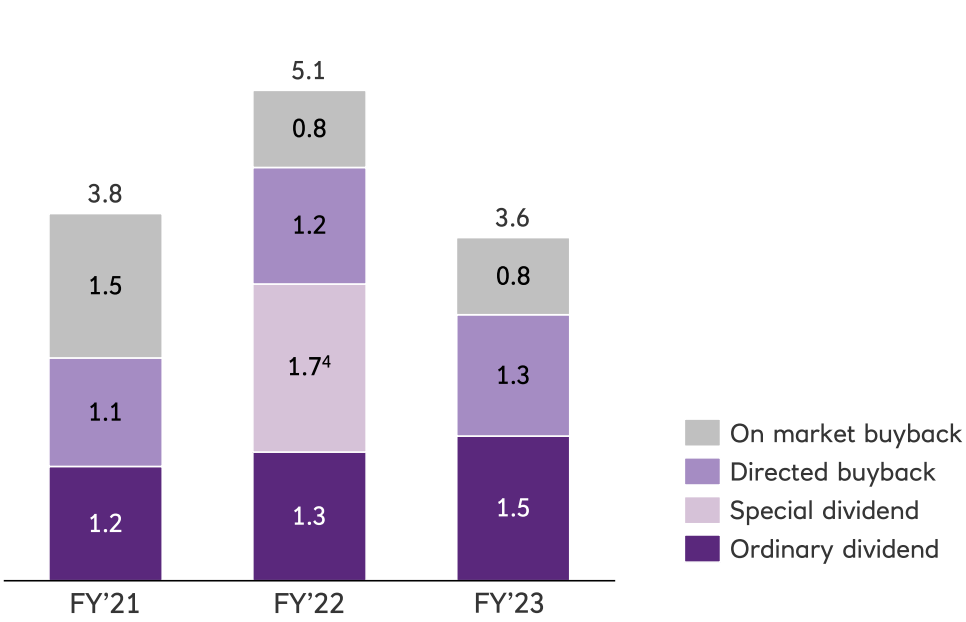
Ordinary dividend per share, GBp



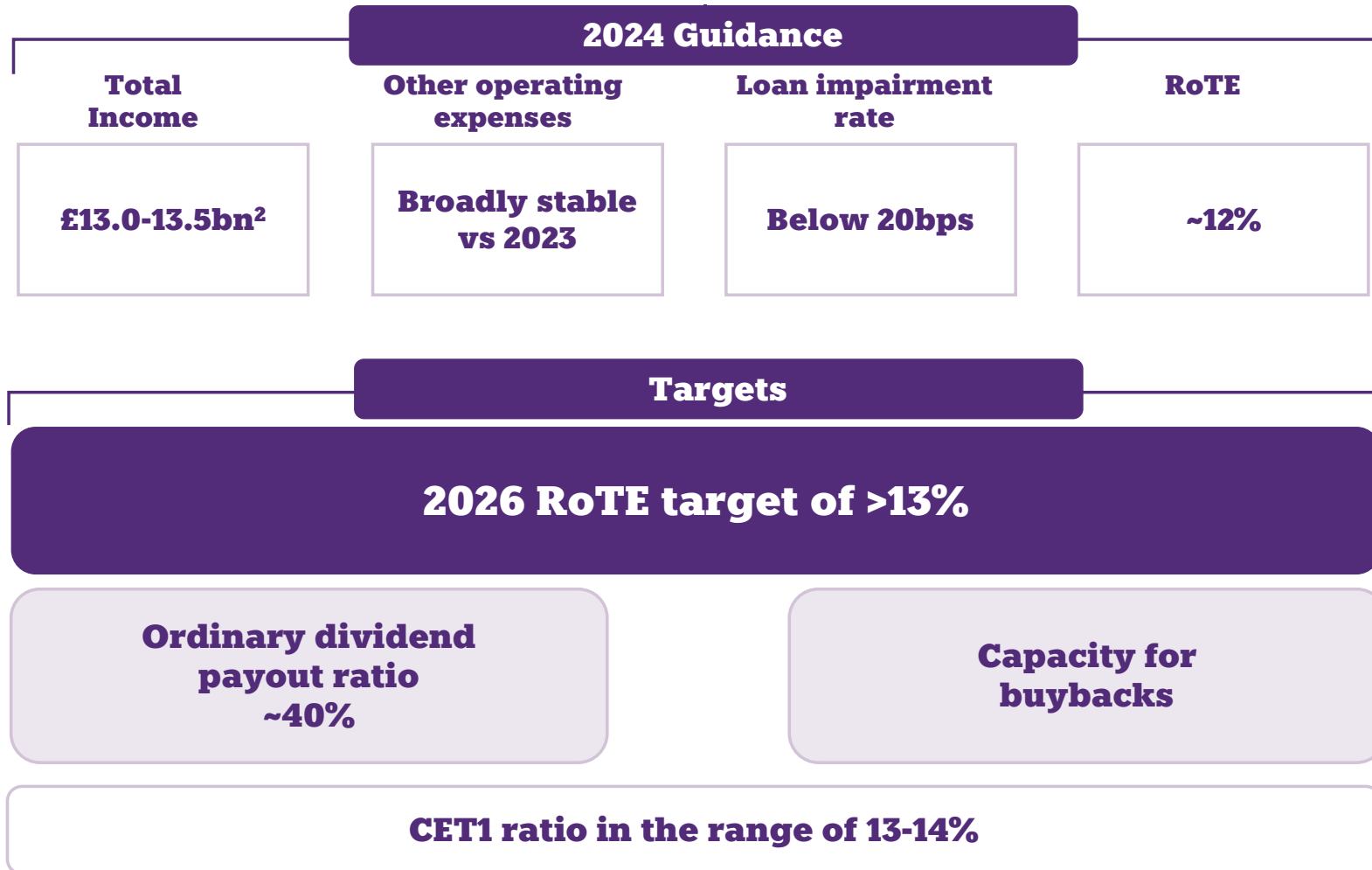
11.3	9.7	8.8
Ordinary Shares Outstanding, period end (£bn)		

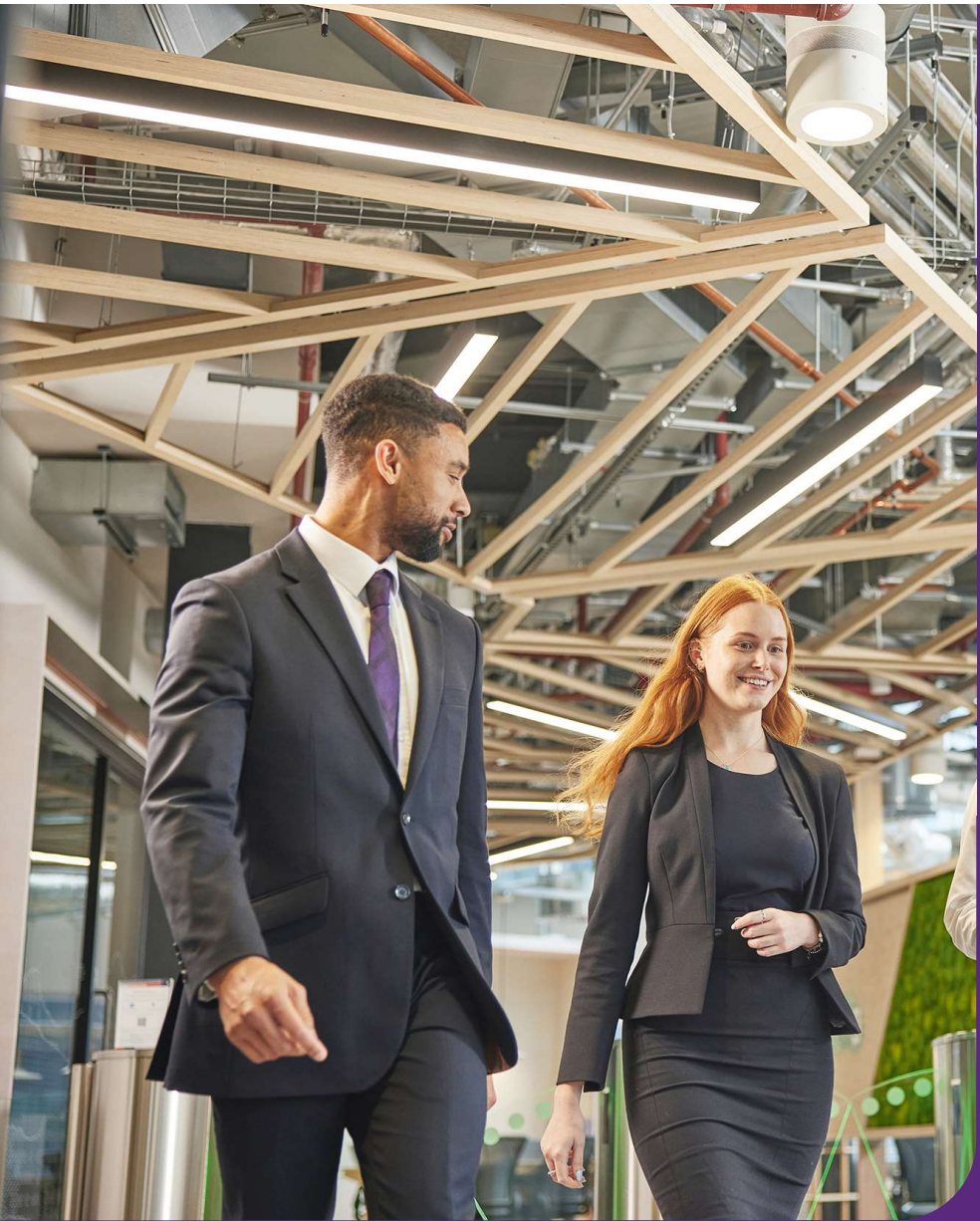
£12.5bn¹ distributions from 2021 to 2023

Shareholder distributions 2021-2023 Paid and accrued, £ billion



2026 targets and 2024 guidance¹





NatWest
Group

Paul Thwaite Chief Executive Officer

Our focus is on creating sustainable long-term value

2024 Priorities

**Disciplined
growth**

**Bank-wide
simplification**

**Active balance sheet and
risk management**

Targets

2026 RoTE target of >13%

**Ordinary dividend payout ratio
~40%**

Capacity for buybacks

CET1 ratio in the range of 13-14%



Q&A



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Appendix



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Outlook statements¹

Outlook

The economic outlook remains uncertain. We will monitor and react to market conditions and refine our internal forecasts as the economic position evolves. The following statements are based on our current expectations for interest rates and economic activity.

In 2024 we expect:

- to achieve a return on tangible equity of around 12%.
- income excluding notable items to be in the range of £13.0-13.5 billion.
- Group operating costs, excluding litigation and conduct costs, to be broadly stable compared with 2023.
- our loan impairment rate to be below 20 basis points.

In 2026 we expect:

- to achieve a return on tangible equity for the Group of greater than 13%

Capital

- target a CET1 ratio in the range of 13-14%.
- 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.
- expect to pay ordinary dividends of around 40% of attributable profit and maintain capacity to participate in directed buybacks from the UK Government, recognising that any exercise of this authority would be dependent upon HMT's intentions. We will also consider further on-market buybacks as appropriate.

Notable items

	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23	Q2'23	Q3'23	Q4'23	FY'23
Group income	3,008	3,211	3,229	3,708	13,156	3,876	3,851	3,488	3,537	14,752
Notable items in Income, £m	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23	Q2'23	Q3'23	Q4'23	FY'23
<i>Commercial and Institutional Banking</i>										
Own credit adjustments (OCA)	18	34	9	(19)	42	6	3	(6)	(5)	(2)
Fair value, disposal losses and strategic risk reduction	--	(45)	--	--	(45)	--	--	--	--	--
Tax interest on prior periods (Net Interest Income)	--	--	--	--	--	--	--	--	3	3
<i>Central items & other</i>										
Interest and FX risk management derivatives not in accounting hedge relationships	166	149	100	(46)	369	75	(23)	48	(21)	79
Loss on redemption of own debt	(24)	--	(137)	--	(161)	--	--	--	--	--
Liquidity Asset Bond sale gains	41	(5)	(124)	--	(88)	(13)	(11)	(9)	(10)	(43)
Share of associate profits/(losses) for Business Growth Fund	23	(36)	(16)	7	(22)	(12)	(3)	10	1	(4)
Property Restructuring	--	--	--	--	--	--	--	(69)	--	(69)
FX recycling (loss)/gain	--	--	--	--	--	--	322	--	162	484
Effective interest rate adjustment as a result of redemption of own debt (Net Interest Income)	--	--	--	(41)	(41)	--	--	--	--	--
Profit from Insurance liabilities settlement	--	--	--	92	92	--	--	--	--	--
Tax interest on prior periods (Net Interest Income)	--	--	--	--	--	--	--	--	(35)	(35)
Ulster Bank Rol fair value mortgage adjustment	--	--	--	(51)	(51)	--	--	--	--	--
Total notable items in Group income	224	97	(168)	(58)	95	56	288	(26)	95	413
Group income excluding notable items	2,784	3,114	3,397	3,766	13,061	3,820	3,563	3,514	3,442	14,339

Segmental summary¹

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



Group FY'23, £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Net interest income	5.5	0.7	5.0	(0.2)	11.0
Non-interest income	0.4	0.3	2.4	0.6	3.7
Total income	5.9	1.0	7.4	0.4	14.8
<i>Income ex-notable items</i>	<i>5.9</i>	<i>1.0</i>	<i>7.4</i>	<i>(0.0)</i>	<i>14.3</i>
Other operating expenses	(2.7)	(0.7)	(3.9)	(0.4)	(7.6)
Litigation and conduct	(0.1)	(0.0)	(0.2)	(0.0)	(0.4)
Operating expenses	(2.8)	(0.7)	(4.1)	(0.4)	(8.0)
Operating profit/(loss) before impairment releases/(losses)	3.1	0.3	3.3	0.0	6.8
Impairment releases/(losses)	(0.5)	(0.0)	(0.1)	(0.0)	(0.6)
Operating profit/(loss)	2.6	0.3	3.2	0.0	6.2

£bn					
Net loans to customers - amortised cost	205.2	18.5	131.9	25.8	381.4
Customer Deposits	188.0	37.7	193.4	12.3	431.4
RWAs	61.6	11.2	107.4	2.8	183.0

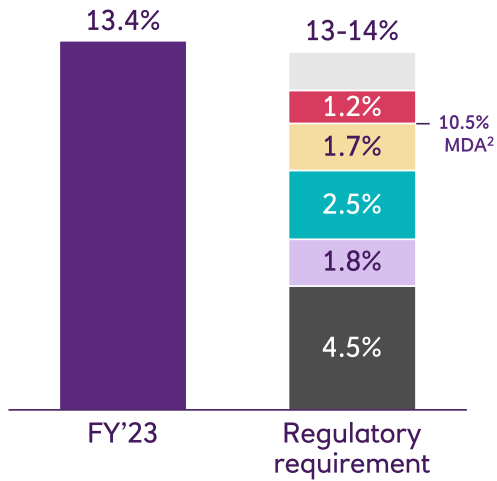
Return on equity / tangible equity	23.8%	14.8%	15.4%	nm	17.8%
Cost:income ratio	45.7%	68.3%	52.1%	nm	51.8%

Tangible net asset value

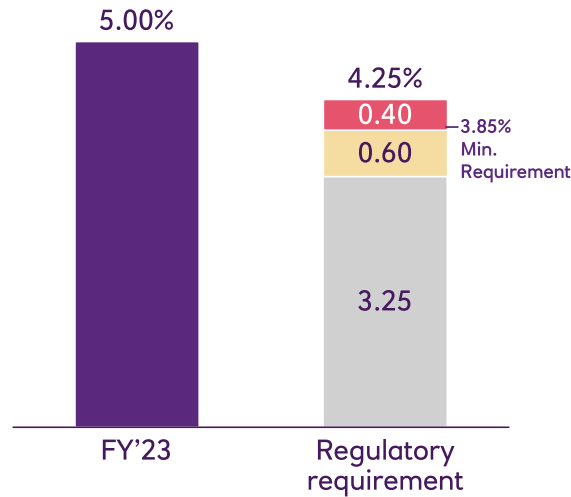
	GBP, m	Share count, m	Pence
As at 30 September 2023	24,015	8,871	271
On-market share buyback	(205)	(96)	1
Attributable profit	1,229		14
Cash flow hedge reserve (net of tax)	1,068		12
FX Reserves	(218)		(2)
Other movements	(236)	17	(3)
Net change	1,638	(79)	21
As at 31 December 2023	25,653	8,792	292

Strong capital and liquidity positions provide confidence and flexibility

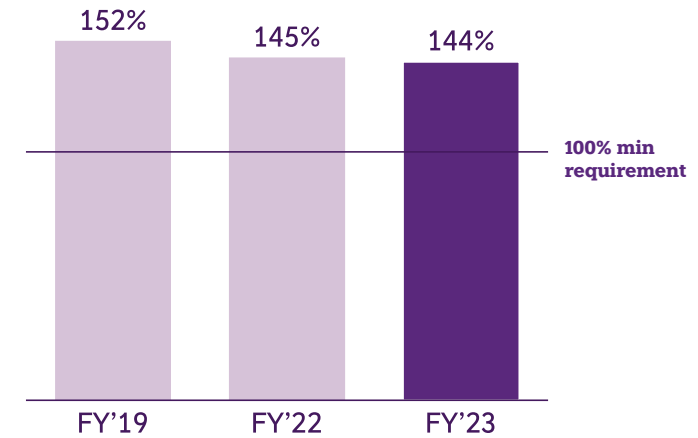
CET1 capital (% RWA)^{1,2}



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



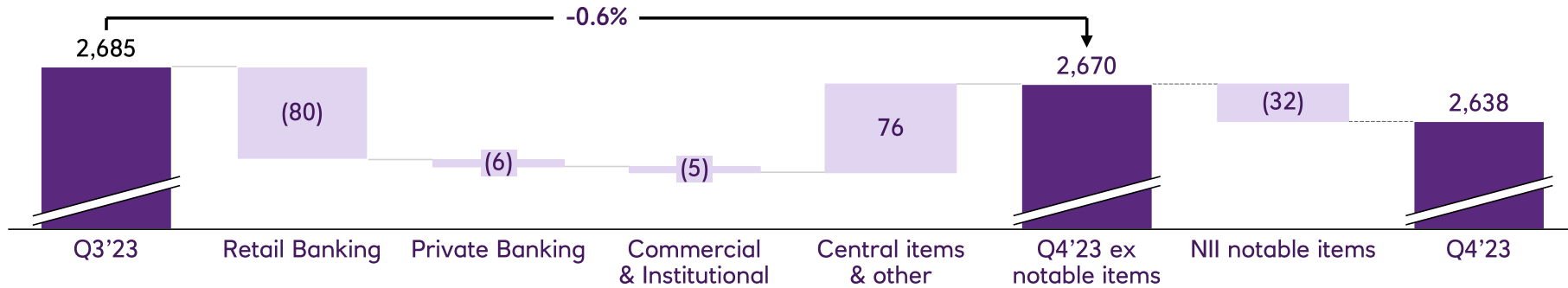
Liquidity coverage ratio (LCR) as at FY'23 Headroom of £45.4bn



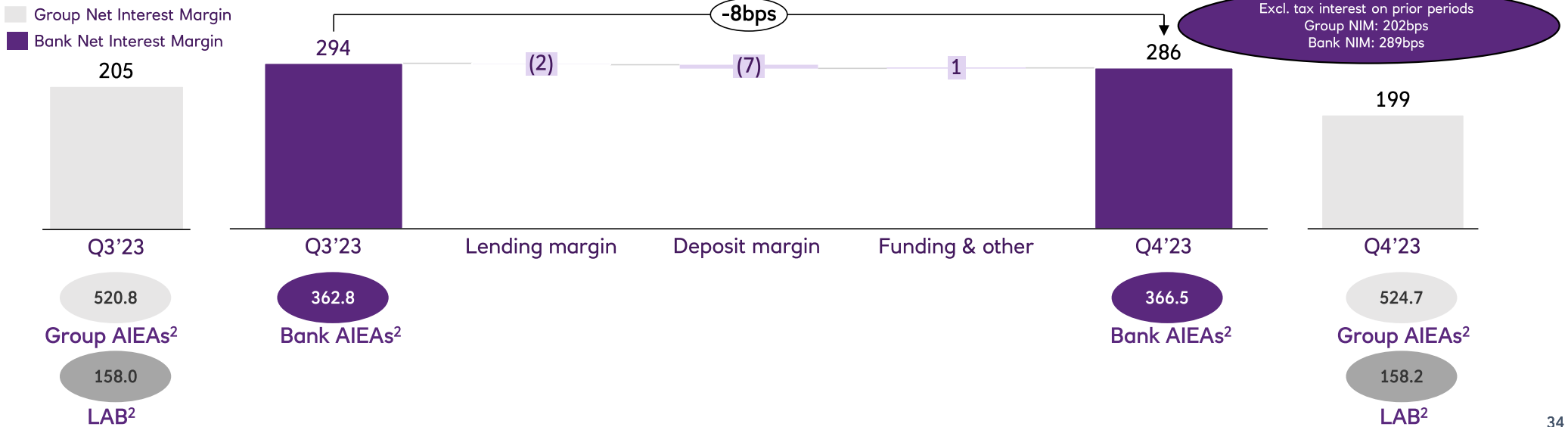
- Management buffer
- O-SII group risk add-on³
- Countercyclical buffer⁴
- Capital conservation buffer
- Pillar 2A⁵
- Pillar 1
- O-SII group risk add-on³
- Countercyclical leverage ratio buffer⁶
- Minimum Tier 1 capital requirement

Net interest income and NIM in Q4'23

Net Interest Income, £m

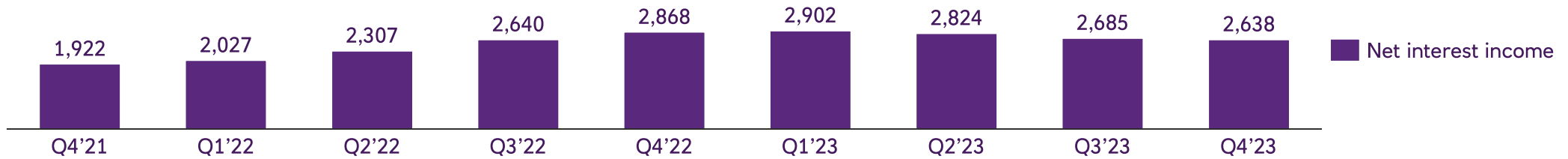


Net Interest Margin¹, bps AIEAs, £ bn

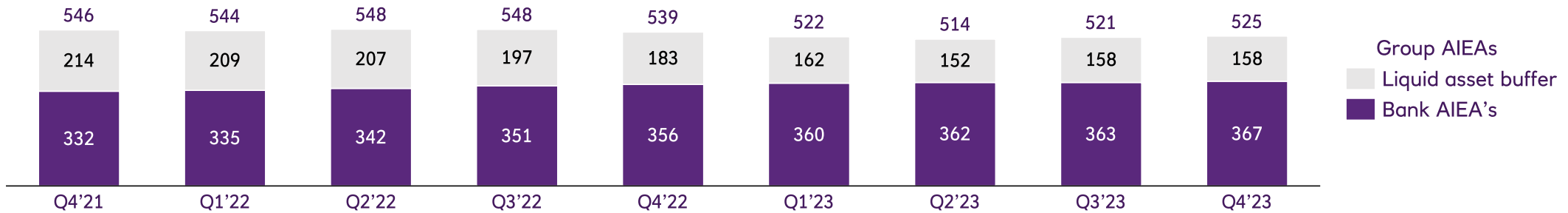


Net Interest Income, margin and AIEAs

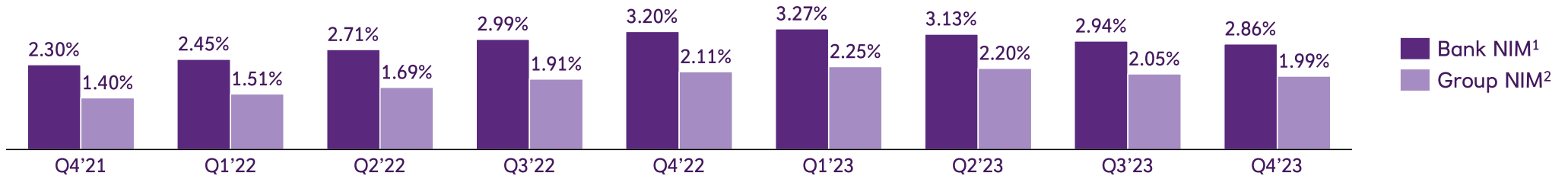
Net Interest Income, £m



Average Interest Earning Assets, £bn

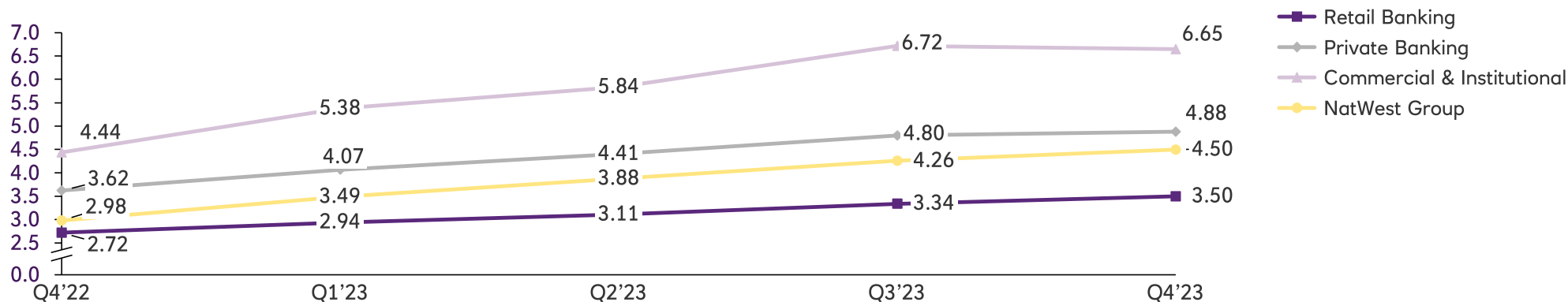


Net Interest Margin, %

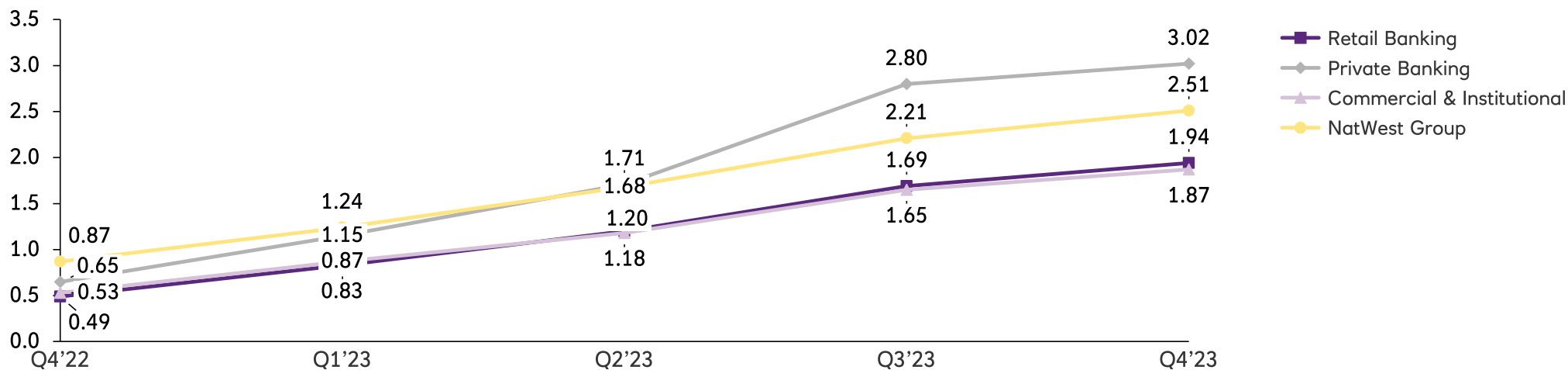


Higher interest rates are feeding through to customer lending and deposit rates

Gross yields of interest earning banking assets, %¹



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



Structural Hedge¹

	FY 2023			
	Total Income	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
Equity	418	22	22	1.87
Product	2822	185	199	1.42
Total	3,240	207	221	1.47

	H1 2023			
	Total Income	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
Equity	204	23	22	1.83
Product	1,362	202	205	1.33
Total	1,566	225	227	1.38

	FY 2022			
	Total Income	Period end notional	Average Notional	Total Yield
	(£m)	(£bn)	(£bn)	%
Equity	372	23	22	1.72
Product	1780	208	197	0.90
Total	2,152	231	219	0.98

Interest rate sensitivity¹

Assumes constant balance sheet as at 31 December 2023

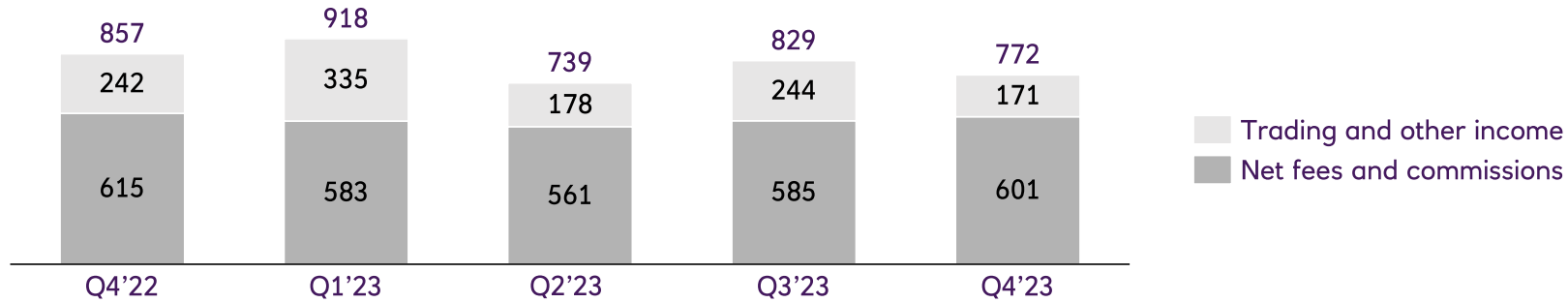
FY 2023	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	44	138	227	(44)	(138)	(227)
Managed Margin	120	117	114	(125)	(121)	(105)
Total	164	255	341	(169)	(259)	(332)

H1 2023	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	49	151	249	(49)	(151)	(248)
Managed Margin	86	76	157	(121)	(75)	(168)
Total	135	227	406	(170)	(226)	(416)

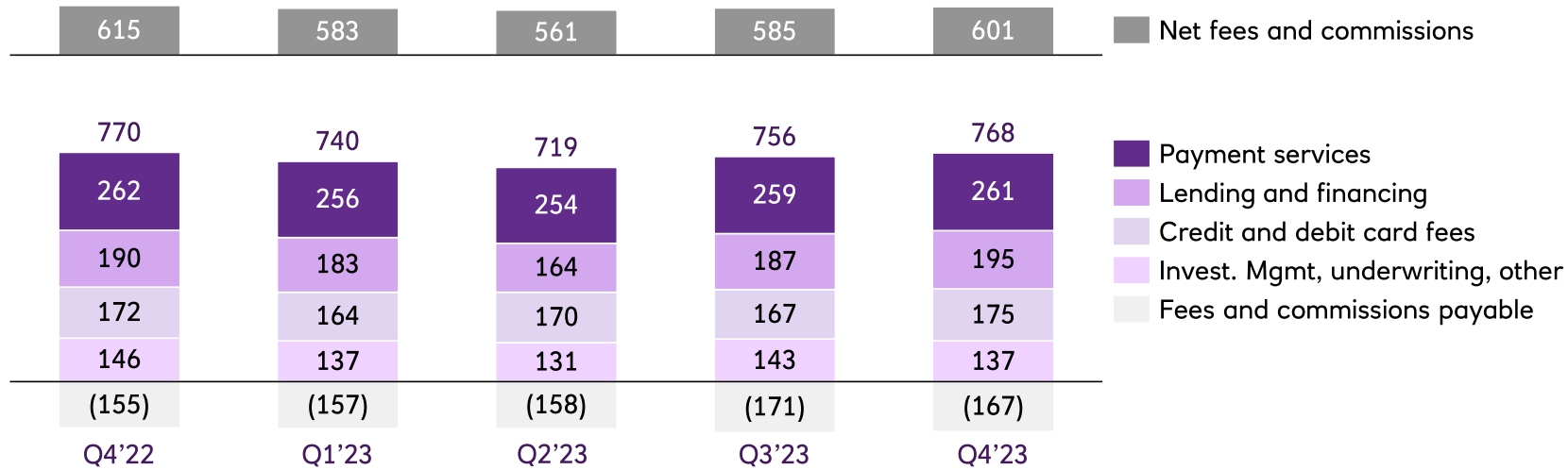
FY 2022	+25 basis points parallel upward shift			-25 basis points parallel downward shift		
	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)
Structural Hedge	50	158	260	(50)	(158)	(260)
Managed Margin	148	141	136	(170)	(140)	(129)
Total	198	299	396	(220)	(298)	(389)

Non interest income

Non Interest Income¹, £m



Fees and Commissions, £m

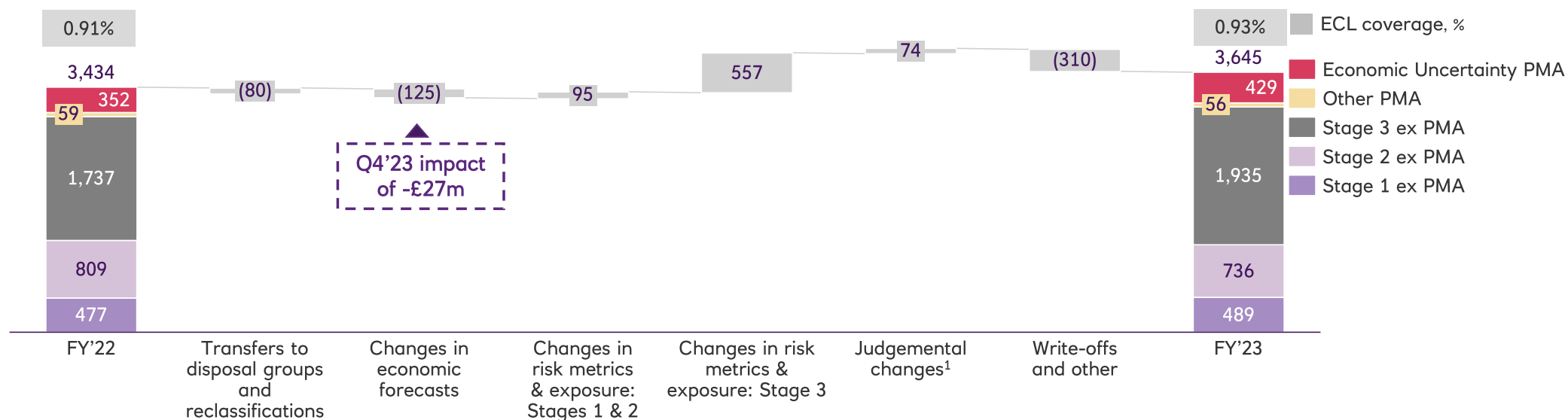


UK Economic Assumptions¹

Our economic assumptions and weightings updated in FY'23

Scenario	FY'23		H1'23					Q1'23 and FY'22							
	Upside	Base Case	Downside	Extreme downside	Weighted average	Upside	Base Case	Downside	Extreme downside	Weighted average	Upside	Base Case	Downside	Extreme downside	Weighted average
Weighting	21%	45%	20%	13%	Weighted average	19%	45%	21%	16%	Weighted average	19%	45%	21%	16%	Weighted average
UK GDP – Annual Growth (%)															
2024	3.6	0.4	(1.1)	(2.7)	0.3	3.8	0.8	(1.4)	(4.1)	0.3	1.9	0.7	(0.4)	(1.6)	0.4
2025	2.3	1.3	0.4	(1.6)	1.0	1.4	1.0	1.0	0.9	1.1	1.2	1.0	1.9	1.2	1.3
5 year - CAGR ²	1.8	1.0	0.5	(0.3)	0.9	1.8	0.9	0.4	(0.2)	0.8	2.2	1.3	0.8	0.4	1.2
UK Unemployment rate – annual average (%)															
2024	3.9	4.7	5.2	6.2	4.8	3.3	4.2	5.1	7.3	4.7	3.9	4.9	5.7	8.4	5.4
2025	3.2	4.7	5.8	8.4	5.1	3.3	4.4	5.3	7.7	4.8	4.0	4.8	5.2	8.0	5.2
5 year average ²	3.5	4.6	5.2	6.8	4.8	3.5	4.2	4.9	6.6	4.6	3.9	4.5	4.9	6.7	4.8
UK House Price Index – four quarter growth (%)															
2024	7.2	(5.0)	(7.1)	(11.5)	(3.7)	10.4	(1.0)	(13.2)	(14.1)	(3.1)	4.5	(0.9)	(7.7)	(15.2)	(3.2)
2025	9.4	3.1	(3.1)	(14.2)	1.2	6.1	2.9	0.9	(16.4)	0.9	3.0	2.9	4.8	(8.3)	1.8
5 year - CAGR ²	3.9	0.3	(0.4)	(5.7)	0.3	3.8	0.3	(0.8)	(6.0)	0.0	5.1	0.8	(0.7)	(4.4)	0.6
UK Commercial Real Estate Price – four quarter growth (%)															
2024	12.7	0.0	(7.3)	(18.4)	(1.2)	5.5	0.5	(13.4)	(35.3)	(6.1)	1.9	(0.5)	2.8	(29.1)	(3.2)
2025	3.5	2.7	(2.0)	(20.0)	(0.5)	4.6	2.5	2.5	2.5	3.0	2.7	1.3	3.7	6.7	2.6
5 year - CAGR ²	3.1	(0.2)	(2.0)	(6.8)	(0.6)	3.3	0.2	(2.7)	(7.6)	(0.7)	1.2	(1.9)	(2.8)	(9.1)	(2.5)
Consumer price index - four quarter growth (%)															
2024	0.9	2.5	8.5	(1.2)	2.9	1.1	2.3	4.3	6.8	3.2	1.0	2.7	1.0	8.8	3.1
2025	0.7	2.0	5.3	1.7	2.4	1.8	1.9	3.9	1.7	2.3	2.0	2.0	2.0	2.7	2.1
5 year - CAGR ²	1.7	2.6	5.2	1.8	2.8	1.7	2.3	4.2	3.7	2.8	3.6	4.2	4.4	8.2	4.8

ECL walk and impairment details by sector



Group impairment details by lending sector

	Personal			Wholesale				Group
	Mortgages	Unsecured		Property	Corporate	FI	Sovereign	
		Credit cards	Other personal					
FY'23								
Impairment charge/(release), £m	35	193	254	34	58	6	(2)	578
Loan impairment rate, bps	2bps	327bps	265bps	11bps	7bps	1bps	-8bps	15 bps
Gross loans to customers, £bn	208.3	5.9	9.6	31.2	77.3	57.1	2.6	392.0
ECL coverage ratio, %	0.20%	6.37%	12.17%	1.28%	1.55%	0.12%	0.61%	0.93%
FY'22²								
Impairment charge/(release), £m	(74)	56	259	108	(27)	19	(4)	337
Loan impairment rate, bps	-4bps	126bps	267bps	35bps	-3bps	4bps	-14bps	9bps
Gross loans to customers, £bn	203.0	4.5	9.7	31.0	78.1	48.1	2.8	377.2
ECL coverage ratio - FY'22, %	0.19%	5.76%	10.82%	1.35%	1.60%	0.13%	0.61%	0.91%

Impairment charge/(release) by customer businesses

	Retail Banking ¹	Private Banking	Commercial & Institutional	Central items & other	Group
FY'23 (£m)	465	14	94	5	578
FY'23 (bps)	22bps	8bps	7bps	nm	15bps
FY'22 (£m)	229	(2)	122	(12)	337
FY'22 (bps)	11bps	(1)bps	9bps	nm	9bps

Q4'23 (£m)	103	5	15	3	126
Q4'23 (bps)	20bps	11bps	4bps	nm	13bps
Q3'23 (£m)	169	(2)	59	3	229
Q3'23 (bps)	33bps	(4)bps	18bps	nm	24bps
Q4'22 (£m)	87	2	62	(7)	144
Q4'22 (bps)	17bps	4bps	19bps	nm	16bps

Asset quality¹

Mortgage LTV distribution by stage												
	Total			Stage 1			Stage 2			Stage 3		
	FY'19	FY'22 ²	FY'23	FY'19	FY'22	FY'23	FY'19	FY'22	FY'23	FY'19	FY'22	FY'23
≤50%	51,791	80,614	76,684	47,746	71,321	68,092	3,375	8,257	7,447	511	1,036	1,145
>50% and ≤70%	51,582	76,586	73,555	47,224	68,178	65,777	3,804	7,792	7,011	463	616	767
>70% and ≤80%	24,992	19,266	24,283	23,235	17,602	22,537	1,568	1,602	1,633	150	62	113
>80% and ≤90%	15,251	8,879	14,773	14,030	7,918	13,583	1,111	944	1,143	85	17	47
>90% and ≤100%	3,610	1,433	3,392	3,401	1,409	3,008	174	18	370	20	6	14
>100%	238	52	39	111	35	22	100	7	6	24	10	11
Total with LTVs	147,464	186,830	192,726	135,747	166,463	173,019	10,132	18,620	17,610	1,253	1,747	2,097
% of Group L&As	43.8%	49.3%	49.2%	40.3%	44.0%	44.1%	3.0%	4.9%	4.5%	0.4%	0.5%	0.5%
Total portfolio average LTV%	57%	53%	55%	57%	53%	55%	59%	52%	54%	66%	47%	49%
Commercial Real Estate (CRE) LTV distribution by stage												
	Total			Stage 1			Stage 2			Stage 3		
	FY'19	FY'22	FY'23	FY'19	FY'22	FY'23	FY'19	FY'22	FY'23	FY'19	FY'22	FY'23
≤50%	10,132	7,725	7,898	8,787	7,010	7,173	468	658	664	40	57	61
>50% and ≤70%	6,191	4,356	3,878	4,945	3,515	3,165	252	798	619	148	43	94
>70% and ≤100%	618	497	515	380	259	319	138	82	112	88	156	84
>100%	309	135	273	104	102	241	51	10	6	153	23	26
Total with LTVs	17,250	12,713	12,564	14,216	10,886	10,898	909	1,548	1,401	429	279	265
% of Group L&As	5.1%	3.4%	3.2%	4.2%	2.9%	2.8%	0.3%	0.4%	0.4%	0.1%	0.1%	0.1%
Total portfolio average LTV%	48%	47%	48%	46%	45%	47%	55%	52%	51%	101%	75%	72%
Other	2,835	2,482	2,624	658	1,800	2,189	149	627	390	123	55	45
Development	2,971	1,942	1,913	2,377	1,553	1,717	272	332	147	144	57	49
Total	23,056	17,137	17,101	17,251	14,239	14,804	1,330	2,507	1,938	696	391	359

Footnotes

Slide 3: 1. Gross Loans and Advances to Customers at amortised cost across the three business segments – Retail, Private and Commercial & Institutional. 2. Business banking accounts opened in 2023 including Mettle 3. Current Accounts opened includes NatWest Rooster Money and NatWest Adapt / Revolve current accounts for age 11-17. 4. Retail and Private Fixed Term Savings balance growth from 31 December 2022 to 31 December 2023 5. Assets under management and administration (AUMA) comprising Assets under management (AUMs) and Assets under administration (AUAs) serviced through Private Banking 6. The number of customers helped to manage their financial wellbeing, using one or more Savings Goals - Spending Feature, Know Your Credit Score, Round ups or Financial Health Checks. 7. Targeting £100bn Climate and sustainable funding and financing (CSFF) between 1 July 2021 and the end of 2025. 8. In 2023 we provided £2.6bn in wholesale loans within the Renewable energy category of our. [Climate and sustainable finance and funding inclusion criteria | NatWest Group](#). NatWest ranks as a leading loan arranger to the UK Renewables sector by value of deals for 1 Jan 2014 to 31 December 2023, source Infralogic.

Slide 4: 1. Total income excluding notable items. 2. Costs excluding litigation and conduct. 3. £3.6bn includes £1.3bn Directed Buyback executed in May'23, £0.5bn on-market buyback announced in H1'23, £0.3bn on-market buyback announced 16th Feb '24, £0.5bn interim dividend paid in Sept'23 and £1.0bn final ordinary dividend accrued. 4. Announced on 16th February 2024 and accrued within 13.4% CET1 ratio. 5. £66bn more deposits than loans 6. £45bn headroom above the regulatory minimum. 7. TFSME is Term Funding Scheme from the Bank of England and is four-year funding of at least 10% of participants' stock of real economy lending at interest rates at, or very close to, Bank Rate.

Slide 5: 1. 2024-2026 Forecasts are per NatWest Group IFRS 9 base case, full details of the economic assumptions can be found pages 191-196 of NWG FY'23 ARA. 2. Calculations for CPI and GDP growth are performed on an annual basis with CPI December 2022 growth starting in December 2021 and GDP Q4 22 growth starting in Q4 2021, whereas ARA calculates CPI and GDP growth on a 5-year indexed view. 3. Based on Bank of England (BoE) data showing household and corporate debt falling from 65% to 60% and 19% to 17% for households and PNFC respectively since Q4 2019 to Q3 2023. 4. Based on BoE data showing seasonally adjusted Mortgage approvals up 30% from September 2023 low. 5. Based on BoE data showing deposit migration to fixed rates slowing; avg. inflows of £5.1bn in three month to Dec'23, 75% down from peak in Jul-23. 6. Source ONS Business Insights Statistical Bulletin, 25th January 2024, when looking ahead to February 2024, 18% of trading businesses expect their turnover to increase, up 7 percentage points from expectations for January 2024; while 14% reported that they expect their turnover to decrease, down 11 percentage points over the same period.

Slide 6: 1. Retail and Premier customers. 2. Private excluding RBS Collective Investment Funds Limited (CIFL) customers 3. Business Banking, SME & Mid Corporates, Large Corporates & Institutions customers including Western Europe, Specialised Businesses including Lombard, RBS International (RBSI), Tyl and Mettle . 4. Current account stock, FY'23 share based on Nov'23 CACI data. 5. Stock share of Retail Banking and Private Banking mortgages, calculated as a percentage of Monthly amounts outstanding of total sterling net secured lending to individuals (in sterling millions) not seasonally adjusted as per December 2023 BoE data. 6. Based on Unsecured lending including Cards, Loans, Overdrafts and central items calculated as a percentage of Monthly amounts outstanding of total (excluding the Student Loans Company) sterling net unsecured lending to individuals not seasonally adjusted based on Dec'23 BoE data. 7. [Our Awards | Coutts Private Bank](#) 8. Based on Customer deposits (£bn) for Commercial & Institutional excluding NatWest Markets (NWM) and RBSI, calculated as a percentage of M4 liabilities for Private Non-financial Businesses (PNFC's) as per December 2023 BoE data. 9. Based on Gross Loans and Advances to Customers at amortised cost for Commercial & Institutional excluding NWM and RBSI, calculated as a percentage of monthly amounts outstanding of sterling and all foreign currency loans to SMEs and large businesses as per December 2023 BoE data. 10. Based on the % of 647 businesses, less than 2 years old, that name a NatWest Group brand as their main bank (19%). Source: MarketVue Business Banking from Savanta, YE Q4 2023. Data weighted by region and turnover to be representative of businesses in Great Britain.

Slide 7: 1. Paid and proposed. 2. Over the three year period since 31 December 2020. 3. From 10.5p total ordinary dividend per share in 2021 to 17.0p paid and proposed in 2023

Slide 11: 1.Excludes notable items per slide 30.

Slide 12: 1.Excludes notable items per slide 30. 2. NatWest Group's CET1 target is approximately 13-14% but for the purposes of computing segmental return on equity (ROE), to better reflect the differential drivers of capital usage, segmental operating profit or loss adjusted for preference share dividends and tax, is divided by average notional tangible equity allocated at different rates of 13.5% for Retail Banking (13% for 2022), 11.5% for Private Banking (11% for 2022), and 14% for Commercial & Institutional (14% for 2022), of the period average of segmental risk-weighted assets equivalents (RWAE) incorporating the effect of capital deductions.

Slide 13: 1. Excluding relevant notable income items per slide 30. Reported Q4'23 Net Interest Income £2,638m incl. -£32m tax interest on prior periods. 2. Group Net Interest Margin = Reported Group Net Interest Income / Group Average Interest Earning Assets. Bank Net Interest Margin = Report Group Net Interest Income / Bank Average Interest Earning Assets. Adjusting for tax interest on prior periods, Group NIM: 202bps, Bank NIM: 289bps. 3. May not cast due to rounding.

Slide 14: 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 by c.£0.1bn each quarter. This was as a result of a proportion of customers moving from BB to CMM intra quarter and their repayment balances adjusted accordingly. Also note C&I total figure for Q4'22 will not cast to Financial Supplement due to rounding. 4. Stock share of Retail Banking and Private Banking credit cards management estimate calculated as a percentage of total sterling net mortgage lending to individuals (in sterling millions) not seasonally adjusted as per Dec'22 and Dec'23 BoE data. 5. Stock share of Retail Banking and Private Banking credit cards management estimate calculated as a percentage of total sterling net credit card lending to individuals (in sterling millions) not seasonally adjusted as per Dec'22 and Dec'23 BoE data. 6. Excluding Government schemes, also note this will not cast to numbers on the chart due to rounding.

Slide 15: 1. The Non-interest-bearing and Interest-bearing split for Commercial & Institutional is implied from the Total for the three businesses and the disclosures for Retail Banking and Private Banking. 2. Non-Interest-bearing balances for Retail Banking and Private Banking are current accounts. 3. Interest-bearing balances Retail Banking and Private Banking are savings.

Footnotes

Slide 16: 1. May not cast due to rounding.

Slide 19: 1. Cost: Income ratio is total costs excluding litigation and conduct, divided by total income. 2. Q4 23 annualised run rate is Q4 23 Other Operating Expenses of £2,041m excl. £105m bank levy and £69m Ulster costs annualised by multiplying by 4.

Slide 20: 1. Total portfolio average LTV% as at FY'23. 2. This includes ~2% of other off-sale mortgage products. 3. Includes £31.2bn gross new lending and £34bn of the book matured across Retail and Private Banking. 4. Does not include any GNL assumption, but only based on contractual maturity. 5. FCA review relates to Discretionary Commission Arrangements. 6. Loans at amortised cost and FVOCI.

Slide 21: 1. Four quarter growth. 2. 2017 did not have IFRS 9 staging disclosure

Slide 22: 1. Attributable profit excludes the relevant P&L items excluded for underlying capital generation 2. Underlying capital generation for notable items excludes Ulster P&L and RWAs, FX recycling and related reserve movements, Cushon acquisition, tax in respect of prior periods, other income notable items and regulatory RWA changes. 3. May not cast due to rounding 4. Guidance includes the impact of Basel 3.1, subject to final rules and approval.

Slide 23: 1. Includes £1.0bn accrual for final dividend 2023. 2. Over the three year period since 31.12.20 when there were 12.1bn shares outstanding. 3. On-market buyback announced on 16th Feb'24. 4. £1,746m

Slide 24: 1. This page contains forward-looking statements. See p. 46 of this presentation. 2. Total Income ex notable items.

Slide 29: 1. The guidance, targets, expectations, and trends discussed in this section represent NatWest Group plc management's current expectations and are subject to change, including as a result of the factors described in the NatWest Group plc Risk Factors section of the 2023 Annual Report and Form 20-F. These statements constitute forward-looking statements. Refer to Forward-looking statements in this announcement.

Slide 30: 1. Cost: Income ratio is total costs excluding litigation and conduct, divided by total income.

Slide 31: 1. May not cast due to rounding.

Slide 33: 1. Operating range in 2023 reflects medium term CET1 of 13-14%. 2. Based on assumption of static regulatory capital requirement. 3. 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. 4. 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. 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.

Slide 34: 1. Bank Average Interest Earning Assets (AIEAs) + Liquid Asset Buffer (LAB) = Total Group AIEAs. Group NIM = Group reported NII / Group AIEAs. Bank NIM = Group reported NII / Bank AIEAs. 2. Will not cast due to rounding.

Slide 35: 1. Bank Average Interest Earning Assets (AIEAs) + Liquid Asset Buffer (LAB) = Total Group AIEAs. 2. Group NIM = Group Reported NII / Group AIEAs. Bank NIM = Group Reported NII / Bank AIEAs

Slide 36: 1. For NatWest Group plc this is the gross yield on the IEAs of the banking business; for Retail, C&I and Private it represents the third party customer asset rate. 2. For NatWest Group plc this is the cost of interest-bearing liabilities of the banking business plus the benefit from free funds; for Retail and Commercial & Institutional Banking it represents the third party customer funding rate which includes both interest-bearing and non-interest-bearing deposits.

Slide 37: 1. The basis of preparation of the table above has changed since December 2022. UBIDAC is no longer included. In addition, the 'Other' category is no longer used: hedges booked in Coutts & Co. have now been allocated between product hedges and equity hedges, while hedges booked in RBS International have been allocated to product hedges.

Slide 38: 1. Page 266 of NWG FY'23 ARA, Page 268 of NWG FY'22 ARA, page 76 of NWG H1'22 IMS, page 73 NWG H1'23 IMS.

Slide 39: 1. Excluding relevant notable income items per slide 30.

Slide 40: 1. Full details of the economic assumptions can be found on pages 191-196 of NWG FY'23 ARA, 19-22 of H1'23 IMS, pages 196 and 198 of NWG FY'22 ARA and pages 21 and 22 of NWG H1'22 IMS. 2. The basis for the average calculations has changed from H1 '23 reporting. We now provide averages for 5 calendar year period that starts from reporting year (e.g., 2023-27 for H1'23 reporting). Historical periods have also been recalculated following the same approach to ensure comparability. The average for the parameters are based on: Five calendar year CAGR for GDP; Five calendar year average for Unemployment rate; Q4 to Q4 five-year CAGR for other parameters

Slide 41: 1. Judgemental changes: changes in post model adjustments for Stage 1, Stage 2 and Stage 3. 2. Previously published sectors for the Wholesale portfolio have been re-presented to reflect updated internal sector reporting.

Slide 42: 1. Primarily reflects continued low and stable levels of stage 3 defaults across the portfolio and good book charges related to unsecured lending

Slide 43: 1. Full tables available on pages 218 and 223 of FY'23 ARA; 222 and 225 of NWG FY'22 ARA, pages 42 and 45 of the H1'22 IMS. Note that total table numbers also include mortgages not within IFRS9 ECL scope. 2. Prior year figures amended to exclude figures out of scope of IFRS 9 ECL assessment.

Disclaimer

Cautionary and Forward-looking statements

The guidance, targets, expectations and trends discussed in this presentation represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" in the NatWest Group plc 2023 Annual Report and Accounts and the Risk Factors in the NatWest Markets Plc 2023 Annual Report and Accounts.

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, RoTE, ROE, discretionary capital distribution targets, impairment loss rates, balance sheet reduction, including the reduction of RWAs, CET1 ratio (and key drivers of the CET1 ratio including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as NatWest Group's initial area of focus, climate and sustainability-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, Climate and Sustainable Funding and Financing (CSFF) and financed emissions. In addition, this document includes forward-looking statements relating, but not limited to: implementation of NatWest Group's strategy (including in relation to: cost-controlling measures, the creation of the C&I franchise and achieving a number of various targets within the relevant timeframe); the timing and outcome of litigation and government and regulatory investigations; direct and on-market buy-backs; funding plans and credit risk profile; managing its capital position; liquidity ratio; portfolios; net interest margin and drivers related thereto; lending and income growth, product share and growth in target segments; impairments and write-downs; restructuring and remediation costs and charges; NatWest Group's exposure to political risk, economic assumptions and risk, climate, environmental and sustainability risk, operational risk, conduct risk, financial crime risk, cyber, data and IT risk and credit rating risk and to various types of market risk, including interest rate risk, foreign exchange rate risk and commodity and equity price risk; customer experience, including our Net Promoter Score; employee engagement and gender balance in leadership positions.

Limitations inherent to forward-looking statements

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's strategy or operations, which may result in NatWest Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required.

Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document. These factors include, but are not limited to, those set forth in the risk factors and the other uncertainties described in NatWest Group plc's Annual Report on Form 20-F and its other filings with the US Securities and Exchange Commission. The principal risks and uncertainties that could adversely affect NatWest Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to: economic and political risk (including in respect of: political and economic risks and uncertainty in the UK and global markets, including due to GDP growth, inflation and interest rates, political uncertainty and instability, supply chain disruption and geopolitical tensions and armed conflict); changes in foreign currency exchange rates; uncertainty regarding the effects of Brexit; and HM Treasury's ownership as the largest shareholder of NatWest Group plc); strategic risk (including in respect of the implementation of NatWest Group's strategy; future acquisitions and divestments (including the phased withdrawal from ROI), and the transfer of its Western European corporate portfolio); financial resilience risk (including in respect of: NatWest Group's ability to meet targets and to make discretionary capital distributions; the competitive environment; counterparty and borrower risk; liquidity and funding risks; prudential regulatory requirements for capital and MREL; reductions in the credit ratings; the requirements of regulatory stress tests; model risk; sensitivity to accounting policies, judgments, estimates and assumptions (and the economic, climate, competitive and other forward looking information affecting those judgments, estimates and assumptions); changes in applicable accounting standards; the value or effectiveness of credit protection; the adequacy of NatWest Group's future assessments by the Prudential Regulation Authority and the Bank of England; and the application of UK statutory stabilisation or resolution powers); climate and sustainability risk (including in respect of: risks relating to climate-related and sustainability-related risks; both the execution and reputational risk relating to NatWest Group's climate change-related strategy, ambitions, targets and transition plan; climate and sustainability-related data and model risk; the failure to implement climate change resilient governance, systems, controls and procedures; increasing levels of climate, environmental, human rights and sustainability-related regulation and oversight; increasing anti-greenwashing regulations; climate, environmental and sustainability-related litigation, enforcement proceedings investigations and conduct risk; and reductions in ESG ratings); operational and IT resilience risk (including in respect of: operational risks (including reliance on third party suppliers); cyberattacks; the accuracy and effective use of data; complex IT systems; attracting, retaining and developing diverse senior management and skilled personnel; NatWest Group's risk management framework; and reputational risk); and legal, regulatory and conduct risk (including in respect of: the impact of substantial regulation and oversight; the outcome of legal, regulatory and governmental actions, investigations and remedial undertakings; and changes in tax legislation or failure to generate future taxable profits).

Climate and sustainability-related disclosures

Climate and sustainability-related disclosures in this document are not measures within the scope of International Financial Reporting Standards ('IFRS'), use a greater number and level of judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities, than our reporting of historical financial information in accordance with IFRS. These judgments, assumptions and estimates are highly likely to change materially over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, our climate risk analysis, net zero strategy, including the implementation of our climate transition plan remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. The process we have adopted to define, gather and report data on our performance on climate and sustainability-related measures is not subject to the formal processes adopted for financial reporting in accordance with IFRS and there are currently limited industry standards or globally recognised established practices for measuring and defining climate and sustainability-related related metrics. As a result, we expect that certain climate and sustainability-related disclosures made in this document are likely to be amended, updated, recalculated or restated in the future. Please also refer to the cautionary statement in the section entitled 'Climate-related and other forward-looking statements and metrics' of the NatWest Group 2023 Climate-related Disclosures Report.

Cautionary statement regarding Non-IFRS financial measures and APMs

NatWest Group prepares its financial statements in accordance with generally accepted accounting principles (GAAP). This document may contain financial measures and ratios not specifically defined under GAAP or IFRS ('Non-IFRS') and/or alternative performance measures ('APMs') as defined in European Securities and Markets Authority ('ESMA') guidelines. Non-IFRS measures and APMs are adjusted for notable and other defined items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. Non-IFRS measures provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. Any Non-IFRS measures and/or APMs included in this document, are not measures within the scope of IFRS, are based on a number of assumptions that are subject to uncertainties and change, and are not a substitute for IFRS measures. The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or a solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.