# Succeeding with customers


NatWest Group

**NatWest Group plc 2024 Annual Report and Accounts**

# NatWest Group is a UK-focused banking organisation, serving over 19 million customers, with business operations reaching across retail, commercial and private banking markets.

## Our 2024 reporting suite

### Annual Report and Accounts


Disclosures related to our strategic performance, governance and remuneration, risk and capital management, along with our financial statements and related notes, including the independent auditor's report.

### Sustainability Report


Progress on sustainability-related matters, including our Climate transition plan. Supported by our Sustainability Datasheet, which outlines our key metrics and progress against selected industry-wide standards and our Sustainability Basis of Reporting.

### Annual results


Our latest company information, including our financial performance for the year.

Read more and download our reports at natwestgroup.com

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**Approval of Strategic report**

The Strategic report for the year ended 31 December 2024 set out on pages 1 to 66 was approved by the Board of directors on 13 February 2025.

By order of the Board

**Jan Cargill**
Chief Governance Officer and Company Secretary

13 February 2025

**Group Chair:**
Rick Haythornthwaite

**Executive directors:**
Paul Thwaite (Group CEO)
Katie Murray (Group CFO)

**Non-executive directors:**
Frank Dangeard
Roisin Donnelly
Patrick Flynn
Geeta Gopalan
Yasmin Jetha
Stuart Lewis
Mark Seligman
Gill Whitehead
Lena Wilson

# Strong performance helping customers succeed

## Disciplined growth

**Income**
**£14,703m**
**(2023: £14,752m)**

**Loans to customers (amortised cost)**
**£400.3bn**
**(2023: £381.4bn)**

**Profit before tax**
**£6,195m**
**(2023: £6,178m)**

**Customer deposits**
**£433.5bn**
**(2023: £431.4bn)**

**Profit attributable to shareholders**
**£4,519m**
**(2023: £4,394m)**

**AUMA net flows[1]**
**£3.2bn**
**(2023: £1.9bn)**

## Bank-wide simplification

**Operating expenses**
**£8,149m**
**(2023: £7,996m)**

**Retail Banking customers banking entirely digitally[3]**
**79%**
**(2023: 77%)**

**Operating expenses (excl. litigation and conduct)[2]**
**£7,854m**
**(2023: £7,641m)**

**Commercial & Institutional customers banking digitally first[4]**
**83%**
**(2023: 81%)**

## Active balance sheet and risk management

**Capital generation pre-distributions**
**243bps**
**(2023: 111bps)**

**RWA management[5]**
**£6.8bn**
**(2023: n/a)**

**Common Equity Tier 1 (CET1) ratio**
**13.6%**
**(2023: 13.4%)**

**Liquidity coverage ratio (LCR)**
**150%**
**(2023: 144%)**

## Delivering attractive returns

**Return on tangible equity**
**17.5%**
**(2023: 17.8%)**

**Tangible net asset value per share**
**329p**
**(2023: 292p)**

**Dividend per ordinary share**
**21.5p**
**(2023: 17.0p)**

**Buybacks**
**£2.2bn**
**(2023: £2.1bn)**

**Total capital returned to shareholders[6]**
**£4.0bn**
**(2023: £3.6bn)**

**Reduction in share count**
**7.4%**
**(2023: 28%)**

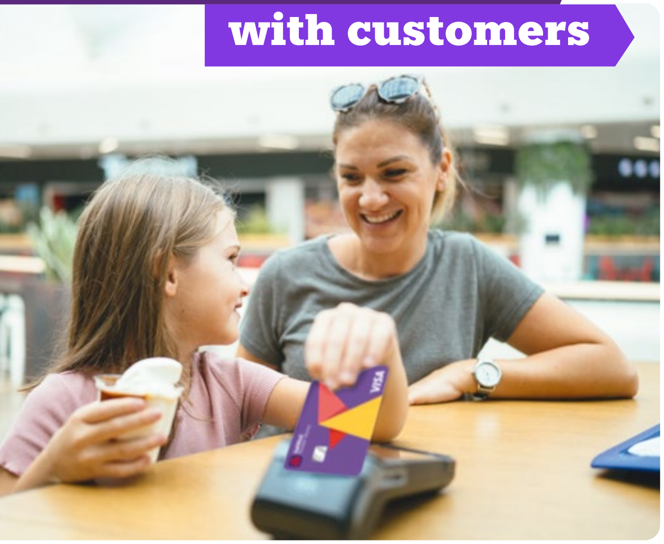
(1) Assets under management and administration.
(2) Litigation and conduct costs of £295 million (2023 – £355 million).
(3) Retail Banking customers with active current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony in a rolling 90 days in the reporting period. Inactive customers and customers with no channel usage excluded.
(4) Commercial & Institutional customers with active non-personal accounts that access their account 95% or higher through digital channels (online, mobile, Bankline), for three rolling months in the reporting period.
(5) RWA management savings are achieved through multiple levers including significant risk transfers, credit risk insurance, asset sales and balance sheet optimisation.
(6) Distributions paid and proposed. For full details of our distributions over the last three years refer to page 17.

Read more in our Financial review on pages 67 to 79.

# Succeeding with customers

Our purpose is to be the bank that turns possibilities into progress. By being a vital and trusted partner to our customers and understanding their hopes and needs, we want to help them make progress to reach their goals. By succeeding with our 19 million customers, we can also help to deliver growth across the local communities we serve and the wider UK economy.

# Succeeding with customers



**Giving the next generation financial independence.**
Supporting young customers to develop good money habits and financial confidence with Rooster Money.

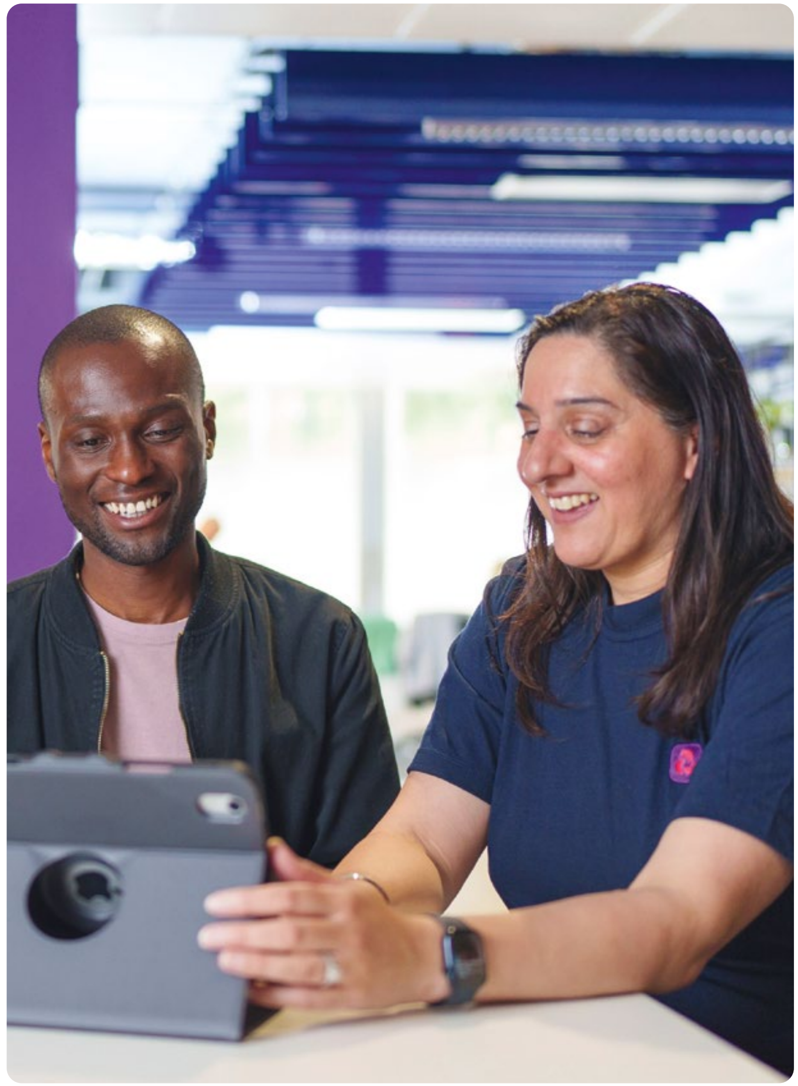
**Read more on page 14.**

**Planning a more secure future.**
We're here to provide the banking products our customers need at every stage of their lives.

**Read more on pages 20 to 23.**

**Lending to help make home ownership more manageable.**
As one of the UK's largest mortgage providers, we have the knowledge, products and expertise to support UK home buyers: from first-time home buyers to remortgaging.

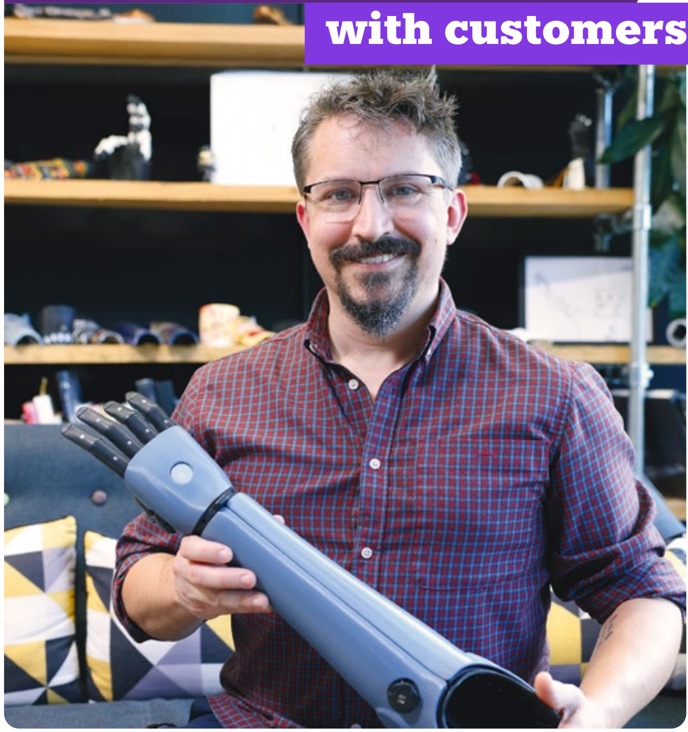
**Read more on page 21.**



**Helping start-ups to scale.**
Our one-to-one coaching, mentoring and networking opportunities provide start-ups with confidence and skills to succeed.

**Read more on page 66.**

# Succeeding with customers



**Being technology and innovation driven to help our customers succeed.**
Developing our lending products to match our customers' needs.

Read more on page 15.

**Being a trusted partner for UK businesses.**
We're aiming to help businesses of all sizes to scale and succeed.

Read more on page 31.

**Supporting the UK's transition to a net-zero future.**
We have provided a cumulative total of £93.4 billion of climate and sustainable funding and financing against our target to provide £100 billion between 1 July 2021 and the end of 2025.

Read more on pages 44 to 55.

**Partnering with Team GB in 2024 to inspire our customers.**
We look to support the communities we live and work in.

Read more on pages 29 and 37.

# Group Chair's statement

'As a bank that serves more than 19 million customers, the combination of our scale and our strong local relationships provides us with the data and insight to better anticipate, understand and respond to customers' changing needs. The strategy that has been set by the Board and is being delivered by Paul and his leadership team reflects the opportunity to deepen those customer relationships and attract new ones.'

It was a privilege to join the Board of NatWest Group at the start of 2024 and assume my role as Chair in April.

The bank that I inherited from my predecessor, Howard Davies, is consistently profitable, more customer-focused, and significantly stronger than the one he took on in 2015. We should not underestimate how much this bank has changed under his chairmanship. On behalf of the Board, I would like to thank Howard for his many years of dedicated service to the bank. Indeed, the strength of NatWest Group today is reflected in our performance at the year end, with an operating profit of £6.2 billion, and an attributable profit of £4.5 billion.

While Howard was faced with fixing the issues of the past, I have taken on the role of Chair with a mandate to help shape NatWest Group's future. Joining the bank in January 2024, my first and critical role in shaping our future was to work with the Board to appoint a permanent CEO. Following a rigorous and competitive search process, the Board agreed that Paul Thwaite was the outstanding candidate for the role.

The banking sector is evolving rapidly and, as a Board, we believe Paul has the skills to succeed in this changing landscape and, importantly, to make the most of the opportunities it presents.

I spent much of 2024 getting to know the business. I firmly believe the strengths we have today are the foundation for our future success: we have a clear business model with our leading customer segments, and importantly, deep-rooted local connections in communities across all nations and regions of the UK.

Throughout 2024, I had the opportunity to travel and meet some of our customers and colleagues in different parts of the country, as well as internationally. I have seen firsthand the energy and enthusiasm that our colleagues have for supporting our customers and the communities we serve.

I have met teams in our Accelerator Hubs helping entrepreneurs to scale, as well as commercial and corporate managers who are lending to help businesses to grow and export, bringing positive impacts to local economies. Our colleagues' knowledge and expertise also support international customers who are looking to set up and establish operations in the UK.

As a bank that serves more than 19 million customers, the combination of our scale and our strong local relationships provides us with the data and insight to better anticipate, understand and respond to customers' changing needs. The strategy that has been set by the Board and is being delivered by Paul and his leadership team reflects the opportunity to deepen those customer relationships and attract new ones.

To fully capitalise on these opportunities, we are becoming a simpler, better integrated and more technology-enabled NatWest Group – with the agility and flexibility to serve our customers how, when and where they want.

At a time when competition is coming from all corners, this focus is paramount. From our incumbent peers, to US investment banks offering competitive products to UK consumers, as well as challenger banks and fintechs, customers have more choice than ever before about who they bank with.

'Our business is strong and has momentum behind it. The expected return of NatWest Group to private ownership in 2025 will signal a new, forward-looking chapter in the bank's story as we shape our future.'

Our ability to keep up with the ever-evolving external landscape depends on us having the right technology available. The Board visited our strategic hubs in Gurugram and Bengaluru in India in spring 2024 and met some of the colleagues who are building the capabilities we need to make sure we can meet the expectations of our customers while increasing our productivity.

To support this change, the Board and management have spent a lot of time thinking not only about our strategy, but also about our culture. For over a decade the bank has been in recovery mode, and if we are to seize the opportunity in front of us, we need to operate as a more dynamic and less bureaucratic business. This includes decentralising accountabilities to liberate the talent of our frontline colleagues and will require intelligent risk taking, with the ambition of driving disciplined growth, and ensuring our customers get the best possible outcomes.

With the input of colleagues across NatWest Group, we have also evolved our purpose to become 'the bank that turns possibilities into progress'. Being a trusted partner who understands our customers' needs and ambitions, and helps them make progress towards their goals is at the heart of our strategy. Our purpose now reflects

Group Chair's statement continued

this positive role we play as a bank for our customers, and in turn, the communities we serve.

Elsewhere, our Group Performance and Remuneration Committee has worked hard in 2024 on our directors' remuneration policy, which – to align to our strategy – is grounded in rewarding performance. The detail of this is set out within the Governance and remuneration section of this report on pages 126 to 162.

## Delivering for our shareholders

Our strategy has been delivering consistently for our shareholders. We saw strong share price performance through 2024, with growth of 83.3% over the year. Our tangible net asset value rose consistently during 2024 – supported by strong earnings growth and a significant reduction in share count following two successful directed buybacks and completion of a further on-market buyback programme.

For 2024, we announced £4.0 billion of capital returned to shareholders, including an interim dividend of £500 million and a proposed final dividend of £1.2 billion.

As a result of the regulator changing the Listing rules in the summer, we were able to complete two directed buybacks from the UK Government in a year for the first time: the first in May 2024 of £1.2 billion; and the second in November 2024 of £1 billion. Additionally, in February 2024, we completed the £300 million on-market buyback announced at full year 2023.

We have been pleased with the pace of the sell-down of the government's shareholding in 2024, from around 38% in December 2023 to just 9.99% in December 2024, and welcomed the clarity that the new government gave on its intentions to divest its remaining shares in the bank by 2025/26.

With the progress that was made in 2024, we expect that the government will cease to be a shareholder in 2025. As a Board we would like to thank them for their continued support. The return of the bank to private ownership is in the interest of all of our shareholders and will be a symbolic moment for the bank. The progress towards the bank's return to privatisation in 2024 has also helped us to attract new global investors who share our growth ambitions.

Looking ahead, in the absence of any major geopolitical and economic disruption, the macroeconomic backdrop in which we and our customers operate is expected to be one with lower inflation, a lower bank rate and a renewed national focus on growth.

Our ambitions are aligned with the new government's growth agenda. For this agenda to succeed, it must be delivered in collaboration with the private sector, in particular with banks like NatWest Group that play a vital role in the lives of our customers and the UK economy.

## Board appointments

As a Board, we welcomed Geeta Gopalan as an independent non-executive director on 1 July 2024, as part of the continued evolution of the Board's composition. Geeta brings with her substantial financial and banking expertise, combined with a strong track record as a plc non-executive director.

Outside the reporting period, in January 2025, we welcomed Gill Whitehead to the Board. Gill's deep expertise in data science and analytics, emerging customer-focused technologies, global technology regulation and digital transformation are all highly relevant skills as we look to shape the future of NatWest Group.

In July 2024, we announced that Mark Seligman, non-executive director and Senior Independent Director, will retire from the Board on 31 March 2025. I would like to take the opportunity to thank Mark Seligman for his significant contribution to the Board and its committees since his appointment in April 2017. During his tenure, Mark has dedicated significant time to NatWest Group and has been a highly valued director and colleague.

I was pleased we announced in December 2024 that Lena Wilson, independent non-executive director, will assume the role of Senior Independent Director from 1 April 2025. Lena is a highly experienced Board member who has demonstrated strong leadership and is highly regarded by her fellow directors. She will continue to chair the Group Performance and Remuneration Committee.

Finally, Jan Cargill retires from her role as Chief Governance Officer and Company Secretary in February 2025. Jan joined NatWest Group in 1989 as a graduate and was appointed to her current role in 2019.

On behalf of my fellow directors, I would like to extend our thanks to Jan for her long service with the bank. I am personally grateful for her advice and support since joining the Board in 2024 and in my transition into the role of Chair, and wish her the best for her well-deserved retirement.

The Board was pleased to announce the appointment of Gary Moore as the new Group Chief Governance Officer and Company Secretary at the end of 2024. Gary, a qualified solicitor who joined NatWest Group in 2010, has significant experience of board-level governance, as well as legal and regulatory compliance, so is well-placed to support the Board and executive team.

> 'The return of the bank to private ownership is in the interest of all of our shareholders and will be a symbolic moment for the bank. The progress towards the bank's return to privatisation in 2024 has also helped us to attract new global investors who share our growth ambitions.'

I would like to thank the Board and all of our colleagues for their hard work and the support they have given to our customers in 2024.

Their focus is key to our success, and has been recognised through our bonus pool and Sharing in Success scheme, the latter of which paid out for the first time in 2024. As a result of this scheme, almost 60,000 colleagues received NatWest Group shares in 2024.

Our business is strong and has momentum behind it. The expected return of NatWest Group to private ownership in 2025 will signal a new, forward-looking chapter in the bank's story as we shape our future.

**Rick Haythornthwaite**
Chair

# Group Chief Executive's review

'To deliver on our ambition, we're becoming simpler, more agile, and more technology-driven and we invested over £1.1 billion in 2024 in developing these capabilities to better serve our customers. We want to build on this, using data and insight to anticipate, understand and respond to customers' changing needs faster and more efficiently.'

## Overview

NatWest Group delivered a strong financial performance in 2024. Against an uncertain external backdrop, we made good progress on our strategic priorities, grew all three of our customer businesses, and saw an acceleration in the reduction of the UK Government's shareholding.

The progress achieved in 2024 is reflected in our growing ambition for the bank and our future. That ambition is simple: to succeed with customers. Because when they succeed, so do we. As a vital and trusted partner, we are growing with them, improving and scaling the services we offer, and generating real momentum across the bank.

While I am proud of all that we achieved in 2024, our focus is now firmly on the future. Having entered 2025 on a positive trajectory, I'm optimistic about the opportunities ahead of us to build on our performance, grow our business and create further value for our shareholders.

## Business performance

When I was permanently appointed as Chief Executive in February 2024, I set out three clear priorities to create value for our shareholders. Firstly, to deliver disciplined growth; secondly, to enable bank-wide simplification; and finally, to focus on active balance sheet and risk management.

As this report describes on pages 10 to 11, we made good progress against each of these, and we now have strong conviction they are the right priorities to help us succeed.

Throughout 2024, NatWest Group delivered a strong performance, with income excluding notable items of £14.6 billion, and a return on tangible equity (RoTE) of 17.5%.

Our operating profit before tax was up on 2023, at £6.2 billion. Importantly, we welcomed around 500,000 new customers to NatWest Group, grew each of our three customer businesses and delivered growth on both sides of the balance sheet – with increases in lending and deposits, as well as assets under management.

For our shareholders, we generated attractive returns and distributed £4.0 billion through a combination of dividends and buybacks, with dividends per share increasing by 26%. We have also confirmed that we intend to increase our ordinary dividend payout ratio from c.40% to c.50% from 2025.

Our performance is grounded in the support and services we provide to our customers and the wider UK economy.

Throughout 2024, we helped over 351,000 mortgage customers to buy or refinance their homes. This included helping over 35,000 first-time buyers to get on the housing ladder. At the same time, we helped more than 400,000 customers to save £100 with us for the first time in 2024. For business customers, we grew our lending by £10 billion and welcomed 91,000 new start-ups to NatWest Group, helping more businesses across Britain get started than any other bank.

We also continued to adapt and innovate, launching services to meet our customers' changing needs and improve the services we offer. These included a new proposition which allows high-growth businesses to secure lending against their intellectual property. Elsewhere, putting customers' needs front of mind, we brought to market a travel credit card with 0% foreign transaction fees, and mortgage offers available in as little as 24 hours. Improvements to internal processes have also enabled us to reduce our Foreign Exchange client onboarding times by 83% on average.

We also provided £31.5 billion of climate and sustainable funding and financing in 2024; this took our cumulative total to £93.4 billion towards our target to provide £100 billion between 1 July 2021 and the end of 2025.

To complement the organic growth that we have generated in Retail Banking, we were proactive in making a number of acquisitions that build on our existing areas of strength. Our acquisition of the retail assets and liabilities from Sainsbury's Bank will add around one million Retail Banking customer accounts when it is completed. And, in September 2024, we also acquired £2.3 billion of prime residential mortgages from Metro Bank. Both transactions help accelerate growth at attractive returns, in line with our strategic priorities.

## Shaping our future

At the time of my appointment, I said that we should not underestimate the strength of our foundations, or the opportunity we have to deepen our customer relationships. The enterprise-wide strategy we've developed as a leadership team, and agreed as a Board, is anchored in these competitive advantages.

Today, we serve over 19 million customers across our three businesses. We are the UK's biggest bank for business, we have a large and highly digitalised Retail Bank, and, in Coutts, we have an award-winning Private Bank and one of the strongest wealth brands in the country. Importantly, each of these delivers an attractive return on equity and has the potential for further disciplined growth.

These are businesses that are deeply connected into our local communities across all nations and regions of the UK.

Group Chief Executive's review continued

Whether it's through our active regional boards, our successful network of Accelerator Hubs, or our international offices supporting UK businesses to trade globally – I've seen time and again the depth of relationships our colleagues have built. This makes them uniquely placed to understand the opportunities and challenges within the cities, towns and communities where our customers live, work, and do business.

The combination of our scale and these deep local connections equips us with the insight and data to better anticipate, understand and respond to customers' changing needs with the right services and expertise. In doing this, we will continue to grow our business and customer base with a focus on returns and improving share in target segments.

In recent years, we have proven our ability to grow our position in attractive segments that provide good returns and present significant opportunities for the future: whether that's building a share in the youth market, making NatWest Group Britain's leading bank for start-ups, or growing our assets under management and administration.

Our strategy also benefits from our clear and focused business model, refined in recent years. Having now completed several structural and strategic changes – for example, optimising the size of NatWest Markets and combining it into our new Corporate & Institutional business segment, and our withdrawal from the Republic of Ireland – we are now able to focus fully on the future and the opportunities that lie ahead.

## Succeeding with customers

Our focus today and for the years ahead remains our customers. At a time when customers are facing multiple technological, environmental and social changes, our ambition is to succeed with them and grow as a trusted and vital partner. This means understanding their aspirations and priorities, as well as the challenges they face, and providing the personalised services and expertise they need to achieve their goals: whether it's buying a home, growing a business, or investing for the future. As such, we evolved our purpose to reflect this role we play for our customers, as the bank that turns possibilities into progress.

To deliver on our ambition, we're becoming simpler, more agile, and more technology-driven, and we invested over £1.1 billion in 2024 in developing these capabilities to better serve our customers. We want to build on this, using data and insight to anticipate, understand and respond to customers' changing needs faster and more efficiently. At the same time, we're using technology to give us the ability to serve our customers how, when and where they want, whilst improving our productivity and efficiency.

As Rick Haythornthwaite has referenced in his Chair's letter, we took the time as a Board in 2024 to reflect on culture, as well as our strategy. Specifically, how we can work together as a more integrated, future-fit bank that is capable of even greater impact.

The most rewarding part of my role is spending time with our customers and colleagues; we have brilliant and committed people across the bank who are dedicated to serving our customers – whether that's in our fraud teams, in our branches, or through our relationship managers and software engineers. However, the way we work together has become overly complicated and fragmented. There remains huge opportunity if we can free ourselves from this unnecessary complexity and use technology more effectively to create a working environment that drives agility, simplicity and speed – all in service of the customer.

## The year ahead

As we enter 2025, we are realistic about the challenges and opportunities ahead. However, there are some reasons for optimism. Inflation in the UK has come down from previous highs, with modest economic growth predicted in the year ahead. While consumer and business confidence dipped in the latter part of 2024, we have seen resilience and good levels of activity amongst our customer base. The new government has a clear intent to deliver growth across all nations and regions of the UK and, importantly, has recognised the role that our bank and the wider sector can play.

We can take confidence from our 2024 performance, and it is validation that our strategy is working. However, there is no room for complacency in today's competitive landscape. We are fully focused on delivery as we shape the future of NatWest Group as a vital and trusted partner to our customers and to the UK, and in doing so, create further value for our shareholders.

2025 is also likely to be the year that NatWest Group returns to full private ownership. The acceleration towards privatisation has attracted investment from those that share our growth ambition and will mark a new, forward-looking chapter for the bank.

Finally, I would like to thank our colleagues for all their hard work throughout 2024. Our strong performance is down to them and the support they provide to our customers every day. Because ultimately, if we succeed with customers, we win together, for our colleagues, our communities and our shareholders.

**Paul Thwaite**
Group Chief Executive Officer

## Outlook(1)

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

### In 2025 we expect:

- to achieve a return on tangible equity in the range of 15-16%.
- income excluding notable items to be in the range of £15.2-15.7 billion.
- Group operating costs, excluding litigation and conduct costs, to be around £8.1 billion including £0.1 billion of one-time integration costs.
- our loan impairment rate to be below 20 basis points.
- RWAs to be to be in the range of £190-195 billion at the end of 2025, dependent on final CRD IV model outcomes.

### In 2027 we expect:

- to achieve a return on tangible equity for the Group of greater than 15%.

### Capital

- we continue to target a CET1 ratio in the range of 13-14%.
- we expect to pay ordinary dividends of around 50% of attributable profit from 2025 and will consider buybacks as appropriate.

(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 Risk Factors section. These statements constitute forward-looking statements. Refer to Forward-looking statements in this document.

Delivering our strategy

# Our strategic framework

Becoming a vital and trusted partner to our customers is at the heart of our strategy. It unites our ambition and purpose and is delivered by three clear strategic priorities. These enable us to succeed with customers and deliver sustainable shareholder value.

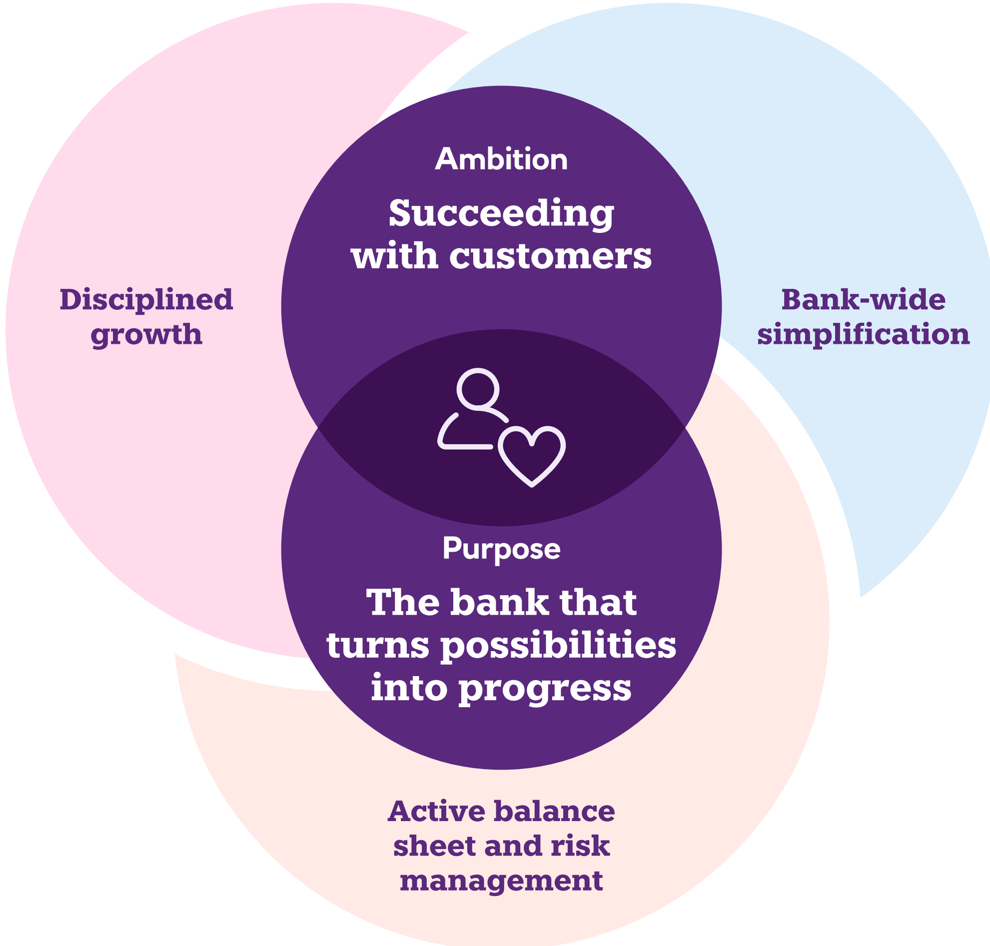
Whether it's buying a home, investing for tomorrow, growing a business, or helping our customers to build a more sustainable future, we can succeed with customers by understanding their world and what matters to them: their priorities, aspirations, and the challenges they face. We want to help them to navigate change and make progress towards their goals with the right services and expertise.

At the same time, we are becoming a simpler, more integrated and technology-driven NatWest Group: able to anticipate, understand and respond to customers' changing needs and expectations faster and more effectively, and with greater impact.

By turning our customers' possibilities into progress we can succeed together.

Careful consideration by the Board of the alignment of our refocused purpose with our strategy, and the role that culture will play in its implementation, is explained in more detail in our Section 172(1) statement on page 32.

Read more about how we are succeeding with customers and turning their possibilities into progress at natwestgroup.com.



# Progress against our strategic priorities

## Disciplined growth

### To attract new customers and deepen relationships

- In 2024, we grew our customer base across all three business segments: around 500,000 new customers in Retail Banking; around 10,000 new customers in Commercial & Institutional; and a 26% increase in NatWest Group referrals in Private Banking.
- Our acquisition of Sainsbury's Bank retail banking assets in May 2025 will add around one million Retail Banking customer accounts on completion, across credit cards, loans, and deposits portfolios. In September 2024, we also acquired £2.3 billion of prime residential mortgages from Metro Bank.
- We provided £93.4 billion in climate and sustainable funding and financing (£31.5 billion in 2024 LA) towards our £100 billion target between 1 July 2021 and the end of 2025.
- In Private Banking, assets under management and administration grew by £8.1 billion in 2024, up 19.9% compared with 2023.

## Bank-wide simplification

### To build a future-fit platform, culture and operating systems to enable even greater impact

- Retail Banking maintained high levels of digital engagement, with 79% of customers banking entirely digitally in 2024, compared with 77% in 2023.(1)
- 83% of Commercial & Institutional customers banked digitally first in 2024, compared with 81% in 2023.(2)
- In Private Banking 94.0% of payments were made digitally, a 0.5% increase compared with 2023.
- We enabled eligible customers to receive mortgage offers within 24 hours through our digital channels, while our overall average time from application to offer reduced by 20% in 2024.
- In 2024, Cora, our AI virtual assistant, handled 11.2 million LA Retail Banking conversations, almost half of which required no human input. We also introduced Cora+, enhanced with GenAI capabilities.

## Active balance sheet and risk management

### To leverage our balance sheet and deliver within our existing risk profile

- A focus on capital allocation helped drive optimal risk-adjusted returns, delivering 243 basis points (bps) of capital generation pre-distributions in 2024.
- Management of risk-weighted assets (RWA), through multiple levers, including significant risk transfers, credit risk insurance, asset sales and balance sheet optimisation, resulted in savings of £6.8 billion.
- There was strong risk management throughout our loan book, evidenced by:
  - Our loan impairment rate of 9bps in 2024 being lower than the 19bps average between 2018 – 2023.
  - The proportion of our total loan portfolio at Stage 3 (credit impaired) was 1.45% compared with 1.72% between 2018 – 2023.
- As such, our provision for expected credit loss was £3.4 billion, equating to 0.83% in 2024 compared with 0.93% in 2023.

(1) Retail Banking customers with active current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony for three rolling months in the reporting period. Inactive customers and customers with no channel usage excluded.
(2) Commercial & Institutional customers with active non-personal accounts that access their account 95% or higher through digital channels (online, mobile, Bankline), for three rolling months in the reporting period.
LA Metric subject to independent Limited Assurance by EY. Refer to page 64.

Key performance indicators

# Measuring our 2024 performance

## Financial measures

### Return on tangible equity

**17.5%**

| | |
|---|---|
| **2024** | **17.5%** |
| 2023 | 17.8% |
| 2022 | 12.3% |

Performance against 2024 guidance given in our 2023 Annual Report and Accounts

Achieve a return on tangible equity of around 12% in 2024.

#### Our performance

Return on tangible equity was 17.5%, above our guided range, compared with 17.8% in 2023.

### Common Equity Tier 1 (CET1) ratio

**13.6%**

| | |
|---|---|
| **2024** | **13.6%** |
| 2023 | 13.4% |
| 2022 | 14.2% |

Continue to target a CET1 ratio in the range of 13–14%.

#### Our performance

The CET1 ratio of 13.6% was 20 basis points higher than 2023. The increase principally reflects the attributable profit, c.240 basis points, partially offset by distributions deducted from capital of c.220 basis points.

### Income (excluding notable items)

**£14,648m**

| | |
|---|---|
| **2024** | **£14,648m** |
| 2023 | £14,339m |
| 2022 | £13,061m |

Expect total income excluding notable items to be in the range of £13.0 – £13.5 billion 2024.

#### Our performance

Total income excluding notable items[1] of £14,648 million was £309 million, or 2.2% higher compared with 2023, principally reflecting deposit margin expansion and lending growth.

(1) Notable items of £55 million (2023 – £413 million; 2022 – £95 million).

### Operating expenses (excluding litigation and conduct)

**£7,854m**

| | |
|---|---|
| **2024** | **£7,854m** |
| 2023 | £7,641m |
| 2022 | £7,302m |

Expect operating expenses (excl. litigation and conduct) to be broadly stable in 2024 compared with 2023.

#### Our performance

Other operating expenses of £7,854 million were £213 million (2.8%) higher than 2023, or excluding costs in relation to a retail share offering of £24 million and additional bank levies of £102 million, were 1.1% higher and in line with our guidance.

**Read more: Our investment case on page 16 and our Outlook statement on page 9.**

## Alignment to our strategic priorities

Disciplined growth

Bank-wide simplification

Active balance sheet and risk management

2024 target achieved

Target on track

Key performance indicators continued

## Climate and sustainable funding and financing[1]

**£93.4bn** (LA)

Provided between 1 July 2021 and the end of 2024.

| | |
|---|---|
| 2024 | £31.5bn |
| 2023 | £29.3bn |
| 2022 | £24.5bn |
| 2021 | £8.1bn |

**Performance against 2024 targets given in our 2023 Annual Report and Accounts**

Target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025.

### Our performance

In 2024 we provided £31.5 billion of climate and sustainable funding and financing against our £100 billion target. This took our cumulative total since July 2021 to £93.4 billion.

**Read more: Climate-related disclosures on pages 44 to 55.**

# Non-financial measures

## Supporting UK businesses through enterprise programmes

**401,478** (LA)

| | |
|---|---|
| 2024 | 401,478 |
| 2023 | 300,771 |
| 2022 | 269,084 |

Support UK businesses through enterprise programmes with 350,000 interventions to start, run and grow a business.

### Our performance

In 2024 we delivered 401,478 customer interventions through our enterprise programmes to start, run and grow a business.

**Read more: Annual remuneration report on pages 142 to 148.**

## Build and strengthen a healthy culture[2]

**83**

| | |
|---|---|
| 2024 | 83 |
| 2023 | 83 |
| 2022 | 82 |

Achieve our culture target of 83 points as measured through the Our View colleague engagement survey.

### Our performance

In 2024, we met our Culture target of 83.

**Read more: Our colleagues on pages 35 to 37 and our Annual remuneration report on pages 142 to 148.**

## Net Promoter Score® (NPS)[3]

**NatWest Retail Banking**

| | |
|---|---|
| 2024 | 23 |
| 2023 | 21 |
| 2022 | 22 |

| | Business Banking | Commercial Mid-Market[4] |
|---|---|---|
| 2024 | -7 | 5 |
| 2023 | -8 | 8 |
| 2022 | -6 | 15 |

On average, we've met or exceeded our targets.[5]

### Our performance

Despite inflation, low consumer confidence and mixed business confidence, NatWest Retail Banking's NPS increased from 21 in Q4 2023 to 23 in Q4 2024. Business Banking's NPS improved to -7 in Q4 2024, while Commercial Mid-Market NPS fell to 5 but remains top-ranked in its segment.

**Read more: Customer trust and advocacy on page 30 and our Annual remuneration report on pages 142 to 148.**

(1) For the year ended 31 December 2024, the NatWest Group CSFFI criteria published in March 2024 was used to determine eligible assets, activities and companies for inclusion. For the year ended 31 December 2023, our CSFFI criteria published in December 2022 was applied. For the year ended 31 December 2022, our CSFFI criteria published in October 2021 was applied. For the period ended 31 December 2021, the CSFFI criteria published in February 2021 was applied. Climate and sustainable funding and financing, as defined in our CSFFI criteria, represents only a relatively small proportion of our overall funding and financing.

(2) The culture index used to measure culture consists of 10 questions as defined and measured in Our View, our colleague engagement survey. All scores shown are for NatWest Group and exclude Ulster Bank RoI. To enable like-for-like year-on-year comparisons, all scores shown are based on the Willis Towers Watson (WTW) calculation methodology.

(3) NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.

(4) During 2024, a methodological change was made to the Commercial Mid-Market NPS measurement by changing the turnover definition from £750k+ turnover businesses to £750k-£250m. The only impact this had on historical data was the NatWest 2022 score changing from 16 to 15.

(5) NatWest Group use NPS across the customer franchises, reflecting the contribution of each franchise to NatWest Group income. Where NPS is not available for NatWest Markets, an internal customer touchpoint rating is used to assess NatWest Market's customer performance. We met or exceeded six out of eight customer goals set for 2024.

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

CASE STUDY

# Succeeding with customers through the right products

## NatWest Rooster Money

## our pocket money card and app

**The Davies family, with sisters Emilia (11) and Sophie (8), tell us how NatWest Rooster Money is helping them to develop good money habits and build financial confidence.**

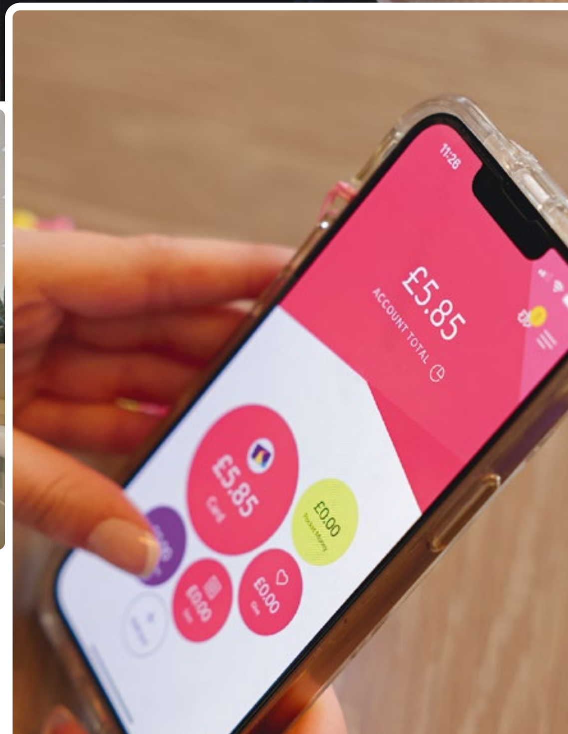
Through the Rooster Money app, parents Vicki and Steve transfer pocket money into their children's Rooster accounts after the girls have completed their chores. Emilia and Sophie can then choose to either spend their earnings with their Rooster cards or build up their savings to reach their goals.

'We all love Rooster Money' says Vicki. 'As parents, we're able to teach our children all about financial independence and give them control over what they spend, and where they spend it.'

Like all our customers, Emilia and Sophie manage their money differently. 'I like to use my Rooster card to go out and get hot chocolate with my friends,' says Emilia, who enjoys spending her pocket money. Sister Sophie is more future-focused. 'Rooster Money is helping me save to buy the phone that I want.'

Rooster accounts are connected to a parent or guardian's account with flexible parental controls and real-time spending notifications, giving children the independence they want, and parents the reassurance they need.

> 'I can set spending limits and see in real-time how they're spending their money. It's really helped my children learn about the value of money in a safe, secure environment.'




Top: Branch colleague Gavin Giles supporting Vicki, Emilia and Sophie Davies.

Bottom left: Emilia and Sophie doing their Rooster chores.

Bottom right: Rooster Money app screen.

CASE STUDY

# Succeeding with customers through innovations

## Intellectual property-backed lending helping to scale growth

At NatWest Group, we understand that high-growth businesses need funding to scale and grow in line with their ambitions.

However, many firms may lack valuable traditional fixed assets to pledge as security for loans. That's why in January 2024, we launched an innovative new lending proposition that enables businesses to unlock the value of their intellectual property (IP).

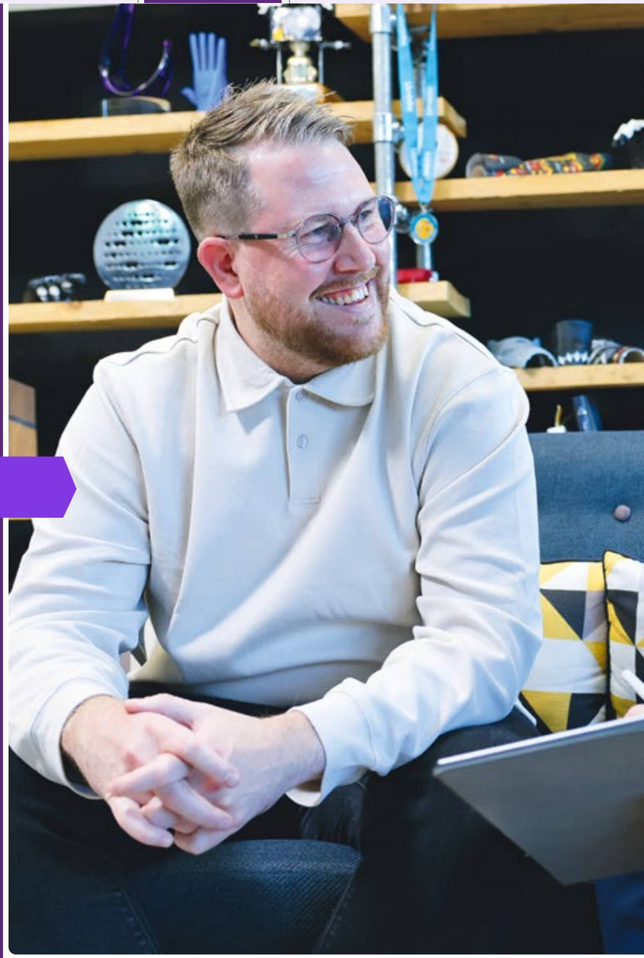
Open Bionics, a Bristol-based prosthetics manufacturer, is one such company. It secured a six-figure loan from NatWest Group using intellectual property as collateral to invest in expanding its operations in the US.

'We're really excited to use this funding to supercharge growth,' says Samantha Payne, Open Bionics co-founder and CEO. 'For a company like ours, it's been great to be able to leverage our intellectual capital through such an innovative funding solution'.

With loans starting from £250,000, IP-backed lending aims to improve the funding pipeline for high-growth UK businesses who, because of their lack of fixed assets, often find it difficult to secure funding to drive their growth.

For Louis Spencer, Relationship Director at NatWest Group, this new form of lending is an example of how the bank can be a vital partner to businesses such as Open Bionics.

> 'This financing solution bridges a gap by enabling scale-ups like Open Bionics to use their intangible assets – such as patents, copyright and trademarks – to secure lending and ultimately drive growth.'



Top: NatWest Group Relationship Director Louis Spencer (left) meeting Damian Axford, CTO of Open Bionics (right).

Bottom left: Louis trialling a bionic arm.

Bottom right: the Open Bionics team using a 3D scanner.

# Our investment case

Our focus is on creating sustainable long-term value for our shareholders.

## 1 Leading positions in an attractive UK market

Strong market positions across our three customer businesses reaching all regions of the UK

Retail Banking

Private Banking

Commercial & Institutional

## 2 Scale player with capacity for growth

**>19m**
Customers

**12.6%**
Share of UK mortgages(1)

**6.4%**
Share of unsecured lending(2)

**~20%**
Share of UK start ups(3)

## 3 Clear strategy to drive returns

Three strategic priorities:

Disciplined growth

Bank-wide simplification

Active balance sheet and risk management

## 4 Creating sustainable shareholder value

Generating capital to reinvest in the business and deliver attractive returns to shareholders

## Delivering attractive returns to shareholders

Return on tangible equity of
**>15%**
in 2027

Ordinary dividend payout ratio
**~50%**
from 2025

Surplus capital returned via buybacks

CET1 ratio
in the range of
**13-14%**

(1) Stock share of Retail Banking and Private Banking mortgages, calculated as a percentage of balances outstanding of total sterling net secured lending to individuals not seasonally adjusted as per December 2024 BoE data.
(2) Based on unsecured lending including cards, loans, overdrafts and central items calculated as a percentage of balances outstanding of total (excluding the Student Loans Company) sterling net unsecured lending to individuals not seasonally adjusted based on December 2024 BoE data.
(3) 19.4% of those operating for less than two years identified NatWest Group as their main bank. Source: MarketVue Business Banking from Savanta Q4 2024 based on 566 start-ups interviewed in the 12 months up to that date. The survey results have been weighted to reflect the regional distribution and turnover of businesses across Great Britain.

# Shareholder value

We have continued to grow tangible net asset value per share through strong profitability and share count reduction. We have increased the ordinary dividend per share and returned surplus capital via buybacks facilitating further UK Government ownership reduction.

**329p**
**Tangible net asset value per share in 2024, up 13% compared with 2023**

### Tangible net asset value per share (pence)(1)

| Year | Tangible net asset value per share (pence) | Tangible equity (£bn) |
|---|---|---|
| **2024** | **329** | **26.48** |
| 2023 | 292 | 25.65 |
| 2022 | 264 | 25.48 |

**21.5p**
**Ordinary dividend per share in 2024, up 26% compared with 2023**

### Ordinary dividend per share (pence)(2)

| Year | Interim dividend | Final dividend | Total | Ordinary dividend (£m) |
|---|---|---|---|---|
| **2024** | **6.0** | **15.5** | **21.5p** | **1,746** |
| 2023 | 5.5 | 11.5 | **17.0p** | 1,499 |
| 2022 | 3.5 | 10.0 | **13.5p** | 1,329 |

**£2.2bn**
**Total buybacks in 2024, up 9% compared with 2023**

### Total buybacks (£bn)

| Year | On market buyback | Directed buyback | Total | Ordinary shares outstanding(3)(bn) | UK Government ownership(3)(%) |
|---|---|---|---|---|---|
| **2024** | **2.2** | | | **8.3** | **9.99** |
| 2023 | 0.8 | 1.3 | **2.1** | 8.8 | 37.97 |
| 2022 | 0.8 | 1.2 | **2.0** | 9.7 | 45.97 |

**95.6%**
**Total shareholder return(4)**
**2024**

**7.4%**
**reduction in share count**
**2024**

**UK Government shareholding reduced to**
**9.99%**
**as at 31 December 2024**

**~£2.6bn**
**returned to the UK Government in 2024(5)**

(1) The number of ordinary shares in issue excludes own shares held.
(2) Paid and proposed.
(3) As at 31 December.
(4) Total shareholder return includes the share price change between 31 December 2023 and 31 December 2024 plus dividends paid during the year, the 2023 final dividend and the 2024 interim dividend, assuming reinvestment at the prevailing share price.
(5) Includes 2023 final dividend per share, 2024 interim ordinary dividend per share and directed buybacks executed in 2024.

# Our business model

## Our key relationships and resources

**Through our key relationships and resources we aim to achieve the following:**

### Relationships

- A trusted partner to our customers, helping them to succeed.
- Providing our colleagues with the capabilities and future skills they need to fulfil their potential.
- Building powerful partnerships and collaborations across the organisation.
- Strong links into our communities.
- Striving to build a diverse and responsible supply chain, aiming to maintain fairness and transparency with our suppliers.

### Resources

- Strong financial performance, with a robust balance sheet and strong capital generation.
- Strong market positions with extensive product and service offering.
- Targeted investment in people, technology and partnerships to create a simple, safe and smart bank, driven by data and digital innovation.
- A highly engaged, customer-focused, diverse workforce with significant expertise and experience.

## Our integrated businesses

**We earn income from interest charged on lending to our customers and fees from transactions and other services. We also pay interest to customers who place deposits with us.**

### Retail Banking

Through the NatWest, Royal Bank of Scotland and Ulster Bank NI brands we provide a comprehensive range of banking products and related financial services including current accounts, mortgages, personal unsecured lending and personal deposits.

### Private Banking

We serve the banking, lending and wealth management needs of UK-connected high-net-worth individuals and their interests. Our Investment Centre of Excellence delivers investment requirements of customers across NatWest Group.

### Commercial & Institutional

Through specialist sector knowledge and capabilities, we deliver comprehensive products and solutions for businesses ranging from start-ups to corporates and large institutions.

## Our network of stakeholders

### Investors

We have an active programme of engagement with investors and will continue to help support the reduction of the UK Government investment in NatWest Group.

### Customers

We know that our success depends on the success of our customers. We want to continue to understand our customers so we can provide the services they want and the expertise they need, now and in the future.

### Colleagues

By supporting our colleagues in what they do and by striving to make NatWest Group a great place to work, we provide them with the capabilities they need to succeed with customers.

### Communities

As a leading bank in the UK, we believe we can make a real and positive difference to the communities we live and do business in.

### Regulators

We understand the need to have an ongoing, constructive and open dialogue with all relevant regulatory bodies and embed this in our business as a priority.

### Suppliers

We promote sustainability in our supply chain by collaborating with stakeholders to prioritise supplier selection that emphasises ESG, supporting our ambition to reach net zero by 2050 across our operational value chain.

Our business model continued

| Retail Banking | Private Banking | Commercial & Institutional |
|---|---|---|
| Youth to mass affluent | Affluent to high-net-worth | Start-ups to large corporates and financial institutions |

## Multi-channel brands serving over 19 million customers

| Retail Banking | Private Banking | Commercial & Institutional |
|---|---|---|
| NatWest, Royal Bank of Scotland, Ulster Bank | Coutts | NatWest, Royal Bank of Scotland, RBS International |

## Strong market positions with extensive product and service offering

| Retail Banking | | | Private Banking | | | Commercial & Institutional | | |
|---|---|---|---|---|---|---|---|---|
| 16.2% share of current accounts[(1)] | 12.6% share of UK mortgages[(2)] | 6.4% share of unsecured lending[(3)] | Award-winning UK private bank | £48.9bn AUMA | £3.2bn AUMA net flows | 25% share of deposits[(4)] | 20% share of lending[(5)] | ~20% share of UK start ups[(6)] |

## Delivering strong returns in 2024

| Retail Banking | | | Private Banking | | | Commercial & Institutional | | |
|---|---|---|---|---|---|---|---|---|
| £5.7bn income | £65.5bn risk-weighted assets | 19.9% return on equity | £1.0bn income | £11.0bn risk-weighted assets | 14.2% return on equity | £8.0bn income | £104.7bn risk-weighted assets | 17.2% return on equity |

## Creating value for our stakeholders

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| £4.0bn capital returned to shareholders.[(7)] | 7.8m financial wellbeing interventions in 2024 to help customers take control of their finances.[(8)] (LA) | 401,478 interventions delivered to start, run and grow a business. (LA) | £31.5bn 2024 contribution towards £100 billion climate and sustainable funding and financing target.[(9)] (LA) | 58% of managed assets considered portfolio aligned to a net-zero pathway as at 31 December 2024.[(10)] | 91% Our View colleague survey inclusion score. | £10.4m direct community investment. (LA) | £4.2m raised for a range of causes and 140,172 hours volunteered. |

(1) Current account balances outstanding. Full year 2024 share based on November 2024 CACI data.
(2) Stock share of Retail Banking and Private Banking mortgages, calculated as a percentage of balances outstanding of total sterling net secured lending to individuals not seasonally adjusted as per December 2024 BoE data.
(3) Based on unsecured lending including cards, loans, overdrafts and central items calculated as a percentage of balances outstanding of total (excluding the Student Loans Company) sterling net unsecured lending to individuals not seasonally adjusted based on December 2024 BoE data.
(4) Based on customer deposits (£bn) for Commercial & Institutional excluding NatWest Markets and RBSI, calculated as a percentage of M4 liabilities for Private Non-financial Businesses (PNFC's) as per December 2024 BoE data.
(5) Based on gross loans and advances to customers at amortised cost for Commercial & Institutional excluding NatWest Markets 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 2024 BoE data.
(6) 19.4% of those operating for less than two years identified NatWest Group as their main bank. Source: MarketVue Business Banking from Savanta Q4 2024 based on 566 start ups interviewed in the 12 months up to that date. The survey results have been weighted to reflect the regional distribution and turnover of businesses across Great Britain.
(7) Distributions paid and proposed. For full details of our distributions over the last three years refer to page 17.
(8) Includes additional initiatives in 2024 including digital regular saver and Insights. We have an ambition to help 10 million people, per year, manage their financial wellbeing by 2027. We plan to review our financial wellbeing ambition during 2025 in the context of our strategy. Underlying banking products and features in our financial wellbeing ambition will continue to be offered unless otherwise specified.
(9) Target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025.
(10) We consider Managed Assets (those assets we invest on our customers' behalf, which represented 83% of AUM as at 31 December 2024) to be in-scope for our interim 2030 portfolio alignment target and our weighted average carbon intensity (WACI) ambition.

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

Business performance review

# Retail Banking

'Our customers are our priority. We will win with our customers through the most simple, engaging, and personalised digital experience in the UK.'

**David Lindberg**
CEO, Retail Banking

| Total income | Net loans to customers | Operating profit |
|---|---|---|
| **£5,650m** | **£208.4bn** | **£2,431m** |
| 2023: £5,931m | 2023: £205.2bn | 2023: £2,638m |
| **Customer deposits** | **Return on equity** | **Risk-weighted assets** |
| **£194.8bn** | **19.9%** | **£65.5bn** |
| 2023: £188.0bn | 2023: 23.8% | 2023: £61.6bn |

In Retail Banking, we aim to be a trusted financial partner for our 18.1[1] million customers by offering personalised experiences through our competitive products and tailored insights. We aim to support our customers every day and through every important life moment. Whether they're opening their first account, managing their money, or saving for the future.

## 2024 focus and highlights

In 2024, we had 10.5 million[2] (LA) active mobile app users, who logged in to our app an average of 33 times per month, and 70% of our active current account customers chose us as their primary bank. We've been committed to building our customers' financial resilience, delivering exceptional experiences and making more digital capabilities available. In 2024, 7.8 million (LA) customers accessed features and tools to support them in managing their financial wellbeing, including 6.4 million customers who have accessed Insights, the financial wellbeing tool in our mobile Retail Banking app. In July 2024, we launched 'Fast-track your goals', a new Insights feature, which asks customers how they feel about their finances and recommends tailored coaching plans.

We're continuing to support customers to grow their savings. Our customers' total savings balance has increased by £8.4 billion[3]. Customers have also earned more interest from their money this year through higher rates on their fixed term savings accounts, and our fixed rate savings balance has increased by £2.7 billion. Since February 2020, we've helped 2.7 million customers start to save with us and since February 2022, we helped 1.7 million customers save an average of £381 each through Round Ups.

Our support to future generations through our youth accounts such as Rooster, is increasing. Since our acquisition of Rooster Money in 2021, its customer base has grown to 0.5 million card subscribers, with ~70% growth in 2024.

As well as helping customers make the most of their money today, we're also empowering them to plan for tomorrow with our credit score tool, Know Your Credit Score, which has been used by over four million customers in 2024.

In September 2024, we acquired a £2.3 billion UK prime mortgage portfolio from Metro Bank. Additionally, we are set to complete the acquisition of the retail banking assets and liabilities of Sainsbury's Bank in 2025, introducing around one million new customer accounts across portfolios of credit cards, unsecured personal loans and savings. We've continued to grow our credit cards market share to 9.7%[4] in 2024 with 0.5 million new credit card customers, more of them now originating from aggregator channels, where customers can compare and apply for cards from different providers based on their personal preferences and financial circumstances. We broadened our third-party partners, and our cards journey is now live on six aggregator channels, covering more than 90% of the market.

In the mortgage market, as macro-economic conditions improved, we've seen

(1) Retail Banking customers including Premier and Rooster customers and excluding secondary cards.
(2) Number of personal and business customers who used the mobile app in the last 90 days.
(3) This is the increase in savings spot balances from 31 December 2023 to 31 December 2024.
(4) Stock share of Retail Banking and Private Banking credit cards calculated as a percentage of total sterling net credit card lending to individuals (in sterling millions) not seasonally adjusted as per December 2024 Bank of England (BoE) data.
(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

Business performance review continued

increased momentum in market activity, especially in the second half of the year. Our stock share of that market has remained stable at 12.6%.[1] Customers find our application process easier in 2024 with the new Non-Advised Digital Additional Mortgage Borrowing Journey. Eligible customers can now self-serve and complete their applications in about ten minutes, compared to two hours in the Advice Channel. We've also improved average speed to offer times by 20% in 2024.

We have maintained our leading share in a growing loans market with our five star loans proposition, as evaluated by both Defaqto and Moneyfacts. In November 2024, we launched Whole of Market lending, enabling customers without a current account to apply for a personal loan and allowing us to further increase our reach.

In 2024, we made significant digital improvements to simplify and transform the customer experience while reducing costs. 79%[2] of our customers are now banking entirely digitally and 93% of customers' needs are being met digitally. Around half of eligible customers self-serve via voice and we've achieved close to full straight-through processing in both cards (97%) and loans (98%). The launch of Cora+, our new GenAI virtual assistant, means it's even easier for customers to get support via the mobile app and online banking. Around half of Cora conversations are now entirely contained and we achieved a Cora CSAT of 66%.[3] And to simplify banking abroad, in May 2024, we launched our new travel account within the mobile app, meaning eligible customers can exchange pounds with euros at any time with no foreign currency transaction fees.

We continued to invest in protecting our customers from fraud and scams. From September 2024, customers can use their voice to authenticate payments in the mobile app alongside facial authentication, making biometrics more accessible and providing better protection. In 2024, 126,000 customers registered for voice authentication, and biometric approval is now used by 67% of our active mobile app users. Also, in 2024, 3.2 million customers visited My Security Profile in the mobile app, which helps customers understand their current level of security and provides information on the latest scam threats.

We continued to proactively contact our customers in vulnerable situations to offer tailored support to help them cope with the rising cost of living. We have seen a 7% reduction in customers who have reached the final persistent debt stage, and we assisted 14% more customers in avoiding or exiting persistent debt through our voluntary Minimum Payment Plus amount.

We collaborated with Hestia to create 'Safe Spaces' for people experiencing domestic abuse in more than 360 of our branches and contributed a further £1 million to The Circle Fund, to help frontline services provide emergency grants to over 4,000 survivors of domestic abuse.

### 2025 priorities

In 2025, we'll focus on growing our Retail Banking business and delivering personalised experiences that deliver value for customers. We aim to understand what matters most to our customers and design innovative solutions that are aligned to their needs. We will continue to focus and invest on digitalisation to further enhance and simplify the customer and colleague experience.

# Succeeding with customers by speeding up mortgage decisions

## Mortgage Customer Platform

## improving our processes


We understand that, for some customers, a mortgage is likely to be their biggest financial commitment, and we want their journey to be as simple and straightforward as possible. That's why in February 2024 we introduced our new Mortgage Customer Platform, an improvement to our processes which brings better customer conversations and swifter mortgage decisions.

Our new platform streamlines the mortgage journey by combining multiple mortgage systems into one from start to finish. It simplifies handovers between different parts of the process – from getting a decision in principle to completing the full application – and improves efficiency by carrying customer data across the full journey. And through intuitive processes, the platform tailors questions to each customer, meaning we only spend time capturing the data we need.

By eliminating repetitive tasks, our colleagues now spend less time inputting data and instead focus on having quality conversations, making it a faster and more personalised experience for our customers.

(1) 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 2024 BoE data.
(2) Percentage of Retail Banking customers with current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony for 90 days in the reporting period. Excluding inactive customers and customers with no channel usage.
(3) Customer Satisfaction Score (CSAT) measures customer satisfaction with a business, purchase, or interaction. It's measured by asking the following question at the end of the interaction: 'How satisfied were you with the service you received from Cora today?' and is expressed as % of customers who responded with either very satisfied (5) or satisfied (4).

# Private Banking

‘Through our relationship-led, digitally enabled, proactive client engagement model, we aim to deliver the best possible outcomes for our clients, managing their wealth responsibly, while supporting the wider NatWest Group to deliver on our strategy.’

**Emma Crystal**
CEO, Private Banking

| Total income | Net loans to customers | Operating profit |
|---|---|---|
| **£969m** | **£18.2bn** | **£264m** |
| 2023: £990m | 2023: £18.5bn | 2023: £291m |
| **Customer deposits** | **Return on equity** | **Risk-weighted assets** |
| **£42.4bn** | **14.2%** | **£11.0bn** |
| 2023: £37.7bn | 2023: 14.8% | 2023: £11.2bn |

(1) Client assets and liabilities refers to customer deposits, net loans to customers and assets under management and administration. c. £1 billion of investment cash is reported in both customer deposits and assets under management and administration.

(2) Net Promoter Score® and Net Promoter System® are service marks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.

With over 300 years of experience in private banking and wealth management, Coutts has established itself as a trusted partner for UK-connected high-net-worth individuals and their business interests. Our comprehensive suite of services and products includes banking, lending and wealth management, all designed to meet the diverse needs of our clients. In addition, we meet the investment needs of our customers across NatWest Group through our Investment Centre of Expertise.

## 2024 focus and highlights

In 2024, we continued to support our clients through an uncertain external backdrop, adapting to their evolving needs. We manage £109.5 billion in client assets and liabilities, growing balances by over £12 billion in the year.[1] At the end of 2024, we delivered a 14.2% return on equity and registered an 11-point increase in our Net Promoter Score®, underscoring the strength of our client relationships and the value we deliver.[2]

Our savings propositions, supported by the enhancement of our digital journeys, drove year-on-year customer deposit growth of 12.5%. This resulted in a loan:deposit ratio of 43%, providing a key liquidity source for NatWest Group. In 2024, we evolved our lending proposition to help our clients benefit further from offerings across NatWest Group. Our Coutts NatWest Mortgage now includes a buy-to-let and product switch offering which led to a £21 million saving in our RWAs in 2024 by directing to the most capital efficient balance sheet. We also partnered with NatWest Markets to offer an interest rate management hedging solution for commercial clients, leveraging in-house expertise to service their needs and retaining £162 million of loans to customers as a result.

Our investment offering delivered strong growth in 2024 as we supported our clients’ investment needs across NatWest Group through our Investment Centre of Expertise. Assets under management and administration increased by £8.1 billion to £48.9 billion in 2024. The increase was driven by assets under management net flows of £2.2 billion which represent 6.9% of opening assets under management and strong market performance of £4.8 billion. Cushon Group reflected £3 billion of assets under administration at the end of 2024, servicing the workplace pension and savings needs of over 639,000 customers, up 13% year on year.

We have delivered several key improvements to our platform in 2024, including the ability to digitally transfer into a Cash ISA, without the need for paper requests, which has contributed to growth in our Cash ISA balances. We continue to be recognised externally for our service, with Coutts awarded the UK’s Best for Digital Solutions at the Euromoney Private Banking Awards.

Our ongoing investment in technology helped to drive efficiencies in 2024, while enhancing the client experience. By transitioning our telephony platform to Amazon Web Services, we now provide colleagues with real-time data insights, enabling them to deliver exceptional

Business performance review continued

customer service and strengthened security. Additionally, the implementation of Generative AI-enabled tools to assist with administrative tasks has empowered our advisors to spend more time with clients.

Our ambition for net-zero financed and managed emissions by 2050 is heavily reliant on external dependencies. We continue to engage with our clients to support their transition to a lower carbon economy, providing £415 million of climate and sustainable funding and financing during 2024. For investments, we consider 58% of our managed assets portfolio to be aligned to a net-zero pathway using our net zero assessment in 2024[(1)], up from 49% in 2023. Detailed climate-related disclosures are published in the NatWest Group plc 2024 Sustainability Report, and are consistent with the FCA's ESG sourcebook requirements for asset managers.

### 2025 priorities

We will focus on maintaining momentum and pursuing opportunities for growth in 2025, enhancing our product and relationship-led service offering to attract and deepen our engagement with high-net-worth clients, while simultaneously balancing discipline in our deployment of investment. We will look to continue the simplification of our processes through automation and prioritise services that our clients value.

Ensuring we are positioned for long-term growth will remain a priority, while preparing for a shift in client behaviour in a decreasing interest rate environment. By providing a personalised and proactive service, we will aim to drive engagement across our product suite to deliver value for clients and the business. This will continue to be underpinned by responsible and sustainable balance sheet and risk management, alongside diversification of income.

# Succeeding with customers through sector knowledge

## Specialist support for interactive entertainment


Coutts originally became involved in the UK's interactive entertainment industry by helping clients access government tax support through the Video Games Tax Relief (VGTR) programme. Coutts is now an established commercial banker for the interactive entertainment sector, its gaming studios and its gaming companies. In 2024, for the third year in a row, Coutts collaborated with Games London to sponsor the London Games Festival.

Coutts hosted the festival's opening night at its head office at 440 Strand, inviting clients, festival partners, gamers and key gaming industry stakeholders to celebrate the sector. The event showcased a range of different gaming installations, allowing visitors to experience the industry's latest developments.

As well as collaborating with Games London, Coutts has dedicated relationship managers with specialist interactive entertainment industry knowledge, meaning Coutts can advise entrepreneurs on managing their finances and help them to expand their businesses. And as a private bank, Coutts also supports individual entrepreneurs, e-sports stars, gamers and streamers with their personal wealth management – providing holistic support in an ever-growing sector.

(1) We consider Managed Assets (those assets we invest on our customers' behalf which represented 83% of AUM as at 31 December 2024) to be in-scope for our interim 2030 portfolio alignment target and our weighted average carbon intensity (WACI) ambition.

Business performance review continued

# Commercial & Institutional

'We're working to make it simpler for customers to do business with us digitally, combined with our market leading relationship management network.'

**Robert Begbie**
CEO, Commercial & Institutional

| Total income | Net loans to customers | Operating profit |
|---|---|---|
| **£7,957m** | **£141.9bn** | **£3,585m** |
| 2023: £7,421m | 2023: £131.9bn | 2023: £3,236m |
| **Customer deposits** | **Return on equity** | **Risk-weighted assets** |
| **£194.1bn** | **17.2%** | **£104.7bn** |
| 2023: £193.4bn | 2023: 15.4% | 2023: £107.4bn |

(1) Source: MarketVue Business Banking from Savanta, year ending Q4 2024, based on businesses with a turnover between £2 million and £25 million in Great Britain. Of those that name NatWest Group brand as their main bank and have a Relationship Manager, 73% rate their Relationship Manager as 'excellent' or 'very good'.

Commercial & Institutional serves over one million customers, from supporting start-ups at launch to partnering with global institutions. As the biggest bank for businesses in the UK, we provide a full-service proposition, connecting our customers with unique expertise, industry insights and the solutions they need across the various sectors, regions and markets they operate in.

## 2024 focus and highlights

With a leading market share, we maintained our position as the UK bank of choice for UK middle market banking and SMEs, banking 1 in 5 of every small business in the UK. Our leading relationship management proposition highlighted by the quality of our people, visibility, and market presence contributed to the growth of our Commercial Mid-market business throughout 2024. We also maintained high relationship manager satisfaction ratings in mid-markets,[(1)] and to underline our commitment, we published a report, 'Mid-market corporates: The critical middle', outlining new support we will provide to help address challenges affecting the sector.

For smaller business owners, we enhanced our service and made it simpler for our customers to do business with us. We expanded our Business Banking mobile functionality so customers can view card balances and invoices in their app. We also integrated tax management into the app and launched business insights to provide customers with tailored access to information to support their decision processes. Our digital lending journey now enables customers to self-serve and apply for borrowing up to £100,000 (previously £50,000), with funds reaching their account within 24 hours. We also made it easier for businesses to use Broker Direct, our dedicated service for SME brokers, by increasing the borrowing limit from £250,000 to £750,000.

In 2024, our investment in digital, data and technology capabilities continued to create a simpler and better banking experience for our customers. Around 83% of our customers primarily used digital channels to interact with us, allowing our frontline teams to provide more focused in-person service. For colleagues, we launched automated fraud and security reviews, allowing more time for relationship managers to work directly with customers. Alongside this, we launched a fundamental technology transformation of Bankline, our main digital channel for mid-market and corporate customers. This aims to create a single point of access for customers to engage with all our products. We also continued to modernise our digital payments platforms under the Tyl and Payit brands. We grew our merchant base by 26% to over 38,000 in 2024, with annual transactions exceeding £11 billion.

For our corporate clients, our multi-specialist Corporates & Institutions proposition was recognised as the 'World's Best FX Prime Brokerage' and the 'UK's Best FX Bank' in the 2024 Euromoney FX Awards. We also strengthened our trade finance position, earning awards for 'Best Bank for Cash Management Technology' and 'Best Cash Management Bank' in the UK in the 2024 Euromoney Cash Management Survey. This followed the launch of a new trade finance platform for simpler, consolidated trade loans, reducing administrative time.

We are committed to supporting our customers' transition to net zero. Since July 2021, we have provided £80 billion of climate and sustainable funding and financing, consolidating our position as the leading provider in this sector. Highlights included facilitating new debt for Zenobē's funding platform, for which, as sole private placement agent, we secured £410 million to support its growth and the roll out of zero-emission buses across the UK. Additionally, we introduced a new discounted finance scheme for Tesco's 1,500 farmers. We were also recognised with the 'ESG Innovation Award – Europe 2024' and 'ESG Financial Adviser of the Year – Europe 2024' at the IJGlobal ESG Awards 2024.

### 2025 priorities

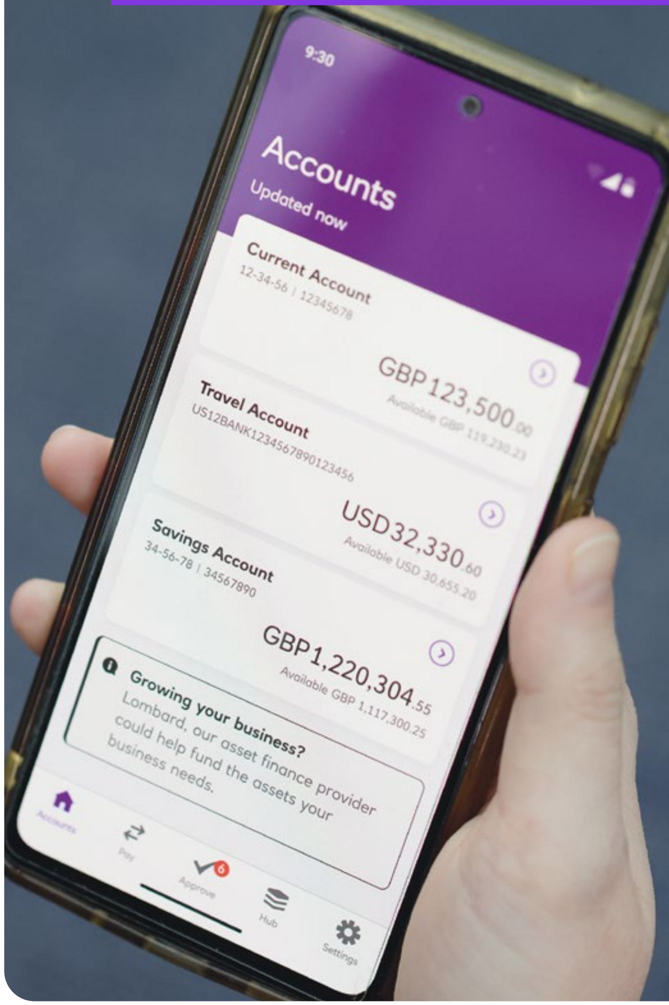
By prioritising disciplined growth, we will support segments where our customers need us most. We aim to continue to improve our deposits, lending and transaction banking propositions over the coming years to meet the evolving needs of our customers.

Our simplification and technology transformation aims to streamline our operating model and technology architecture, increasing digital services and customer engagement, giving our relationship managers more time to spend with our customers.

We plan to continue building our balance sheet and risk management capabilities, including dynamic allocation of capital aligned to our strategic choices, strong approach to pricing, careful in-life management of resources and broadening of our distribution capabilities.

# Succeeding with customers by powering up Bankline

## Bankline digital channel meeting our customers' needs




Bankline is our digital channel that gives our mid-market and corporate customers control of their business finances. At the end of 2024, it served over 71,000 customers and had over 370,000 users, processing on average 27.6 million transactions per month.

But, in an increasingly digital landscape, we believe Bankline has the opportunity to meet even more of our customers' needs. So, in 2024, we began investing in a multi-year project to deliver a faster and better user experience from the platform.

Our investment will give customers access to new functionalities which make banking even easier. We're simplifying the service by moving it to a single cloud-based application, allowing customers to access our comprehensive suite of digital products and services, such as ClearSpend, our corporate card platform, and Agile Markets, our foreign exchange application, through a single digital entry point. New self-service features will allow customers to complete important tasks without having to contact customer support, and by strengthening the platform's security and fraud prevention measures, we'll ensure our customers can continue to bank with confidence.

We've already seen customers using these modernised journeys, especially since expanding the Bankline mobile app to RBS customers in November 2024. We're confident this new technology will increase our ability to deliver meaningful change for our customers, even quicker and at lower risk.

Market environment

# Adapting to evolving market trends

The environment we operate in is constantly evolving. Understanding the multiple influences on our business and our customers enables us to be prepared for change, respond quickly and create value for the long term.

## Economy

2024 saw UK inflation fall close to the Bank of England's target of 2%, significantly lower than growth in average wages. The Bank of England's base rate also fell to 5% in August and 4.75% in November 2024. Customer interest rates also reduced, causing growth in housing market activity and house prices to rise on most measures.

Full-year GDP growth looked likely to beat the modest forecasts made for it at the start of 2024 and unemployment remained relatively low. Sterling ended 2024 higher against most major currencies apart from the US dollar, and the FTSE 100 index ended higher, in common with other equity major indices.

### Our response

In 2024, we continued to adapt our services with the aim of meeting the evolving financial needs of our customers. We maintained competitive interest rates on our savings and lending products. Our digital engagement strategy developed further, with a focus on providing insights and tailored information to our customers.

For our mortgage customers, we simplified mortgage journeys to bring quicker decisions, and as signatories to the UK Government's Mortgage Charter, we offered further help and support to those customers facing increases in mortgage payments when remortgaging.

We also worked with business customers to help actively manage payment difficulties, offering them financial guidance and a range of tools during 2024. We made it easier for businesses to borrow up to £100,000 through our digital lending journey, or up to £750,000 through Broker Direct.

## Technology, data and digital services

As technology continues to advance at an unprecedented pace, business models and customer behaviours are evolving rapidly. The increasing availability and sophistication of Artificial Intelligence (AI) and machine learning technologies are fundamentally reshaping how our customers, suppliers and colleagues interact, transact, and manage their finances. The digital transformation is evident in the growing adoption of AI-powered financial assistants, blockchain-based payment systems, and personalised banking experiences. The shift towards a more digital-first approach is also reflected in the rise of open banking initiatives, which are fostering innovation, opportunities and competition in the financial services sector.

### Our response

In 2024, we began the upgrade of our digital channel for mid-market and corporate customers, Bankline, to aim to make it simpler and more efficient for Commercial & Institutional customers. In addition, a single sign-on solution enables Bankline customers to securely connect to other NatWest Group products and services, including Agile Markets and ClearSpend.

We launched our personal mobile banking app on Apple's Vision Pro, an innovative 3D virtual reality system controlled by a user's eyes, hands, and voice. This enables Retail Banking customers using the virtual reality headset to view balances, make transfers between accounts and manage direct debits through a secure, immersive experience. During 2024, we enabled credit card fraud to be reported in our mobile app and we helped 7.8 million (LA) people with their financial wellbeing.

We also introduced Cora+, an enhancement to our AI virtual assistant, which uses generative AI to deliver responsive answers within the mobile app and e-banking platforms. This advanced solution offers our customers expert support on mortgages, credit cards, loans, and overdrafts in a natural, conversational style. We also deployed generative AI internally to support our workforce. For example, call summarisation technology is now being used by Private Banking colleagues to capture key facts more efficiently during customer conversations to improve engagement and service.

Through investment in our customer data, we increased customer engagement and targeted regulatory outcomes – digitalising and simplifying customer journeys, and making data accessible through open banking. In terms of managing AI and data ethics, we introduced our AI & Data Ethics Code of Conduct to all colleagues. We also set up a specialist team to review all uses of AI through an ethical lens, with the aim of consistently delivering good outcomes for our customers and colleagues.

## Cyber threats and digital security

Cyberattacks pose a constant risk to our operations, both directly in relation to our own digital estate and indirectly to our supply chain. Cybercrime continues to evolve and is increasingly influenced by the geopolitical landscape. Attacks may come from individuals or highly organised criminal groups intent on stealing money or sensitive data, or potentially holding organisations to ransom.

An increasingly volatile geopolitical environment could increase the threat to the UK. New trade restrictions, expansion of financial sanctions and regional conflicts, increase the risk of attacks targeting UK based organisations.

The targeting of companies and their third parties through ransomware attacks also remains a prominent threat.

### Our response

To provide service continuity for customers and limit disruption, we continued to monitor and assess a diverse and evolving array of threats. We also invested in our security, which continued to expand and improve centralised security controls, helping colleagues remain secure. Progress of key programmes included:

- extending coverage of real-time security monitoring by the Security Operations Centre (SOC), enabling them to react to threats as they happen;
- consolidating security services so that as new solutions are built they use security controls that are embedded from the start;
- automating guardrails, increasing monitoring and improving assurance processes to enable our Security team

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

to efficiently and effectively identify areas of non-compliance and work with project teams to ensure that a consistent approach to security is deployed.

AI and machine learning are also transforming the cybersecurity landscape. While they create new opportunities, they also present new challenges, lowering the bar to entry for adversaries and improving their capabilities (for example, non-native speakers crafting phishing emails, more convincing deep fakes, more innovative ransomware attacks). The Security team continued to collaborate with NatWest Group's AI Centre of Excellence in 2024 and engaged with suppliers to ensure the safe and secure adoption of these technologies.

In line with the evolution of regulators' thinking, the Third Party Risk Management (TPRM), Security and Operational Resilience teams continued to work together to plan for prolonged disruption that considers business and customer impacts. Additionally, NatWest Group is working on delivering compliance in relation to the EU's Digital Operational Resilience Act (DORA) and the EU AI Act. We are in the process of providing the appropriate mechanisms to ensure that impacted entities have the necessary safeguards in place.

Throughout 2024, NatWest Group continued to work with regulators including the FCA, Bank of England and the PRA to demonstrate NatWest Group's cybersecurity defences.

Digital service stability remains high. In 2024, we had consistently high performance and stability of our most critical systems, which have been available 99.99% of the time. Additionally, over 60,000 colleagues completed annual cybersecurity learning in 2024.

## Climate change

Climate-related risks have the potential to affect asset values, operational costs and business models, not only through increasing frequency and severity of extreme weather events and biodiversity loss, but also as the transition to a net-zero economy accelerates.

These risks, transmitted through the economy to NatWest Group, continue to evolve, reflecting increasing regulatory, legislative, political and societal change. Likewise, our response continues to develop.

### Our response

NatWest Group has an ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050. This aligns with the UK's legal commitment to be net zero by 2050. While we continue to support our customers' transition to a net-zero economy, and monitor progress on supplier and fund decarbonisation, our climate ambitions are unlikely to be achieved without timely and appropriate government policy and technology developments, as well as the supplier, customer and societal response required to support the transition.

We continued to implement our Climate transition plan during 2024, which lays out our plans to help our customers on their journey toward net zero, as well as actions we are taking to decarbonise our operational value chain. Key areas of progress since announcing our climate ambition in 2020 include:

– Providing £93.4 billion climate and sustainable funding and financing against our target to provide £100 billion between 1 July 2021 and the end of 2025.
– Achieving our ambition to reduce emissions from our direct own operations by 50%, against a 2019 baseline, with a 51% reduction as at 30 September 2024.

To reflect this progress we have refreshed some of our climate-related ambitions during 2024. This includes enhancing our ambition to reduce Scope 1 and 2 location-based emissions, where we will now aim for a 70% reduction by 2030, against a 2019 baseline. This, while continuing to consume 100% renewable electricity in our direct own global operations.

While the new government has announced various initiatives since the UK general election in July 2024, including the creation of the National Wealth Fund and the decarbonisation of the energy sector, these are yet to be embedded within the policy framework and the UK CCC's credibility assessment. We will continue to engage on, and monitor government policy developments.

In February 2024, we disclosed that we considered the achievement of our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, to be increasingly challenging. We continue to view this ambition as 'increasingly challenging', particularly in light of policy uncertainties. In light of this, we plan to review our climate ambitions and targets during 2025 in the context of the UK CCC's Seventh Carbon Budget, which is expected to be published on 26 February 2025.

## Regulation

We operate in a highly regulated market which continues to evolve in scope. Areas of current regulatory focus include delivering good customer outcomes, in particular, the introduction of the Financial Conduct Authority's (FCA) new requirements for Consumer Duty. The bank is also involved in ongoing work to shape and implement post-financial crisis prudential measures, through the Basel 3.1 Framework, while additionally supporting the regulatory change needed to deliver on the new government's growth agenda.

### Our response

We constantly monitor regulatory change and work with our regulators to help shape those developments that materially impact the bank, responding when necessary either bilaterally or in partnership with one of our affiliated industry bodies. We implement new regulatory requirements where applicable and use our frequent engagement meetings with regulators to discuss key regulatory priorities. Focus areas in 2024 were:

– Capital and liquidity management, including the UK's approach to the implementation of Basel 3.1.
– Fraud and financial crime, which included the introduction of the PSR's new reimbursement model for authorised push payment fraud victims.
– Implementing near-term amendments to the UK's ring-fencing rules and continuing to push for wider reforms.
– Supporting the FCA's work to simplify its conduct rules by highlighting, through consultation, areas of duplication and/or complexity, while also aiding the regulator in its plans to modernise the UK redress system and improve the role that the Financial Ombudsman Service plays in customer disputes.
– Implementation of the second and final phase of Consumer Duty requirements.

# Our stakeholders

Understanding and supporting our stakeholders is vital to the success of our business. Detailed below are our key stakeholder engagements and how they help us improve outcomes for our customers, communities, and the environment. For further information on how stakeholder considerations influenced the Board's discussions and decision-making, refer to our section 172(1) statement on pages 32 and 33, and our Corporate governance report on pages 99 to 101.

## Investors

We have an active programme of engagement with institutional and private shareholders, alongside fixed-income investors, and will continue to help support the reduction of the UK Government investment in NatWest Group.

- **We delivered a total shareholder return of 95.6% in 2024,** ranking 2nd in the FTSE 100, 3rd in the European Banks index (SX7P), and 1st in the Bloomberg World Banks index. This was supported by both the strong share price performance, with the stock gaining 83.3% in the year, and also distribution of dividends to shareholders.
- **Two directed buybacks of shares held by the UK Government totalling £2.2 billion, took place in May and November 2024,** these reduced the UK Government's stake in NatWest Group to 9.99% at the end of 2024.
- **348 meetings with institutional shareholders and 271 meetings with fixed-income investors were held in 2024,** maintaining open dialogue with our shareholders, while expanding our global reach to attract further investment by overseas institutional investors.
- **Quarterly results presentations took place virtually alongside the release of our financial results;** investors and analysts gained a deeper understanding of our business and were able to ask questions of management.

Refer to the Investment case and shareholder value on pages 16 and 17.

## Customers

We know that our success depends on the success of our customers. We want to understand their challenges, ambitions, financial objectives and concerns, and help them progress towards their goals by providing the right services at the right time.

- **We helped 7.8 million**(LA) **people to manage their financial wellbeing;** we also provided assisted financial health checks to 321,000 Retail Banking customers in 2024 and 22,000 to Business Banking customers in 2024.
- **The launch of our first GenAI virtual assistant Cora+ in 2024 upgraded our existing digital assistant Cora,** giving customers access to a more intuitive, conversational experience 24/7.
- **Private Banking has increasingly adopted cloud-based technology,** offering colleagues real-time, tailored insights and advanced analytics to enhance client service.
- **Responding to the industry-wide shift towards digital services.** To help our Retail Banking customers who experience a branch closure, we proactively reach out to support them with this transition, whether through articulating alternative methods or providing increased confidence with digital banking. In 2024, we made over 200,000 calls to support Retail Banking customers with information on alternative ways to bank.

For our Net Promoter Scores refer to page 30.

## Colleagues

By supporting our colleagues in what they do and by striving to make NatWest Group a great place to work, we provide them with the capabilities they need to succeed with customers.

- **Our colleague listening strategy in 2024 included:** regular colleague opinion surveys; a Colleague Advisory Panel, connected directly with our Board; the Colleague Experience Squad, which provided feedback on colleague products and services; and Engage, our social media platform.
- **We actively engaged our colleagues in change through participation in over 1,000 experiments and in the co-creation of new propositions:** 78% of colleagues believe there is a culture of experimentation at NatWest, an increase of 7 points since September 2023, based on our Colleague Engagement Survey.
- **Our View colleague engagement survey,** enables us to track metrics and key performance indicators, which we can benchmark with sector and high-performing comparisons. Over 50,000 colleagues (82% participant rate) across all countries and levels participated in our September 2024 survey.[1]

Refer to the Our colleagues section on pages 35 to 37 and Responsible business – diversity, equity and inclusion on page 41.

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

(1) NatWest Group Our View results exclude Ulster Bank RoI.

Our stakeholders continued

## Communities

As a leading bank in the UK, we believe we can make a real and positive difference to the communities we live and do business in.

- **Establishing and building relationships,** with direct community investment of £10.4 million(LA) in 2024. Across our fundraising and volunteering programmes, colleagues raised £4.2 million and gave 140,172 volunteering hours. As well as our network of regional managers, our seven Regional Boards are also deeply connected into cities, towns and communities across all nations and regions of the UK.
- **Supporting enterprise and engaging young people:** in 2024, we delivered 401,478 interventions(LA) to help people start, run and grow a business. We engaged over 5,000 young people across 156 youth clubs in England, helping them set future goals and learn good money habits.
- **Empowering financial confidence:** our free Financial Foundations workshops are designed to help participants take control of their money and future. In 2024, our trained bank volunteers delivered workshops totalling 270 hours of support.

## Regulators

We operate in a highly regulated market which continues to evolve. We understand the need to have an ongoing, constructive and open dialogue with all relevant regulatory bodies and embed this in our business as a priority.

- **We engaged constructively with policymakers to feed back the impacts of the initial proposals to implement Basel 3.1,** in the UK, along with other aspects of the prudential framework including model approvals under CRD IV. Together these proposals could impact on the competitiveness of the UK financial services sector and its customers.
- **We maintained strong engagement with the FCA,** in the final stages of Consumer Duty implementation.
- **During 2024, we responded to material consultations,** including the FCA's proposals to safeguard access to cash, a discussion paper on simplifying conduct rules and a joint consultation with the Payment Systems Regulator (PSR) on digital wallets.
- **We played a key role in helping to define and deliver the PSR's new reimbursement model,** for victims of authorised push payment (APP) scams. This mandates the reimbursement of APP scam losses up to £85,000, in almost all cases.

## Suppliers

We are committed to creating a diverse and responsible supply chain, being fair and transparent with our suppliers and to reach net zero by 2050 across our operational value chain.

- **We continued to encourage our suppliers to complete an EcoVadis assessment and report emissions via CDP:** 74% of our contracted supplier spend either possess an active EcoVadis scorecard or have submitted a new assessment and are in the process of receiving a new scorecard. Collectively suppliers have improved year on year, averaging 13% higher than the EcoVadis Global Average. NatWest Group scored 68% overall in 2024 (+1% from 2023) ranking in the 89th percentile.
- **In H1 2024, we successfully maintained immediate payment on goods and services for all legal entities:** resulting in an average days-to-pay of 6 days. In H2 2024, this improved to an average of 5 days. Our consistent performance surpasses our commitments as a signatory to the government's Prompt Payment Code.
- **97% of supply chain colleagues completed climate-change training:** this aims to empower them with the skills and confidence to lead effective conversations with suppliers.

**For more details on stakeholder engagement refer to the NatWest Group plc 2024 Sustainability Report.**

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

# Customer trust and advocacy

## Listening to our customers

We monitor a framework of independent customer feedback surveys to measure customer satisfaction, advocacy and trust for our key brands and services. These insights are reported at the most senior levels of the bank and play a crucial role in how we address the evolving needs of our customers.

### Customer trust

Trust among NatWest customers remained consistent with 2023 (73% vs 72%), as did levels among Royal Bank of Scotland customers (65% vs 63%).

| | NatWest | Royal Bank of Scotland |
|---|---|---|
| Q4 2024 | 73% | 65% |
| Q4 2023 | 72% | 63% |
| Source | Yonder reputation tracker, GB, Trust among Retail Banking customers, 12-month rolling. | Yonder reputation tracker, GB, Trust among Retail Banking customers, 12-month rolling. |

### Customer advocacy

We track customer advocacy for our key brands using the Net Promoter Score® (NPS), a commonly used metric in banking and other industries across the world.(1) NatWest Retail NPS increased, but its ranking fell to joint 4th. NatWest Business Banking NPS improved and maintained its ranking. NatWest Commercial Mid-Market NPS fell, but remained the market leader in this segment. Royal Bank NPS continued to increase for Retail and Business Banking and was flat for Commercial Mid-Market.

## Overall Net Promoter Score®

### NatWest

**Retail Banking**

Q4 2024: 23 | Q4 2023: 21

Source: Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling.

**Business Banking**

Q4 2024: -7 | Q4 2023: -8

Source: MarketVue Business Banking from Savanta, England & Wales, Businesses with a turnover up to £750k, 12-month rolling.

**Commercial Mid-Market Banking**

Q4 2024: 5 | Q4 2023: 8

Source: MarketVue Business Banking from Savanta, England & Wales, Businesses with a turnover between £750k-£250m, 12-month rolling.

### Royal Bank of Scotland

**Retail Banking**

Q4 2024: 21 | Q4 2023: 18

Source: Strategic NPS benchmarking study run through InMoment, Scotland, 12-month rolling.

**Business Banking**

Q4 2024: 5 | Q4 2023: -5

Source: MarketVue Business Banking from Savanta, Scotland, Businesses with a turnover up to £750k, 12-month rolling.

**Commercial Mid-Market Banking**

Q4 2024: 7 | Q4 2023: 7

Source: MarketVue Business Banking from Savanta, Scotland, Businesses with a turnover between £750k-£250m, 12-month rolling.

### Retail Banking – key measures

**Account opening**

Q4 2024: 28 | Q4 2023: 34

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling.

**Mortgages**

Q4 2024: 25 | Q4 2023: 23

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling.

**Mobile banking**

Q4 2024: 49 | Q4 2023: 47

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling.

**Online banking**

Q4 2024: 32 | Q4 2023: 31

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling.

(1) NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.

CASE STUDY

# Succeeding with customers through great service

## Providing a One-Bank service to partner with customers

Kerr McEwan, a personal and business customer with Royal Bank of Scotland and Coutts, tells us why customer service has been a vital part of his banking journey.

A Royal Bank of Scotland personal customer from the age of 15, Kerr later opened a business account with RBS for his commercial landscaping company, M Squared, and was guided to join our Accelerator Programme.

'The support I received through the programme was a gamechanger', reflects Kerr, 'specifically, the coaching and peer-to-peer learning about scaling a business was invaluable.'

From there, M Squared has grown rapidly, featuring in the FT1000 fastest-growing companies in 2019. During that time, the company has been supported with a range of our banking services – from loans, overdraft facilities and asset financing, to specialist advice, such as Mentor, the bank's employment law and HR service.

Continuity of expert service has been key for Kerr. 'The relationship I have with the bank has always been so helpful. They know me inside out and are there to anticipate my growth plans, both business and personal.'

Most recently, Kerr has also become a Coutts customer, receiving personalised wealth management support from the private banking team.

'The partnering I get from the bank has now gone one stage further, with Coutts providing the expertise I need to help plan my family's financial future.'

Top: Kerr McEwan (left) meeting with Coutts Private Banker Julie Cunningham (right).

Bottom left: Relationship Manager Adam Trout (left) and Kerr on site with the M Squared team.

Bottom right: Kerr at home.

# Section 172(1) statement

## In this statement, we describe how our directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (section 172) when performing their duty to promote the success of the company.

The Board reviews and confirms its key stakeholder groups for the purposes of section 172 annually. For 2024, these remained investors, customers, colleagues, communities, regulators and suppliers. Our directors are mindful that it is not always possible to achieve an outcome which meets the expectations of all our stakeholders, and that there may be impacted stakeholders outside the six key groups the Board has identified.

Examples of how the Board has engaged with stakeholders can be found in this statement and in the Corporate governance report pages 99 and 101. Our Board and committee terms of reference (available at natwestgroup.com) reinforce the importance of considering the matters set out in section 172 (the s172 factors, as set out opposite). Our template for all Board and committee papers also supports consideration of stakeholders and enables good decision-making. The following illustrative examples provide insights into how principal decisions in two areas were made by the Board during 2024. Principal decisions are those decisions taken by the Board that are material or of strategic importance to the company, or are significant to NatWest Group's key stakeholders.

### The s172 factors

**(a)** likely long-term consequences,

**(b)** employee interests,

**(c)** relationships with customers, suppliers and others,

**(d)** the impact on community and environment,

**(e)** maintaining a reputation for high standards of business conduct,

**(f)** acting fairly between members of the company.

## The strategy

### s172 factors considered: a, b, c, d, e, f

**What was the decision-making process?**

The Board held three dedicated sessions during 2024 to consider the strategy, as well as reviewing key elements throughout the year at its scheduled meetings. The focus of all these discussions was how the bank could evolve to continue to succeed with customers and other stakeholders to create long-term sustainable value in a rapidly evolving banking sector. Considerations were informed throughout by discussions with internal and external experts, stakeholders and investors.

### How did the directors fulfil their duties under section 172? How were stakeholders considered?

At the first strategy session, the Board discussed the external environment, changing customers' needs and behaviours, the current and potential competitive landscape, the importance of the right business mix, and the key role an agile and future-fit technology platform would play in delivery. The important role of organisational culture was also considered. Top and emerging risks were discussed by the Board and risk management leaders immediately prior to the strategy session to ensure the directors were aware of the likely future risk environment.

The directors reviewed options proposed by management and considered external perspectives from experienced business leaders. At the end of the session, directors shared their reflections and agreed the next steps which were considered across the second and third sessions.

An overarching theme throughout the discussions was how our culture would support the successful implementation of the strategy. Consideration was given to how colleagues could be supported in adapting to an evolving environment.

It was agreed that the bank's culture, brand and purpose would all need to align with the strategy, consistently focusing on the customer. In conjunction with the Group Sustainable Banking Committee, the Board reviewed the evolution of the purpose statement at several points during 2024, approving the final proposal in September 2024. The output of engagement with internal and external stakeholders, including via focus groups and in-depth interviews with samples of colleagues and customers, was closely reviewed. There was consensus between management and directors that our purpose should be rooted in how the bank delivers value for our customers. It was agreed that by focusing the purpose on supporting customers to achieve their goals it would in turn help communities and businesses to grow and create a healthier environment for future generations.

Having agreed the purpose statement, the second strategy session focused on the bank-wide elements of delivering the strategy, including balance sheet management, technology and culture and operating systems. Specifically the Board discussed changes which would be required to support future customer needs in a rapidly evolving digital landscape.

The final dedicated strategy session focused on the importance of supporting our customers to succeed and how each segment would do so. Complementary strategies and ambitions for each segment were discussed in detail, and the variance in customer needs and expectations across NatWest Group was recognised. Management shared prioritisation plans and trade-offs, noting the activities that would no longer be pursued to ensure appropriate capacity to deliver strategic aims, both in the short and the long term. The necessary synergies between the technological, financial and cultural plans were noted. The Board discussed financial planning and budget requirements over a multi-year timescale, and how the strategies of the customer-facing elements of the business would align with the bank-wide approach.

Section 172(1) statement continued

### Actions and outcomes

At the Board meeting in December 2024, directors confirmed support for the strategy, centred around the three strategic priorities of disciplined growth, bank-wide simplification, and active balance sheet and risk management. Further consideration was given to the impact on both external and internal stakeholders, including how their interests might be balanced, and a refreshed approach to measuring and reporting on the bank's culture was agreed. The Board formally approved the strategy in February 2025 and will continue to monitor the embedding of the strategy, including purpose, during 2025. It will consider any additional collateral required to support implementation as appropriate, including a refreshed core behaviours framework.

## Capital distributions

### s172 factors considered: a, e, f

What was the decision-making process?

The Board approved a variety of external capital distributions in 2024. These included full-year and interim dividends (in February and July 2024 respectively) and participating in two directed buybacks of ordinary shares held by HM Treasury (in May and November 2024). In addition, an on-market buyback of ordinary shares was approved in February 2024. As part of our quarterly results announcements the Board also approved external guidance on capital distributions.

The Board considered the proposed distributions in the context of the agreed budget and capital plans for 2024, including current and future regulatory capital requirements and the available funds for distribution. In line with standard practice, the Group Board Risk Committee reviewed all capital distribution proposals prior to submission to the Board, making appropriate recommendations having considered the views of the second and third lines of defence.

### How did the directors fulfil their duties under section 172? How were stakeholders considered?

The decisions in relation to capital distributions aligned with the continued commitment to a c40% payout ratio, as noted in the NatWest Group plc 2023 Annual Report and Accounts. In addition, the decisions were in line with the external guidance provided in February 2024, which was updated in July 2024 and reviewed as part of each quarterly results announcement. The Board was particularly focused on ensuring the proposed distributions would support the long-term success of the company for the benefit of all stakeholders. External expectations of capital distributions were carefully considered by the directors, acknowledging the variability of preference among both equity investors and debt holders. The Board also considered the financial implications the distributions might have and any potential impact on the bank's ability to serve our customers every day.

### Actions and outcomes

The final dividend of 11.5 pence per ordinary share was approved by shareholders at the Annual General Meeting in April 2024 and an interim dividend of 6.0 pence per ordinary share was approved by the Board in July 2024.

Two directed buybacks of ordinary shares in the company from HM Treasury were approved and undertaken in 2024. In May 2024 the Board approved participation in a standalone directed buyback of 392,448,233 ordinary shares (worth £1.24 billion). The majority of these ordinary shares were cancelled and 170,000,000 ordinary shares were held in treasury. Holding ordinary shares as treasury shares offers the ability to cancel or re-issue them at a later date, quickly and cost effectively. It also provides additional flexibility in the management of NatWest Group's capital base, including in relation to its employee share plans. In November 2024, following Board approval, 262,605,042 ordinary shares (worth £1 billion) were again purchased via a directed buyback, and all shares were cancelled.

An on-market buyback was also approved by the Board in February 2024, up to a value of £300 million which was completed in July 2024.

The Board also undertook extensive preparations, along with management, for the retail share offering proposed by the UK Government. Although this activity was paused and subsequently ceased following the UK general election and the change in government, consideration was given to stakeholders throughout the process including customers, existing shareholders and colleagues as well as compliance with regulatory expectations.

The Board remained mindful of the changing status of the government's shareholding and capital solvency expectations, reviewing possible options and implications as the situation of both evolved.

CASE STUDY

# Succeeding with customers through improved digital journeys

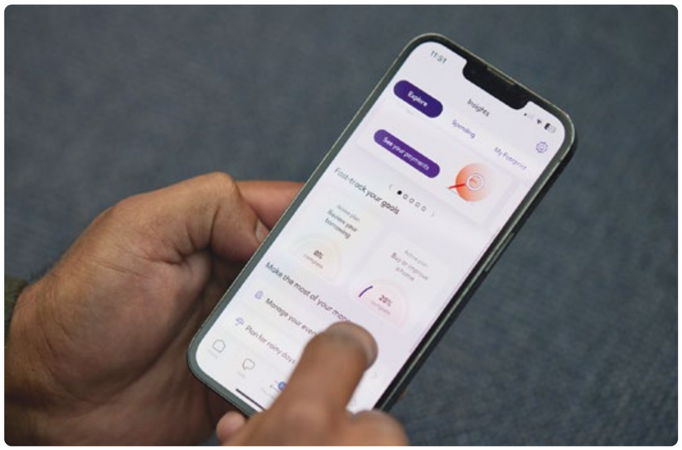
## Fast-track your goals in our mobile banking app

With over 10 million customers now using our mobile app to manage their finances, NatWest Group's Tanvi Gokhale, Head of Strategy for Retail Banking, and Niro Nirmalan, Head of Digital Transformation for Retail Banking, explain how we're empowering customers through its latest digital improvements.

'We know customers want to build good financial habits and boost their confidence with money. That's why Insights, our financial wellbeing function in our mobile banking app, offers customers personalised support to help them better manage their money.
We've seen some brilliant engagement with the tool since its launch in 2023, but we're ambitious for Insights to go further. So, after gathering feedback from customers, in July 2024 we launched Fast-track your goals, our new digital experience giving customers personal plans to achieve their goals.

Customers use the tool by answering some quick questions about how they feel about their finances and what matters most to them. The tool then turns their answers into personalised coaching plans broken into bite-sized exercises, making it easier for customers to take actionable steps to improve their financial wellbeing.'

'Coupled with the option of using it during a Financial Heath Check with a bank colleague, it's proving to be a great way to support customers with their goals, from better budgeting to saving for the future.'



Top: NatWest Group Head of Strategy for Retail Banking Tanvi Gokhale (right) and Head of Digital Transformation for Retail Banking Niro Nirmalan (left).

Bottom left: Fast-track your goals being used on the mobile app.

Bottom right: Niro reviewing the app.

# Our colleagues

Delivering long-term, sustainable performance means recognising that the skills our people need in the future will be different from those of today. We are passionate about supporting colleagues in what they do and providing them with the capabilities they need to succeed with customers.

## Key highlights

- We launched our new performance management framework Beyond in January 2024.
- Since the launch of Beyond, over 95% of colleagues have been upskilled and 156,000 development hours invested.
- Strong Our View Inclusion score of 91% and Wellbeing score of 83%, sitting at +9 and +6 vs the Global Financial Services Norm.
- Over 1,100 graduates, apprentices and interns hired.

## Colleague listening

Our results from our September 2024 colleague engagement survey remained steady and we maintained the strong position held in 2023. Across all comparable categories, NatWest Group remains in the top quartile, sitting an average of eight percentage points above the Global Financial Services Norm (GFSN) benchmark. While purposeful leadership has improved, we have work to do in relation to building capability, relating to the longer-term future focused development of colleagues, which has fallen back slightly since 2023, and despite improvements in experimentation; simplification, collaboration, and efficiency remain flat.

Refer to page 28 for more on our colleague listening strategy.

## Succeeding with customers

Helping our colleagues[1] build the right skills for the future is pivotal to succeeding with customers. As such, we prioritise upskilling in critical core skills aligned to the Financial Services Skills Commission Industry Framework. In 2024, we onboarded an external skills partner, to enable us to have a single view of our skills supply and demand. This allowed us to begin automating skills identification, harmonising data to deliver dynamic workforce insights, and focus on skills critical to our future transformation.

## Cultivating a culture of always learning

A strong learning culture helps colleagues proactively adapt and develop their skills in a fast-changing world. To help build capability in critical skills for a future-ready workforce, we give colleagues two dedicated learning days per year, with c.485,000 learning hours booked since launch in 2022. 56% of elective learning completions at NatWest Group are now focused on priority skills with 77% of colleagues having completed some form of future skills learning over the past two years. We have also refreshed our NatWest Group Academy to amplify Artificial Intelligence (AI) capability as a key priority, resulting in over five times more elective learning completions focused on AI than 12 months ago. In 2024 we also made significant enhancements to the learner experience with our content partner, Skillsoft. All colleagues had access to an AI-powered development tool to make learning even more interactive with real-time role-playing and feedback.

We continue to offer gigs – small, discrete pieces of work that colleagues can perform alongside their day job and that provide opportunities for cross-skilling, reskilling and upskilling. During 2024, 465 gigs were raised, providing potential opportunities for over 1,800 colleagues to develop different skills through a short-term gig opportunity.

## Learning campaigns that empower colleagues

Our Learning At Work campaign, which launched in May 2024, used our Team GB partnership to explore how continuous learning gives us the power to achieve our goals. Of the c.7,305 colleagues who participated, 91% said they were inspired to develop their skills. As a result, NatWest Group has been 'Highly Commended' in the NCFE[2] Impact Awards for Inspiring a Lifelong Learning Culture.

Whether it relates to a current role, or a future career, we are passionate about providing our colleagues with the capabilities they require to fulfil their potential to thrive. 70% of colleagues agree their learning has helped them develop in their role/career, whilst 80% said NatWest Group provides learning tools and resources which are useful to them.

We work with several external partners including academic institutions such as the University of Edinburgh who have specifically jointly delivered learning on data; software; cybersecurity and climate.

## Mobility Hub

The UK Mobility Hub, which provides support to colleagues at risk of redundancy, aims to boost internal mobility across NatWest Group and help colleagues find new roles. In 2024, the hub provided one or more services to 2,262 colleagues. Its core services – job matching, one-on-one career coaching, career guidance, career strategy and skills workshops, and career transition workshops – received a Net Promoter Score®[3] of +81. The hub successfully redeployed 71% of colleagues who used its job matching service into new roles during 2024.

## Talent identification and development

In 2024, we launched our new approach to identifying talent by developing a consistent framework to help leaders identify colleagues at all levels with the aspiration, capability and influence to succeed. Our identified talent will build focused development plans from Q2 2025 in three areas of Experience, Exposure and Education. These plans will empower and develop talent to supercharge their growth and impact.

(1) Colleagues means all permanent employees and, in some instances, members of the wider workforce e.g. temporary employees and agency workers.
(2) NCFE (originally the Northern Council for Further Education) is an educational charity and leader in vocational and technical learning.
(3) Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc.,and Fred Reichheld.

Our colleagues continued

## Supporting our leaders' development

Thrive Leadership, launched in 2022, continued to provide a blended learning offering for existing leaders to deepen their self-awareness and personal impact, with 2,673 leaders enrolled in 2024, taking total enrolments to over 6,000. Our September 2024 colleague engagement survey showed Thrive enrolled leaders received more favourable scores from their direct reports across all categories including purposeful leadership. Alongside Thrive, 12,818 colleagues have completed an element of our Leadership Fundamentals programme, designed to help new and existing leaders grow their core leadership skills.

In 2024, we continued to develop the strategic leadership skills of a targeted group of our most senior leaders in the One Bank Leadership Team (OBLT). Specifically, we collaborated with the Institute for Management Development (IMD) to build capability in prioritisation and capacity creation, as well as continuing the focus on experimentation. The investment in this group of senior leaders provided them with the tools and skills necessary to lead our culture transformation.

## Succession planning

We continued to ensure robust succession plans are in place for CEO –1, CEO –2 positions and critical roles. In April 2024, we worked with the Bank Executive Committee (ExCo) to identify roles that have the potential to deliver strategic influence in NatWest Group's business segments. This key activity enables us to proactively support, profile and retain leaders in these jobs and ensure we build a sustainable pipeline of talent.

(1) Through working with third-party organisations, eligibility is based on qualification for Free School Meals (FSM) in secondary education; residence in bottom 30% areas of the Index of Multiple Deprivation (IMD); and other personal disadvantage.

## Career development

An ongoing focus on career growth empowers colleagues to build fulfilling careers at NatWest Group and is critical to organisational growth. With career development content, tools and initiatives available to colleagues, NatWest Group benchmarks favourably against the financial services and high-performing norms for career development. In August 2024, we launched enhanced career development support on the NatWest Group Academy. This made it simpler for colleagues to access the most relevant tools and learning to support their personal career growth, with 6,685 colleagues accessing the resources.

## Early Careers Programme

We are investing in building future talent capability through our Early Careers Programme. In 2024, we hired over 1,100 graduates, interns and apprentices, including 133 apprentices from a lower income socio-economic background.[1]

- **29th in the UK The Times 100 graduate employers league table (up from 36th in 2023)**
- **15th in the ratemyplacement.co.uk Best 100 Student Employers 2024-2025 Internships overall (up from 22nd in 2023)**

**Read more about our Early Careers Programme at natwestgroup.com and for a full breakdown of our Early Careers Programme profiles, refer to our NatWest Group plc 2024 Sustainability Datasheet.**

## We're going Beyond

We launched our new performance management framework Beyond in January 2024. This initiative was designed to foster a culture of high performance while enhancing the overall experience for our colleagues.

Over 3,400 colleagues were involved in the design of Beyond. Since launch over 95% of colleagues have been upskilled with c.156,000 development hours invested through a range of learning methods provided to support both leaders and colleagues.

### Introduced in four chapters:

1. **Setting the ambition:** We encouraged the setting of more ambitious and personalised goals to drive performance and engagement. We have more than halved the number of goals the average colleague is working on concurrently (from c.13 to c.6). As a result of learning, 86% of colleagues expressed increased knowledge and 77% expressed increased confidence in setting ambitious goals.
2. **Creating meaningful conversations:** We focused on improving the quality of performance discussions and reducing their administration. Coaching check-ins take place at least four times a year with a focus on regular, timely and quality feedback. Our September 2024 Our View colleague engagement survey score was 85, 22 points higher than the GFSN for check-ins, demonstrating how we are helping colleagues improve their performance conversations.
3. **Unlocking performance and growth:** In July 2024 we introduced People Progress sessions where line managers discuss colleagues' performance and potential, and the best ways to support them, while helping to inform fair pay decisions. 88% of line managers who participated have expressed positive sentiment on the effectiveness of these sessions.
4. **Making fair pay decisions:** We shifted the focus from pay decisions based on ratings to data-driven reward decisions focused on recognising performance. This approach was created after c.2,300 colleagues were involved in 13 experiments across the bank on making pay decisions without performance ratings. We launched this Chapter in October 2024 with innovative simulated training modules that gave managers the chance to practice and feel confident in making pay decisions. Over 95% of managers completed the training with 90% agreeing that they understand what it means to make a fair pay decision.

# Supporting colleague wellbeing

## Supporting colleagues with their wellbeing

In 2024, we continued to focus the support offered to colleagues, encouraging our colleagues to be proactive and preventative in their view of wellbeing across all our wellbeing pillars and stages of their career. Through our initiative, Live Well Being You, our colleagues were encouraged to bring the best of themselves to work, to thrive and be healthy. Guided by colleague feedback and data we invested heavily in wellbeing support tools across four wellbeing pillars (mind, body, life and money) providing awareness, understanding and knowledge to live healthy lives.

## Supporting colleagues' financial wellbeing

Our virtual Financial Wellbeing Zone includes tailored guides and support for all colleagues and their families across a range of financial wellbeing themes. These include budgeting, planning for the future, and accessing expert assistance. The Financial Wellbeing Zone promoted spotlight sessions to colleagues to coincide with Pensions Week in September and Financial Wellbeing Month in November. In 2024, we maintained participation of UK colleagues in our flagship Retirement Savings Plan (RSP) at 89% and have steps in place to increase this to 100%. We also introduced a standalone Sustainable Equity fund and Sharia fund to ensure that the RSP is inclusive for all colleagues.

## NatWest Group Benefits Hub

All our employees have access to benefits. In 2024, we won the Employee Benefits Award for 'Best use of benefits to support Diversity, Equity & Inclusion'. Employees can access our wide range of flexible benefits online via the NatWest Group Benefits Hub. There are four key categories to choose from: Pension & Protection; Healthcare; Lifestyle; and Discounts and Offers. Colleagues have access to a personalised account showing available options in their location, helping make informed decisions tailored to their own needs.

## Driving engagement for wellbeing support

Our wellbeing strategy relies on engagement across three key levels: i) our Executive Wellbeing Sponsor who advocates and steers strategy; ii) our bank-wide Wellbeing Implementation Committee which cascades and feeds back on our wellbeing strategy across business areas; and iii) our c.1,800 Wellbeing Champions who create an inclusive, supportive and psychologically safe environment to speak and seek support.

To inform our future wellbeing strategy, we continued to build our data sources to deliver timely and relevant wellbeing interventions. This included providing targeted information on key topics, such as highlighting our employee assistance partner which provides bespoke content on resilience, and our digital cognitive behavioural therapy support, Koa Care 360.

We also engaged with our graduate population to promote the support tools available in the workplace and collaborated with The University of Edinburgh on a later-life workplace wellbeing tool. Additionally, we focused on Youth Mental Health Day, delivering webinars on the challenges that young people face and the importance of supporting their emotional wellbeing.

In June 2024, to celebrate our partnership with Team GB, we engaged with colleagues, customers, and communities through a nationwide baton relay and a virtual activity challenge. Across the 10 day event, the baton passed through 10 NatWest Group offices and 45 branches in Scotland, Northern Ireland, England and Wales. It reached c.24,000 colleagues, and 10,000 colleagues took part in our virtual challenge to promote mental and physical wellbeing behaviours.

We celebrated our first anniversary of the launch of our initiative Just Ask A Question (JAAQ) in July 2024. Over 17,000 questions on mental health and wellbeing from colleagues were answered on the JAAQ platform during the year. A JAAQ campaign in over 400 branches also highlighted this free to use mental health resource to our customer base. On World Mental Health Day in October 2024, a series of JAAQ events took place across NatWest Group, including our head office in Gogarburn, where we welcomed four expert speakers and engaged with over 800 colleagues on topics such as burnout, cancer, dependency and neurodivergence, and how these impact mental health.

Menopause, mental health and cancer support continued to play a large and important part of our people strategy in 2024. Working with Macmillan Cancer Support, we launched a new line manager training programme in June 2024 to support colleagues affected by cancer, with 818 colleagues completing the training in 2024. We are proud to be a Menopause Friendly employer. Since its launch in 2022, over 3,000 colleagues/partners have signed up with our menopause support partner, Peppy Health for personal menopause support and over 5,000 mental health learning modules were completed.

In 2024, NatWest Group also maintained Tier 2 accreditation in the CCLA[(1)] Corporate Mental Health Benchmark and achieved the top tier of the global MindForward Alliance's Thriving At Work Assessment.

**Read more about how we support colleagues with their wellbeing at natwest.com and our NatWest Group plc 2024 Sustainability Datasheet.**

(1) Churches, Charities and Local Authorities (CCLA) is a UK charity fund manager, working with charities, religious organisations and the public sector.

# Responsible business – how we operate

In order to succeed with customers, it's important we behave and act in a way that meets their expectations. We aim to follow high standards of business conduct, helping us to stay compliant with legal and regulatory requirements, and meet the behavioural expectations of our customers and stakeholders.

## How we do things

To help drive the right behaviours in our organisation, we have four key tools which guide the way we work and behave.

**1. Our Code** lays out our purpose and the values and behaviours we expect from each other. It underpins all our actions and interactions, within the bank and in our external relationships and defines the principles for making responsible decisions.

**2. Our critical people capabilities** outline the skills, behaviours and expectations on what is consistently required from us all. They explain how we need to work every day and are aligned to our values and risk culture.

**3. Our policies** inform how we do things. They support the colleague experience, meet our legal and regulatory obligations and ensure we manage risk in a way that protects our colleagues, customers and enables business continuity.

**4. The YES Check** gives five simple questions to guide the thinking behind our decisions and actions.

**Read more on how the four key tools guide the way we work together at natwestgroup.com.**

## Conflicts of interest

It's important for us to manage conflicts of interest carefully, to ensure decisions are taken to support fair and proper outcomes for the bank and our stakeholders.

The NatWest Group conflicts of interest policy sets out how we identify, prevent or manage actual and potential conflicts of interest that may arise. It also specifies the procedures and measures that we have put in place to prevent or manage such conflicts. It applies to all employees, contractors and agency staff and covers all business segments, functions and legal entities within NatWest Group. We are required to take all appropriate steps to identify, prevent and manage conflicts where:

- the interests of one part of NatWest Group conflict directly with those of another or a customer,
- the interests of our employees conflict with those of our customers,
- the interests of two or more of our customers compete with one another.

Conflicts of interest meetings across first and second lines of defence support compliance with the policy. Techniques to manage conflicts of interest include information barriers across different parts of NatWest Group, separate supervision of employees involved in potentially conflicting business activities, a remuneration policy designed to avoid conflicts, maintaining a conflicts register, and providing internal guidance and training.

## Advocacy and political involvement

NatWest Group does not make political donations, nor do we have affiliation to any political party, but we do engage – at national and local level – with the main parties, as we do with any stakeholder. We are members of relevant trade associations and, where appropriate, participate in government consultations and policy discussions to share our industry perspective. In line with good business practice our relationship with government is focused on protecting the operation of our business and the interests of our customers and shareholders. Our employee conduct policy ensures that any colleague involvement in politics is kept entirely separate from their bank role.

**Read more about how we manage political activities at natwestgroup.com.**

## Whistleblowing

We want our colleagues, and all those we interact with, to feel confident to raise concerns about wrongdoing or misconduct without fear of retaliation. Speak Up is our formal whistleblowing framework, which enables individuals to report concerns in confidence, and anonymously if preferred, through a secure reporting system operated by an independent third party. This includes all employees and those acting on behalf of or representing NatWest Group such as contractors, subcontractors, suppliers, temporary staff, secondees, consultants, interns and volunteers. This also includes any persons formerly in these roles.

In 2024, 97% of those completing our colleague engagement survey, Our View, agreed that they know how to raise concerns about wrongdoing in their business. 90% of colleagues also agreed it was safe to speak up in their business, and 88% believe that concerns will be handled appropriately.

### Reports via Speak Up(1)

| Year | Reports |
|---|---|
| 2024 | 434 |
| 2023 | 419 |
| 2022 | 355 |

In 2024, 434 reports were made through Speak Up compared with 419 in 2023. Of 402 reports investigated in 2024, 44% of all allegations related to behaviour not consistent with Our Code (including discrimination and harassment). We do not tolerate any form of harassment or discrimination and any incident reported that is substantiated could result in disciplinary action. Where reports were substantiated, appropriate action was taken to rectify the situation, following discussion with human resources and the respective business unit.

**Read more on our Whistleblowing pages at natwestgroup.com.**

## Compliance

We have a number of systems in place to monitor compliance with Our Code and other policies. Employee performance and remuneration are linked to conduct, behaviour and risk management, with the accountability review process reflecting these in pay outcomes where required. Regular mandatory training on YES Check, Our Code, and conduct policies is provided to all colleagues. Breaches can lead to disciplinary actions, including dismissal and notification to authorities in some instances.

(1) Numbers represent the number of reports to Speak Up which qualified as whistleblowing concerns in line with the NatWest Group Speak Up policy.

## Competing fairly

We are committed to competing fairly across all sectors in which we operate. We take a firm approach to compliance with competition law. This means that all employees worldwide must understand their competition law obligations whatever the nature of their role. Under our competition policy, all colleagues must complete annual competition law training to ensure they understand their obligations. Further specialist advice and training are also provided by our in-house competition lawyers on an ongoing basis.

## Detecting and preventing financial crime, including bribery and corruption

We understand that tackling financial crime is of fundamental importance to society. NatWest Group seeks to detect and prevent financial crime and fraud to protect the bank, people, families and businesses, and to support compliance with relevant financial crime legislation and regulation in the jurisdictions in which we operate. NatWest Group strives to avoid breaches in financial crime and fraud legislation. Our Financial Crime Statement outlines our Financial Crime Programme, which covers anti-bribery and corruption, anti-tax evasion, anti-money laundering, counter terrorist financing and proliferation financing, sanctions and fraud.

**Read our Financial Crime Statement at natwestgroup.com.**

Our financial crime framework is built on the following pillars.

- Policies and procedures: these support our business to prevent, detect and address financial crime that may arise as a result of our operations, products, services, customers and suppliers.
- Regular risk assessments: these support the bank to continue to strengthen procedures in line with our inherent risks.
- Independent audit: this continuously assesses the effectiveness of our controls.
- Customers: we seek to know our customers by undertaking risk based due diligence and monitoring.
- Process and technology: we aim to have high-quality detection and prevention systems and controls across the bank to manage the risks presented.
- Culture and colleagues: we aim to have a culture of financial crime detection and prevention among all our colleagues, with deep expertise in all specialist roles. We undertake annual colleague training, and colleague awareness activity so everyone understands the role they play in tackling financial crime. We undertake customer awareness activity to help them protect themselves from financial crime.
- Partnership working: we recognise that we cannot tackle financial crime in isolation. However, we strive to be an industry leader, and we work with partners including industry bodies, law enforcement, regulators and government to tackle financial crime.
- Governance: we have financial crime governance in place to enable the oversight of our financial crime framework.

In 2024, together with seven other UK banks, we delivered a data fusion capability by sharing datasets with the National Crime Agency (NCA) and seconding our colleagues to form a public-private intelligence team to work on the resulting risk identified, for reporting to law enforcement. This is a joint project, governed equally by the banks involved and the NCA, that has advanced high priority organised crime investigations and identified new criminal networks exploiting the UK's financial system. The value of the data fusion capability has been publicly recognised by ministers.

## Environmental, social and ethical (ESE) risk management

We recognise that the activities of our customers can have ESE impacts – including polluting activities and the potential for human rights infringements. The ESE risk framework forms part of NatWest Group's overall reputational risk policy and requires enhanced due diligence to be performed for certain customer relationships, transactions, activities and projects. It applies to all legal entities within NatWest Group for the onboarding of non-personal customers (for the purposes of providing lending or loan underwriting services and applies to the management of ESE risk throughout these customers' lifecycles). Business segment executives are responsible for ensuring that the framework is implemented and have accountability for all material customer appetite decisions.

To manage these risks, we have developed risk acceptance criteria (RAC) for eight sectors and one topic which present heightened ESE risk. These define the level of ESE risk the bank is prepared to accept. In 2024, we undertook 330 customer ESE assessments (2023 – 520). The reduction in cases reflects the review cycle. We also undertook 71 trade-related transactions involving defence equipment (2023 – 79).

**Refer to page 277 for more information on our approach to reputational risk. Read more about our ESE RAC at natwestgroup.com.**

## Respecting human rights

We understand we have an important role in promoting respect for human rights. Our approach is informed and guided by internationally recognised standards including the United Nations Guiding Principles (UNGPs) on Business and Human Rights. In 2024, we continued to enhance policies and practices covering colleagues, customers, investments and suppliers, but we acknowledge there is more to do, particularly in light of the publication of regulatory frameworks such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD).

In June 2024, in accordance with the UK Modern Slavery Act, we published our eighth Modern Slavery and Human Trafficking Statement. We also engaged with various stakeholders, including charities, investors and non-governmental organisations (NGOs), which has helped to further our knowledge and understanding of human rights issues. In 2024, we remained in the second top tier for the CCLA Modern Slavery benchmark. While there is room for further improvement, we were recognised for providing evidence of human rights due diligence practices on modern slavery informed by experts and civil society.

In 2024, the focus of our Human Rights Action Group was to make further progress on managing our salient human rights issues. These are issues which have the most potential to occur if action is not taken to prevent or address them. We began work to embed our human rights RAC, which requires enhanced due diligence for sectors with human rights risk not already covered by sector-specific ESE RAC. In 2025, we plan to roll-out specific training for front-line relationship managers.

To maintain our Regional and Global Living Wage status, we began a re-accreditation process. We also introduced our new anti-bullying, harassment and discrimination policy with accompanying support material and training. This is to support our colleagues and comply with new UK legislation which enhances an employer's preventative duty on sexual harassment.

**Read more in the NatWest Group plc 2024 Sustainability Report. Our human rights and modern slavery disclosures can be read at natwestgroup.com.**

# Responsible business – meeting our tax responsibilities


At NatWest Group we aim to pay the right amount of tax in the jurisdictions in which we operate and follow the spirit as well as the letter of the law. These principles are central to our approach to tax and are underpinned by our tax strategy.

During 2024, we paid a total of £2.46 billion of tax in the UK (2023 – £1.98 billion). We were ranked as one of the highest taxpayers in terms of UK taxes paid in the PwC 2024 Total Tax Contribution survey of The 100 Group, which referenced our tax payments made in 2023. The 100 Group represents members of the FTSE 100 along with several large private companies in the UK.

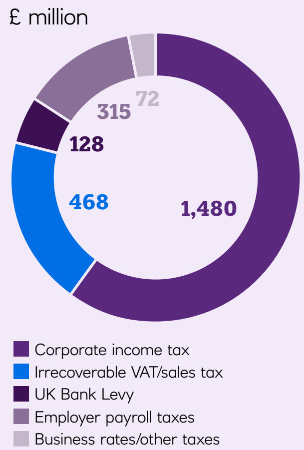
In addition to the taxes we pay, we also collect and administer taxes and social security contributions on behalf of governments. During 2024 we collected a total of £0.9 billion of tax on behalf of the UK Government, primarily in relation to employee income tax and National Insurance contributions (NIC).

The charts below show the different taxes we paid globally and in the UK, as well as the taxes we collected in the UK in 2024.

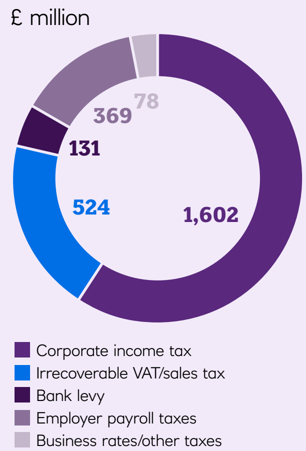
**Read more about our approach to tax and management of tax risk in Our Tax Strategy and 2023 Tax Transparency Report.**

**Read more about the taxes we paid in the UK and globally during 2024 on our tax webpage at natwestgroup.com.**

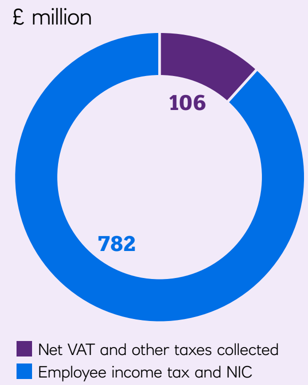
**£2,463 million of tax was paid by NatWest Group in the UK during 2024**




**£2,704 million of tax was paid by NatWest Group globally during 2024**




**£888 million of tax was collected by NatWest Group in the UK during 2024**



# Responsible business – diversity, equity and inclusion

Our business needs to reflect the communities we serve so that we support them to the best of our ability. We want to give everyone who works here, and every customer who comes into contact with us, the opportunity to succeed. Understanding diverse perspectives also enables us to be a better business.

## One Bank DE&I Action Committee

The One Bank DE&I Action Committee, led by our Chief Operating Officer and Chief Marketing Officer, drives a focused and impactful approach to DE&I through workstreams focused on recruitment, attraction, leadership and retention. NatWest Group's commitment to inclusivity has been recognised externally throughout 2024 including the 'Diversity Bank Award' at the ACT Diversity and Sustainability Awards in October 2024.

**For full details of our 2024 awards, refer to natwestgroup.com.**

## Recruitment and attraction

To enhance inclusivity in our recruitment processes, we updated our Recruitment YES check, a checklist to keep DE&I and the candidate experience front of mind at every stage of the recruitment process. We also mandated inclusion-focused training for all hiring managers and expanded our Inclusive Interview Ambassadors team to over 600 members. These steps provide diverse perspectives on our interview panels.

In 2024, 62% of senior external hires and 61% of internal senior hires were female, an increase of 14 percentage points in each from 2023.

## Leadership and retention

In 2024, we enhanced our sponsorship programme to support career advancement, accelerating under-represented groups into senior roles. We held three peer-learning sessions on sponsorship techniques and extended the programme to 160 sponsors supporting 216 sponsees. While career advancement takes time, 18 sponsees have already progressed through promotions or lateral moves in 2024.

## Our Employee-Led Networks

Our eight Employee-Led Networks (ELNs), with c.27,000 members, foster an inclusive environment at NatWest Group. In 2024, we added senior leader sponsors alongside ExCo sponsors to further enhance the support given. In September 2024, we began collaborating with a specialist external provider to ensure our ELNs have the necessary infrastructure and support. Additionally, we provided a coach to each ELN Chair through our in-house coaching faculty.

**For more details on our ELNs, refer to natwestgroup.com.**

## Disability and neurodiversity

In 2024, we conducted ten focus groups with disabled and neurodivergent colleagues to understand their experiences and develop a comprehensive action plan to improve disability inclusion. Membership of our Disability & Neurodiversity Network, Enable increased by 20%, and engagement on their internal social media platform was up by 20%.

1,177 colleagues have accessed the Neuro-Developmental Pathway through our private medical cover since its launch in October 2023, providing assessment, diagnosis and short-term support for Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorder (ASD) and Tourette's Syndrome.

## Socio-economic diversity

We contributed to Progress Together's Shaping the Economy Report, the largest study of its kind on the link between career progression and socio-economic background in the banking industry. We also co-hosted a partner roundtable on Winning Over Leaders, looking at the role leaders play in driving greater levels of socio-economic diversity at senior levels.

The Regional Board in Wales held a customer event focused on how addressing social mobility can be positive for Welsh businesses. They teamed up with Colin Jackson CBE of Team GB to showcase how considering socio-economic diversity in recruitment can benefit the economy.

## LGBT+

As well as celebrating Pride across the UK, NatWest Group ranked number 45 in the 2024 Top 100 Employers in Stonewall's UK Workplace Equality Index, rewarding our commitment to being an LGBT+ inclusive employer. This is up four places from when we were last ranked in 2022.

Our LGBT+ Rainbow Network and Wellbeing team launched monthly trans and non-binary wellbeing support cafés called T-Pot in April 2024. The support centred around online sessions that provided a safe space for colleagues to share experiences and feel supported.

In June 2024, NatWest Group India launched the third TRANSpire cohort to promote employability for LGBT+ candidates. This programme lasted for six months, with seven candidates gaining employment with NatWest Group India.

## Gender

NatWest Group was once again named a Times Top 50 employer for Gender Equality in June 2024 and received the highest ranking within the Parental Fog Index in September 2024. We continued to be a signatory of HM Treasury's Women in Finance Charter, and our Group Chief Financial Officer joined the Accountable Executive Taskforce.

In 2024, nine women who enrolled in Our Women in Tech pilot completed a fully funded Code First Girls master's qualification and gained permanent Trainee Engineer Roles within the bank. Our Women in Tech pilot delivered free technology skills training to a total of 53 Ukrainian women who settled in Scotland.

## Ethnicity

In 2024, our ethnicity sponsors reinforced our commitment to increasing Black colleague representation. We conducted six focus groups to better understand how we can support Black colleagues to thrive, and additionally developed a workstream to drive enhancements to our approach to advancement, retention, and attraction, based on the feedback.

In April 2024, the Banking on Racial Equality Taskforce announced a fresh set of commitments for the bank, recognising that several of our original commitments from 2020 had been achieved. The renewed commitments focus on areas where we need to make further progress to drive positive change for our customers, colleagues, and communities.

The Multi-Cultural Network ran the reciprocal mentoring programme again in 2024. The programme aims to facilitate the exchange of cultural knowledge and experiences within the c.450 mentor and mentee established relationships, fostering a deeper and more inclusive understanding of individuals with diverse backgrounds and perspectives.

**For full details of our refreshed commitments, refer to natwestgroup.com.**

## Our progress and targets

In 2024, 94% of colleagues reported that they believe NatWest Group recognises and respects the value of people's differences and promotes an inclusive environment (+10 vs the Global Financial Services Norm and +6 vs the High Performing Norm).

Our Board composition exceeds the FTSE Women Leaders Review target of a minimum of 40% women's representation on the Board by 2025, with a figure of 45%, as at 31 December 2024. Our Executive management team was made up of 40% women, with the Group Chief Financial Officer, Group Chief Operating Officer, Chief Executive Officer – Private Banking, and Group Director, Strategic Development roles held by women.

We continuously monitor and report against our diversity targets. We have a target for full gender balance in CEO-3 positions and above globally by the end of 2030. Based on the management structures as at 1 January 2024, with performance assessed at the end of the year, we had 43% of females in our top three layers globally.[4] This represents an increase of 14 percentage points since targets were introduced in 2015.

We are committed to pay equality and have made good progress closing pay gaps this year. The mean gender pay gap for NatWest Bank, our largest reporting entity, is 25.5% closing the gap by 2.1 percentage points since last year. The mean gender bonus gap is 20.6%, closing the gap by 5.4 percentage points since last year. If we include recognition vouchers in our calculation, the bonus gap increases to 43.0% closing the gap by 6.7 percentage points since 2023. This means every colleague who received a small recognition award – for example £10 – is included in the calculations, whether or not they received a bonus. We believe the figures excluding recognition vouchers are more accurate reflections of our gender bonus gap.

Introduced in 2018, our ethnicity target is to have 14% of colleagues from ethnic minority groups in CEO-4 and above positions in the UK by the end of 2025. Based on the management structures as at 1 January 2024, with performance assessed at the end of the year, of 84% of colleagues who disclosed their ethnicity, we had an aggregate 13.2% of colleagues from ethnic minority groups in our top four layers in the UK[4]. This represents an increase of 5.2 percentage points since targets were introduced in 2018. Overall, of those who disclose their ethnicity, 21% of all colleagues in the UK identify as being from an ethnic minority group.

In line with our commitment to transparency under the UK Government's Race at Work Charter, we have voluntarily disclosed our aggregated ethnicity pay gap for NatWest Group UK. The mean ethnicity pay gap is 4.9%, closing the gap by 1.3 percentage points since 2023. The mean ethnicity bonus gap excluding recognition vouchers, is 22.3%, this gap has increased by 2.4 percentage points since 2023. We have broken down our ethnicity pay gaps to compare Asian, Black, mixed/multiple, and other ethnic minority colleague's average hourly pay to that of White colleagues for NatWest Group in Great Britain. This highlighted a wider pay gap between Black and White colleagues than the average ethnicity pay gap. The targets set to increase the number of Black colleagues in UK roles are intended, alongside other initiatives, to address underrepresentation in this area.

In 2021, we introduced our target to have 3% of Black colleagues in CEO-5 and above positions in the UK by the end of 2025. Based on management structures as at 1 January 2024, with performance assessed at the end of the year, we had 2.0% of colleagues who identify as Black in our top five layers in the UK, which is a 0.5 percentage point increase from 2023. Overall, of those who disclose their ethnicity, 3% of all colleagues in the UK identify as being Black.

**For a full breakdown of our colleague data, refer to our 2024 NatWest Group plc Sustainability Datasheet and our Pay Gap Report at natwestgroup.com.**

## Companies Act 2006, section 414C (8)(c) disclosure

| | Male # | Female # |
|---|---|---|
| Directors of the company | 6 | 5 |
| Executive employees | 52 | 34 |
| Directors of subsidiaries | 169 | 66 |
| Permanent employees (active and inactive) | 32,000 | 28,900 |

There were 335 senior managers (in accordance with the definition contained within the relevant Companies Act legislation), which comprises our executive population and individuals who are directors of our subsidiaries.

14 Directors of subsidiaries have not declared their sex.

UK Corporate Governance Code (the Code) Provision 23: As at 31 December 2024, the gender balance of those in the senior management and their direct reports was 40% female and 60% male. For the purposes of this note, 'the senior management' means our executive management team and the company secretary (as required by the Code).

**For Board and executive management diversity disclosures (UK Listing Rule 6.6.6 (10)), refer to page 87.**

## Evolution of our targets

To ensure that our diversity targets evolve appropriately and are in line with the proposed regulatory requirements and census data, we are introducing new diversity targets from the beginning of 2025 to be achieved by the end of 2030. They remain focused on female representation, ethnic minority groups, and Black colleagues and are as follows:

- 50% female representation[1] globally in our senior leadership population;[3]
- 45% female representation[1] globally in our management population;[3]
- 19% of UK colleagues from ethnic minority groups in our senior leadership population and our management population;[3]
- 5% of UK Black[2] colleagues in our senior leadership population and our management population.[3]

After updating our internal demographic data categories and running a data sharing campaign in 2025, we will explore targets for other demographics if they are found to be underrepresented.

(1) For these targets we use male and female data captured in our systems. We recognise that not all colleagues identify this way, and we are updating our systems to reflect and honour the spectrum of how colleagues identify.

(2) From 2025, we will also include Black mixed ethnicity categories into our Black diversity target calculations.

(3) The senior leadership population is CEO-2+ and our management population is grades C11+. Global targets subject to local laws and regulations.

(4) NatWest Group's management structures were revised during 2024. For the purpose of remuneration reporting, the representation targets were set based on the management structures in place at the start of 2024, with performance assessed at 31 December 2024. Based on the management structures at the end of 2024, we had 41%[RA] of females in our top three layers globally and 12.9%[RA] of colleagues from ethnic minority groups in our top four layers in the UK as at 31 December 2024.

(RA) Metric subject to independent Reasonable Assurance by EY. Refer to page 64.

CASE STUDY

# Succeeding with customers through specialist finance

## Guaranteed export finance bonds helping companies win business

**Through the use of schemes provided by UK Export Finance, NatWest Group provide businesses with access to specialist finance that might not otherwise be possible.**

One such company is High Voltage Substation Services Limited (HVSS). Through Trade Finance Director, Andrew Hallworth, we initially supported the business with a multi-million pound bond facility guaranteed by UK Export Finance, which was increased in 2024 and is used for both UK and European projects.

The bond facility has enabled HVSS to issue advanced payment bonds and performance bonds to its overseas client who required these bank guarantees as part of a contract to build an electricity substation for Littleton Solar Farm Project in Worcestershire. 'NatWest have been brilliant,' shares Emmett Carton, Managing Director at HVSS. 'By arranging this bond facility, we've been able to take on bigger projects, increase our turnover and take on more staff – ultimately making us stronger as a business.'

The bond facility is partially guaranteed by UK Export Finance and provides NatWest Group with revenue through monthly issuance fees over the bond's duration.

'It's great to see the real-world outcomes of trade finance facilities supporting our customers,' says Relationship Director, Lewis Williamson. 'Knowing that this facility and the bonds that we have arranged for HVSS are helping the firm to not only win new business, but to support UK energy infrastructure and the transition to net zero, is a powerful demonstration of how we succeed with customers.'



Top: Sina Etminan (left) and Emmett Carton (right) from HVSS.

Bottom left: NatWest Group's Trade & International Director Andrew Hallworth (left) with Emmett Carton, Managing Director at HVSS (right).

Bottom right: the HVSS team at work.

# Climate-related disclosures

We have an ambition to be net zero across our financed emissions, assets under management (AUM) and our operational value chain by 2050.[1] This aligns with the UK's legal commitment to be net zero by 2050.

The path to achieving net zero by 2050 is far from clear at this stage but we continue to focus on supporting our customers' transition and our own ambitions to be net zero.

To reflect the achievement of our direct own operational emissions ambition and progress against our Climate transition plan we refreshed a number of our climate-related ambitions during 2024.

We have also announced that we plan to review our climate ambitions and targets during 2025 in the context of the UK CCC's Seventh Carbon budget. Refer to page 45 for further details including key developments since February 2024, when we disclosed that we considered the achievement of our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, to be increasingly challenging.

**Refer to the NatWest Group plc 2024 Sustainability Report for details of our Climate transition plan and actions supporting our ambition to at least halve the climate impact of our financing activity by 2030.**

**Refer to the Directors' remuneration report from page 126 for details of how sustainability considerations are included.**

### Reducing our own operational emissions

| | | |
|---|---|---|
| 2024 | 122,619 | -51% |
| 2023 | 131,558 | -47% |
| 2019 baseline | 247,718 | |

**51%**

reduction achieved since 2019

We have achieved our ambition to reduce our direct own operational emissions[2] by 50% between 2019 and 2025 for Scope 1, location-based Scope 2, and certain Scope 3 categories.

### Four out of nine

sectors are aligned to decarbonisation convergence pathways[3]

### % of Managed Assets considered portfolio aligned to a net-zero pathway

| | |
|---|---|
| 2024 | 58% |
| 2023 | 49% |

**58%**

as at 31 December 2024

We have an ambition to align 70% of Managed Assets to a net-zero pathway by 2030.[4]

### Climate and sustainable funding and financing

| | |
|---|---|
| 2024 | £31.5bn |
| 2023 | £29.3bn |
| 2022 | £24.5bn |
| 2021 | £8.1bn |

**£93.4bn** (LA)

provided between 1 July 2021 and the end of 2024

We have a target to provide £100 billion in climate and sustainable funding and financing between 1 July 2021 and the end of 2025.[5]

### % of homes in our UK mortgage portfolio rated at EPC C or better, where EPCs are available

| | |
|---|---|
| 2024 | 46.3% (RA) |
| 2023 | 44.1% |
| 2022 | 41.6% |

**46.3%** (RA)

as at 31 December 2024

We have an ambition for 50% of our UK residential mortgage portfolio to have an Energy Performance Certificate (EPC) rating of C or better by 2030, where EPCs are available.

### Exposure to coal customers globally

**£0.6bn** (LA)

We have an ambition to complete a global phase-out of coal by 1 January 2030.[6]

(1) The scale of our current emissions varies across different activities with approximately 90% related to Scope 3 category 15 financed emissions from our lending and investments. 7% relates to our assets under management and a further 3% to our operational value chain. Refer to page 46 for further details.

(2) NatWest Group defines direct own operational emissions as Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.

(3) Based on 2023 emissions, reflecting sectors for which convergence pathways have been developed with reference to external scenarios.

(4) We consider Managed Assets (those assets we invest on our customers' behalf, which represented 83% of AUM as at 31 December 2024) to be in-scope for our interim 2030 portfolio alignment target and our weighted average carbon intensity (WACI) ambition. Refer to page 75 of the NatWest Group plc 2024 Sustainability Report for details of WACI.

(5) Climate and sustainable funding and financing, as defined in the Climate and Sustainable Funding and Financing Inclusion (CSFFI) criteria, as defined in our CSFFI criteria, represents only a relatively small proportion of our overall funding and financing.

(6) Relates to thermal and lignite coal (coal that is typically used as a fuel for steam-electric power) coal production, coal related infrastructure or transport. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios As such, the scope excludes companies who generate less than 5% of their revenues via coal activity (in line with Net-Zero Banking Alliance (NZBA) guidelines for climate target setting for banks), companies with a turnover of <£50 million and commodity traders. Metallurgical coal Is excluded from scope as it is currently essential to the steel industry. We will continue to review our policies in line with our enterprise-wide risk management framework which considers a range of factors in the external economic, political, and regulatory environment.

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

(RA) Metric subject to independent Reasonable Assurance by EY. Refer to page 64.

Climate-related disclosures continued

# Refreshing our climate ambitions and targets

## We have an ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050, aligned with the UK's legal commitment to be net zero by 2050.

While we continue to support our customers' transition to a net-zero economy, and monitor progress on supplier and fund decarbonisation, our climate ambitions are unlikely to be achieved without timely and appropriate government policy and technology developments, as well as the supplier, customer and societal response required to support the transition.

With regards to our 2030 Scope 3 financed emissions ambitions, while UK Government policies are expected to continue to provide incentives for customer transition and technology development, delays to a range of net-zero related UK Government policies indicate the pace of implementation is slower than required for the net-zero transition as initially outlined in the UK Climate Change Committee's (UK CCC) Sixth Carbon Budget, issued in 2020.

While the new government has announced various initiatives since the UK general election in July 2024, including the creation of the National Wealth Fund and the decarbonisation of the energy sector, these are yet to be embedded within the policy framework and the UK CCC's credibility assessment. We will continue to engage on and monitor Government policy developments.

In February 2024, we disclosed that we considered the achievement of our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, to be increasingly challenging. We continue to view this ambition as increasingly challenging, particularly in light of policy uncertainties.

In light of this, we plan to review our climate ambitions and targets during 2025 in the context of the UK CCC's Seventh Carbon Budget which is expected to be published on 26 February 2025. We expect the latest proposed UK policy initiatives, will be reflected in this publication.

**Refer to pages 39 to 40 of the NatWest Group plc 2024 Sustainability Report for details of how our external dependencies are factored into our climate transition plan, and our approach to policy engagement and advocacy.**

### Reflecting our progress and our ambition to be net zero by 2050, we will now aim for a 70% reduction in our Scope 1 and location-based Scope 2 emissions by 2030, against a 2019 baseline

Having successfully met our ambition to reduce our direct own operations emissions (Scope 1, location-based Scope 2 and certain Scope 3 categories)(1) by 50% by 2025, against a 2019 baseline, this ambition has now been retired.

We have also achieved our energy productivity (EP100), electric vehicles (EV100) and renewable energy (RE100) commitments, and have retired our EP100 and EV100 commitments.

To reflect this progress we have refreshed our ambition to reduce Scope 1 and location-based Scope 2 emissions and will now aim for a 70% reduction by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations in line with our RE100 commitment.

**Refer to pages 47 to 50 of the NatWest Group plc 2024 Sustainability Report.**

### We are now providing additional detail on the definition and scope of the following ambitions

We have clarified the scope of our ambition for a global phase-out of coal by 1 January 2030 to reflect the embedded nature of coal within activities such as transportation, storage, supply chain and value add services, and to ensure due consideration is given to external factors such as energy security. We aim to support our customers to reduce the use of coal, where alternatives are available.

**Refer to page 33 of the NatWest Group plc 2024 Sustainability Report and our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria.**

We have clarified our ambition for 50% of our mortgage portfolio to have an EPC rating of C or above by 2030, to specify the scope of the ambition relates to those properties where EPC data is available.

**Refer to page 60 of the NatWest Group plc 2024 Sustainability Report.**

### The following ambitions are now sufficiently embedded within NatWest Group processes and will no longer be separately tracked as ambitions.

- Our ambition to include targets, each year, for executive remuneration that reflect our latest climate ambitions.(2)
- Our ambition to continue to integrate the financial and non-financial risks arising from climate change into our EWRMF in accordance with our multi-year climate risk maturity approach.

(1) NatWest Group defines direct own operations as our Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.

(2) The proposed 2025 NatWest Group performance share plan includes an expected 15% weighting for sustainability metrics (including climate targets), subject to approval by shareholders as part of the new directors' remuneration policy, which is being positioned at the 2025 NatWest Group plc AGM. Refer to the Directors Remuneration Report from page 133 for further details.

Climate-related disclosures continued

# NatWest Group total emissions and emissions estimates

**During 2024, we continued to focus on activities with the potential to contribute towards our ambition to reduce emissions from our own operations as well as the estimated emissions associated with our funding and financing activities.** For our own operational emissions we achieved a 60% reduction against a 2019 baseline in our Scope 1 and location-based Scope 2 emissions and a 44% reduction in Scope 3 operational emissions categories relevant to NatWest Group. The decrease in Scope 3 category 15 estimated financed emissions between 2022 and 2023 reflects efforts to support customer transition, complemented with better availability of customer data. Own operational emissions and estimated absolute financed emissions included in the table have been estimated based on the methodologies outlined in the NatWest Group 2024 Sustainability Basis of Reporting. Data availability and emissions estimate methodologies continue to evolve. As a result, variations in estimated emissions may not always reflect changes in customer activity. Our estimation work has been guided by the availability of methodologies for estimating financed emissions, most notably from the Partnership for Carbon Accounting Financials (PCAF).

**We have an ambition to reduce our Scope 1 and location-based Scope 2 emissions by 70% by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations in line with our RE100 commitment.**

**Refer to pages 47 to 49 of this report and pages 47 to 50 of the NatWest Group plc 2024 Sustainability Report.**

Scope 1 emissions are direct emissions from sources owned and controlled by NatWest Group, for example natural gas and fuel consumption.

Scope 2 emissions are indirect emissions from energy which NatWest Group purchases, for example, electricity used for lighting, heating and cooling.

**We have a target to reduce our Scope 3 own operational emissions by 50%, against a 2019 baseline, by 2030.**

**Refer to pages 47 to 49 of this report to pages 47 to 50 of the NatWest Group plc 2024 Sustainability Report.**

Scope 3 category 1-14 emissions include both upstream and downstream emissions. Only the categories relevant to NatWest Group are disclosed.

**We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, supported by sector-based targets.**

**Refer to pages 23 to 26 and 41 to 44 of the NatWest Group plc 2024 Sustainability Report.**

Scope 3: Category 15 emissions are associated with NatWest Group's lending and investment activities. Our estimation work is guided by the PCAF standard, refer to page 42 for details.

| Scope 1 and Scope 2 operational emissions (RA) | 2024 $MtCO_2e$ | 2023 $MtCO_2e$ | 2022 $MtCO_2e$ | 2019 $MtCO_2e$ | Primary source of NatWest Group emissions |
|---|---|---|---|---|---|
| ● Scope 1 | 0.01 | 0.01 | 0.02 | 0.02 | Natural gas and fuel |
| ● Scope 2 (location-based) | 0.05 | 0.05 | 0.07 | 0.12 | Purchased electricity |
| **Total Scope 1 and Scope 2 (location-based)** | **0.06** | **0.06** | **0.09** | **0.14** | |
| **Scope 3 operational emissions categories relevant to NatWest Group[1] (LA)** | | | | | |
| ● 1. Purchased goods and services | 0.32 | 0.32 | NF[2] | 0.45 | Supply chain |
| ● 2. Capital goods | 0.03 | 0.05 | NF[2] | 0.11 | Supply chain |
| ● 3. Fuel and energy-related activities | 0.02 | 0.02 | 0.03 | 0.04 | Supply chain |
| ● 4. Upstream transportation and distribution | 0.01 | 0.01 | NF[2] | 0.02 | Supply chain |
| ● 5. Waste[3] | – | – | – | – | Supply chain |
| ● 6. Business travel[4] | 0.03 | 0.03 | 0.01 | 0.05 | Employee activities |
| ● 7. Commuting and working from home | 0.04 | 0.04 | 0.05 | 0.06 | Employee activities |
| ● 9. Downstream transportation and distribution | 0.03 | 0.03 | 0.03 | 0.11 | Customer activities |
| ● 11. Use of sold products | 0.01 | 0.01 | 0.01 | 0.01 | Customer activities |
| ● 12. End-of-life treatment for sold products[3] | – | – | – | – | Customer activities |
| ● 13. Leased assets | 0.01 | 0.01 | 0.01 | 0.01 | Tenant activities |
| **Total applicable Scope 3 operational emissions categories** | **0.48** | **0.51** | **0.13** | **0.86** | |
| **Scope 3 category 15: Estimated financed emissions** | | | | | |
| ● 15. Estimated financed emissions: Lending and investing | NF[5] | 15.1 | 17.5 | NF[5] | Financing activities |
| ● 15. Estimated financed emissions: AUM | NF[5] | 1.1 | 1.2 | NF[5] | Financing activities |
| **Total Scope 3 category 15: Estimated financed emissions** | NF[5] | **16.2** | **18.7** | NF[5] | |
| **Estimated facilitated emissions from bond underwriting and syndicated lending[6]** | | | | | |
| ● Estimated facilitated emissions | 1.3 | 1.5 | NF[6] | NF[6] | Facilitation activities |

● Easier to influence ● Partially influencable ● Harder to influence NF (no figures): where no data is calculated, refer to footnotes.

(1) Categories not relevant to NatWest Group own operational emissions: category 8: upstream leased assets, category 10: processing of sold goods, category 14: franchises.

(2) Scope 3, categories 1, 2 and 4 are marked NF as data is not estimated for year end 2022 to reflect methodology enhancements, the 2022 total of 0.13 is therefore artificially lower. We have revised our 2019 and 2023 emissions using more accurate data and methodology improvements applied for 2024 estimation. Refer to page 49 of the NatWest Group plc 2024 Sustainability Report. Own operations reporting period is 1 October to 30 September annually.

(3) A dash (-) indicates where data is calculated but rounds to 0.00 $MtCO_2e$.

(4) This includes the well-to-tank and transmission and distribution emissions associated with business travel, which sit outside of the scope of our direct own operations.

(5) Scope 3 category 15: Total estimates of financed emissions are calculated as at 31 December 2023. 2024 is therefore marked NF and this reflects the time it takes to prepare and review estimated emissions, resulting in a twelve month arrears in reporting. For December 2019, financed emissions were estimated for specific sectors as this was the first year of emissions estimation and capabilities were under development. We have continued to develop capabilities for estimating total customer Scope 1 and Scope 2 financed emissions, and these were published from December 2022 onwards, hence 2019 is marked as NF.

(6) Estimated facilitated emissions from bond underwriting and syndicated lending relate to emissions from off balance sheet activities such as underwriting, securitisation and advisory services. In 2024, we applied a 33% weighting factor to emissions estimations in line with the December 2023 PCAF Standard. In 2023, we applied a 100% weighting factor. Estimated facilitated emissions, were calculated for the first time in 2023, therefore no figures (NF) are available for 2022 and 2019. Refer to page 45 to 46 of the NatWest Group plc 2024 Sustainability Report for details of methodologies and limitations.

Totals may not cast due to rounding.

LA and RA assurance markers in this table relate to 2024 values only.

# Emissions and emissions estimates methodologies and limitations

## Own operational emissions

NatWest Group's own operational emissions methodology is used to account for greenhouse gas emissions across Scopes 1, 2, and 3. The reporting boundary includes all entities and facilities under our operational control. Emissions reporting adheres to the Greenhouse Gas Protocol Corporate Standard, utilising both actual and estimated data to fill gaps. As outlined on page 47, Scope 1 includes direct emissions from fossil fuels and vehicles, while Scope 2 includes emissions from electricity. Scope 3 includes indirect emissions such as supply chain, business travel, commuting, omitting leased assets, processing of sold goods, franchises and investments from its operational value chain as these are reported elsewhere in the Group's carbon footprint or they are deemed not relevant. For indirect emissions, a combination of supplier-specific, product and service-specific, and industry average data is used to estimate supply chain emissions. NatWest Group undergoes regular updates to the emissions estimation methodology to enhance accuracy and reporting integrity, with a recalculation policy in place to adjust figures exceeding a 5% change threshold.

**Refer to page 47 to 50 of the NatWest Group 2024 Sustainability Report and pages 4 to 5 of the NatWest Group 2024 Sustainability Basis of Reporting for further details of our own operational emissions.**

## Financed emissions: lending and investing

Financed emissions and emissions intensities are currently estimated on an annual basis for the total in-scope balance sheet. Absolute emissions and emissions intensities are published one year in arrears of our financial reporting date to allow time for appropriate data sourcing, measurement and review.

A common theme for emissions estimation across all sectors relates to data limitations, including lack of published emissions data and granularity of customer information. As a result, the estimates included on page 47 are premised on use of the assumptions, extrapolations or aggregation at subsector levels. Based on these limitations, we expect our estimates of emissions to change as we improve the granularity and coverage of customer climate data and develop our methodologies further. Refer to page 42 of the NatWest Group plc 2024 Sustainability Report for a summary of our PCAF data quality scores by sector.

Specific limitations include:

- Availability, accuracy and comparability of customer data and other public data sources.
- Susceptibility to variation year on year.
- Lack of industry comparability.
- Complex corporate structures.
- Double counting of Scope 3 and Scope 3 definition differences.

**Refer to page 41 to 44 of the NatWest Group 2024 Sustainability Report and pages 11 to 17 of the NatWest Group 2024 Sustainability Basis of Reporting for further details of our estimates of financed emissions.**

## Financed emissions: assets under management

Scope 1 and 2 estimated emissions and Weighted Average Carbon Intensity (WACI) cover 55% of Managed Assets and Bespoke AUM as at 31 July 2024. This includes listed equity, corporate bonds and sovereign bonds asset classes and equated to £17.1 billion. Coverage decreased from £19.6 billion (72% of Managed and Bespoke AUM) in 2023 due to newly launched funds not having available data.

Advisory assets continue to be excluded as the investment decision-making sits with our customers. Cash remains out of scope as there continues to be no defined methodology for this asset class.

Scope 3 managed emissions are currently not reported due to limited disclosures from companies invested in.

We continue to review our approach to disclosure and expect coverage to change with the implementation of regulatory disclosure requirements in the jurisdictions in which we invest.

**Refer to page 75 of the NatWest Group plc 2024 Sustainability Report for further details.**

## Facilitated emissions from bond underwriting and syndicated lending

The 2023 PCAF standard allows splitting responsibility among transaction facilitators (passive and active) using either league tables based on fees or the value of the volume. For bond underwriting, NatWest Group used league tables based on volumes for active and passive roles and actual allocation for co-manager roles For loan syndication, we used both league tables based on volumes and deal information. We followed the PCAF standard guidance to define an issuer as an organisation that issues debt or equity capital markets instruments. Sovereigns, supranationals and agency issuers, as well as securitised products, are out of scope for the PCAF standard.

For syndicated lending, we included the roles of active and passive underwriting and best efforts. Coordination is not in scope of the PCAF standard.[1,2]

In 2024, we applied a 33% weighting factor for emissions estimations in line with the PCAF standard. In 2023, we applied a 100% weighting factor.[3]

In line with the PCAF standard, to estimate greenhouse gas emissions, we sourced customer-level emissions data, where possible.

**Refer to page 45 to 46 of the NatWest Group 2024 Sustainability Report and pages 63 of the 2024 NatWest Markets Annual Report and Accounts for further details of estimates of facilitated emissions.**

(1) A syndicated loan transaction is defined by the PCAF standard as a loan made available by two or more providers under a common loan agreement and ranking credit is assigned upon signature of the loan documentation. Where a financial institution provides an underwriting facility that puts the institution's capital at risk, this should be treated separately from the role they provide in arranging and facilitating an issuance.

(2) The syndicated loan market is a private market with no requirement for banks to report collectively into third-party league tables. Based upon its own market knowledge, NatWest Group identified relevant loan markets volumes based upon an internal scope and methodology with an aim to align to guidance from PCAF issued in December 2024. Numbers reported are therefore presented on a best-endeavours basis and are subject to change as guidance develops.

(3) In 2024, scope for the estimation of facilitated emissions was expanded to include syndicated lending, financial institutions and co-managers. Reporting of facilitated emissions in 2024 uses a 33% weighting factor. In 2023, the estimation of facilitated emissions included corporate bond underwriting only. Estimated facilitated emissions, reported at 100% weighting, were 1.5 $MtCO_2e$ (equating to 0.5 $MtCO_2e$ if a 33% weighting factor had been used).

# Own operational emissions

## In our efforts to reach our 2030 ambition for our own operations, we focused on activities that were within our direct influence and as a result we have achieved our 2025 ambitions, reducing our direct[1] own operations emissions by 51% against a 2019 baseline.

We have therefore retired our 2025 ambitions and will focus on our Scope 1 and location-based Scope 2 alongside Scope 3 ambitions, as follows.

NatWest Group aims to reduce its own operational emissions[2] by reducing Scope 1 and location-based Scope 2 emissions by 70% and Scope 3 emissions by 50% by 2030, against a 2019 baseline.

We have made progress in 2024 driven by portfolio right-sizing, supplier engagement and projects completed during the own operations reporting year, which runs from 1 October 2023 to 30 September 2024.

### Energy reduction initiatives relating to movements in Scope 1 and location-based Scope 2

Due to progress made in energy reduction, energy efficiency and portfolio right-sizing, we have achieved a 60% reduction in Scope 1 and location-based Scope 2 emissions against a 2019 baseline, as of 30 September 2024.

As a result of this decarbonisation, we are now aiming for a 70% reduction by 2030 from our 2019 baseline for our Scope 1 and location-based Scope 2 emissions. Our science-based target of 50% remains unchanged.

Using experimentation to reduce energy consumption in our data centres has led to a reduction in 206,304 kwh per annum. This was achieved through initiatives including increasing the IT server air inlet temperature to provide more 'free cooling' days and installing variable speed drives on air handling units, which optimised airflows to match IT heat load and reduced fan speeds to 37Hz from 40Hz.

Our LED investment programme continued in 2024 with an upgrade at Melville Gate data centre providing annual savings of 84,222 kWh and 134 out of 140 LED installs completed in 2024 in our branch network.

Building Management Systems have been installed to optimise the control of energy-using systems in our buildings. As a result, we have achieved savings of 11,429,296 kWh since the programme's inception in November 2021.

In 2024 we experimented with methods to find the right solution to electrify our branch network. This included identifying branches in scope through capital investment programmes and developing our specification with principal contractors to replace decommissioned heating, ventilation and air conditioning (HVAC) equipment with our preferred solutions. In 2024, seven branches have been through this process, and we will continue to look for opportunities in 2025.

There has been a 49% reduction in energy consumption at our Spinningfields office in Manchester since it opened in October 2023. This was achieved through electrifying operations, installing building management systems and LED lighting. Spinningfields continues to be our flagship building for sustainability.

Following the achievement of our RE100 commitment in 2023, we have maintained 100% renewable electricity across our global operations. This was achieved through green tariffs[3], on-site solar and purchasing Renewable Electricity Certificates (RECs) for our landlord supplied properties, where we are unable to specify a requirement for renewable electricity.

### Emissions movements relating to Scope 3 from our operational footprint

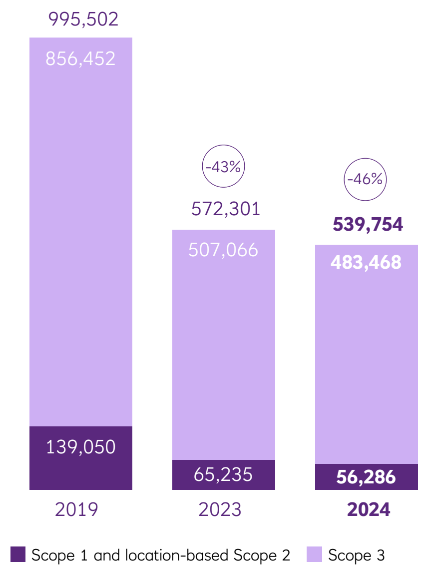
Total Scope 3 emissions have reduced by 44% from 2019 to 2024.

In 2024 we continued supporting our suppliers in measuring, reporting, and reducing their emissions. We provided suppliers who accounted for 70% of our reported 2023 supply chain emissions with free access to respond to the CDP supply chain module.

We communicated our decarbonisation ambitions and the role of both CDP and EcoVadis in our decarbonisation journey to the suppliers who account for the highest contribution to our supply chain emissions.

**Refer to the 2024 NatWest Group Sustainability Basis of Reporting for further details on methodology.**

### NatWest Group own operational emissions progress 2019 to 2024




(1) Our direct own operations are greenhouse gas emissions from Scopes 1, 2 and 3 (paper, water, waste, business travel, commuting and working from home).

(2) Own operational emissions capture greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). Our own operational emissions in 2024 of 539,754 $tCO_2e$ represent a 46% reduction from our 2019 baseline of 995,502 $tCO_2e$. As part of this Scope 1 and location-based Scope 2 emissions of 56,286 $tCO_2e$ collectively reduced by 60% (2019: 139,050 $tCO_2e$) and Scope 3 emissions of 483,468 $tCO_2e$ reduced by 44% (2019: 856,452 $tCO_2e$). For our own operations, net zero means aiming to reduce our operational value chain by a minimum 90% reduction by 2050 against a 2019 baseline. We plan to neutralise the residual 10% using carbon credits in line with 'SBTi Corporate Net Zero Standard' released in October 2021.

(3) Tariffs are labelled as green if some or all of the units of electricity are 'matched' by units generated from a verified renewable energy source.

# Streamlined Energy and Carbon Reporting (SECR)

The table below has been prepared in line with the framework for sustainability reporting that covers greenhouse gas emissions and energy usage to encourage improved energy efficiency and outlines our performance for 2023 and 2024.

| | 1 Oct 2023 – 30 Sep 2024 | | | 1 Oct 2022 – 30 Sep 2023 | | |
|---|---|---|---|---|---|---|
| Greenhouse gas (GHG) emissions | UK and offshore area[1] | Global total (excluding UK and offshore)[1] | Total | UK and offshore area[1] | Global total (excluding UK and offshore)[1] | Total |
| Emissions from the combustion of fuel and operation of any facility (Scope 1 direct[2]) (tonnes of $CO_2e$) RA | 8,716 | 686 | 9,402 | 11,980 | 1,017 | 12,997 |
| Emissions from the purchase of electricity, heat, steam and cooling by the company for its own use (Scope 2[3] indirect) (location-based) (tonnes of $CO_2e$) RA | 35,219 | 11,665 | 46,884 | 39,088 | 13,150 | 52,238 |
| Total gross Scope 1 and Scope 2 (location-based) (tonnes of $CO_2e$) RA | 43,935 | 12,351 | 56,286 | 51,068 | 14,167 | 65,235 |
| Intensity ratio: Location-based $CO_2e$ emissions per FTE (Scopes 1 and 2) (tonnes/FTE) | 1.1 | 0.6 | 1.0 | 1.3 | 0.7 | 1.1 |
| Scope 2[4] (market-based) (tonnes of $CO_2e$) RA | 14 | 112 | 126 | 11 | 135 | 146 |
| Energy consumption used to calculate above emissions (kWh) | 214,360,749 | 23,512,232 | 237,872,981 | 248,015,641 | 29,216,095 | 277,231,736 |
| Scope 3[5] emissions from our direct own operations, limited to paper, water, waste, business travel and employee commuting and working from home (tonnes of $CO_2e$) LA | 45,413 | 20,920 | 66,333 | 46,778 | 19,545 | 66,323 |
| Total gross Scope 1 RA, Scope 2 RA and Scope 3 LA direct own operations (location-based) (tonnes of $CO_2e$) | 89,348 | 33,271 | 122,619 | 97,846 | 33,712 | 131,558 |
| Intensity ratio: Location-based direct own operations $CO_2e$ emissions per FTE (Scopes 1, 2 and 3) (tonnes/FTE) | 2.3 | 1.7 | 2.1 | 2.5 | 1.7 | 2.2 |

## Emissions methodology and basis of preparation

**Boundary:** this statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the UK Government's policy on SECR. Our reporting year runs from 1 October 2023 to 30 September 2024. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.

**Reporting**[6][7]: emissions have been reported using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of carbon dioxide equivalent ($CO_2e$) and global warming potential values. When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy and Industrial Strategy, 2024), $CO_2$ emissions from fuel combustion (International Energy Agency, 2023[8]) or relevant local authorities as required. NatWest Group uses a third-party software system, to capture and record our environmental impact and ensure that control framework and assurance requirements are met. All data is aggregated at a regional level to reflect the total regional consumption. The regional consumption results are then collated to reflect the total NatWest Group footprint. $CO_2e$ values are attributed to these sources via an automatic conversion module in the third-party system.

**For more information, refer to the own operational footprint page at www.natwestgroup.com.**

(1) Offshore area as defined in The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018. This includes Jersey and Guernsey but not our overseas sites in America, EMEA and Asia-Pacific. These are included in the global total (excluding UK and offshore).
(2) Scope 1 emissions from natural gas, liquid fossil fuels, fluorinated gas losses and owned/leased vehicles.
(3) Scope 2 emissions from electricity, district heating and cooling used in NatWest Group premises.
(4) We have procured 100% electricity from renewable sources globally using green tariffs and renewable electricity certificates. The remaining Scope 2 market-based emissions arise from district cooling, district heating and the residual amount of non-renewable electricity.
(5) Scope 3 emissions sources for our own operational emissions cover categories 1–14, with our direct own operations covering only paper, water, and categories 5–7. For more information, refer to page 23 of the NatWest Group 2024 Sustainability Report.
(6) Low data accuracy is a key risk of our reporting, as this could lead to misreporting of own operations emissions figures. To combat this, we have robust internal controls processes, with data and claims subject to third-party assurance.
(7) The historic values reported in the table above may be updated from values we reported in 2023. This is due to updated bills, data provision and extrapolations. Further, future data is subject to change following any significant change to our business size and scope, as baseline recalculation may result in differing emissions reductions.
(8) Based on IEA data from the IEA (2023) Emissions factors. All rights reserved; as modified by NatWest Group.

LA Metric subject to independent Limited Assurance by EY. Refer to page 64.

RA Metric subject to independent Reasonable Assurance by EY. Refer to page 64.

Climate-related disclosures continued

## NatWest Group's governance of climate-related risks and opportunities

Given its strategic importance, climate governance is embedded across the organisation and we continue to monitor the effectiveness of these arrangements considering the risks and opportunities for the bank and our stakeholders. The NatWest Group plc Board, subsidiaries, Board Committees, executive fora, cross-bank working groups and day-to-day decision-making all have a role to play in the delivery of this integrated governance approach.

In February 2025, the Board reviewed and approved disclosure of NatWest Group's Climate transition plan included within the 2024 NatWest Group plc Sustainability Report. Progress against our climate ambitions continues to be tracked at an executive and Board level.

The chart provides an overview of the NatWest Group-level approach to climate governance. The NatWest Group Board and Board Committees considered climate-related risks and opportunities at meetings throughout 2024, including as part of strategy, budget and risk appetite discussions. Directors received training on climate transition and maximising shareholder value through decarbonisation from external climate thought leaders Paul Dickinson and Anna-Marie Slot from Transition Value Partners.

**Further details of the roles and responsibilities of each of the forums are set out in the Corporate governance report from page 80. Details of items considered and training are also set out on page 90.**

The Group CEO and Group CRO continue to be jointly accountable for identifying and managing climate-related financial risks.

The Group CEO's responsibility for strategic delivery is delegated to various members of the executive team and they have responsibility for strategic delivery relating to financial risks and opportunities that arise from climate-related matters in their area.

The Group CRO is responsible for ensuring that the financial and non-financial risks of climate change are reflected in the enterprise-wide risk management framework and in line with our three lines of defence model.

Executive-level committees, business and functional committees, and cross-bank working groups support the executive team in discharging their responsibilities, integrating climate into business-as-usual activities, and collaboration across the organisation. All climate-related matters discussed by the Board and its Committees are reviewed and challenged at an executive level before being presented to Board.

**Board level (collective accountability)**

**NatWest Group Board**

- **Group Board Risk Committee**
- **Group Sustainable Banking Committee**
- **Group Nominations and Governance Committee**
- **Group Audit Committee**
- **Group Performance and Remuneration Committee**

**Management delivery (individual accountability)**

**Executive team**

- **Executive Risk Committee**
- **Executive Disclosure Committee**
- **Group Reputational Risk Committee**

**Business/ functional delivery**

**Business and functional governance**

Business and functional governance

- **Commercial & Institutional** CEO, supported by C&I ExCo
- **Retail Banking** CEO, supported by Retail ExCo
- **Private Banking** CEO, supported by Wealth ExCo.

**Core cross-bank working groups**

## NatWest Group's strategy on climate-related risks and opportunities

### Climate-related risks and opportunities identified over the short, medium and long term

As a primarily UK-focused bank, we developed our Climate transition plan through a UK lens. Exceptions include our asset management business, where investments are held at a global level.

Climate-related opportunities are assessed and prioritised at NatWest Group level and across our business segments through our integrated governance model. Climate-related opportunities and their potential financial impacts are assessed annually as part of the continued integration of our Climate transition plan and the financial plan and related processes. Climate-related risks and opportunities deemed material to our five-year financial planning cycle are viewed as short-term. Medium-term is defined as within the next five to 15 years. Long-term has been defined as beyond 15 years.

NatWest Group's Climate transition plan is developed and executed within the broader context of the UK's decarbonisation and the UK Climate Change Act, under which the UK committed to achieve net zero by 2050. The UK's net-zero target sets the pace of the transition including technology developments to support net zero and customer demand for sustainable finance products and services, which are key enablers of NatWest Group's Climate transition plan.

### Climate-related opportunities and their potential financial impacts

We understand that significant investment in climate change mitigation and adaptation will be necessary for the global economy to transition to net zero. This represents a key opportunity for capital providers and for the public and private sectors to work together to support technological advancements necessary to meet societal needs. The opportunities included below indicate how actions taken as part of our Climate transition plan and broader engagement with industry participants have the potential to contribute towards our bank-wide strategic goals.

**Disciplined growth:** NatWest Group aims to support and attract customers to invest in the transition to net zero and support those customers with climate solutions whilst deepening customer engagement.

This could potentially result in additional fee income through advisory and underwriting activities, increased balance sheet volumes through demand for new products and services that support transition and increased volume of climate and sustainable funding and financing, on and off-balance sheet.

**Bank-wide simplification:** NatWest Group seeks to integrate climate into customer journeys, financial plans and IT infrastructure, as well as supplier engagements. This could potentially result in increased expenditure to support reduction in carbon footprint in our own operations and reduced expenditure on energy and travel.

**Active balance sheet and risk management:** NatWest Group aims to improve and execute policies and procedures to identify, assess and manage climate and nature-related risks, with the potential impact of reduced exposure and geographical footprint related to activities identified as harmful within our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria.

Climate and nature risk is a principal risk in the NatWest Group enterprise wide risk management framework (EWRMF) and is also considered to have relatively significant cross-cutting impacts on the following principal risks: credit risk, operational risk, reputational risk, conduct risk and regulatory compliance risk.

As our capabilities mature, we plan for the effective management of climate and nature risk through existing policies captured within the NatWest Group EWRMF.

**Further details can be found in Risk and capital management, including the latest assessment of the relative impact of climate-related risk factors to other principal risks with associated time frames, and how climate risk is managed through existing policies, refer to pages 269 to 271.**

## The impact of climate-related risks and opportunities on our businesses, strategy and financial planning

We have continued to integrate our Climate transition plan within our financial plan to ensure that climate-related opportunities and associated risks are actively considered. This approach is intended to enable colleagues in our franchises and sector teams to make decisions which support our climate ambitions. During 2024 we made enhancements to our financial planning tools, to further automate and simplify our forecasting of climate-related initiatives across all our customer franchises and sectors. This continued to enable the review and challenge of our forecast financial plan and associated emissions profile by senior stakeholder groups in business areas, Finance and other functions.

Through our integrated financial planning work and our Climate transition plan, we can identify some of the financial opportunities and actions required to assist with our climate ambitions. Climate-related opportunities have been identified on a sector-by-sector basis across our core customer franchises through the Climate transition plan.

To support embedding of climate in decision making across NatWest Group, we are working to develop processes to incorporate climate as a consideration as part of our financial planning process, similar to other financial and non financial considerations, such as costs. This is intended to be a mechanism to monitor progress against our decarbonisation ambitions and alignment with overall strategic ambitions and financial plan. Assessing climate alongside other financial and non-financial considerations will also help us to consider trade-offs as part of the strategic decision-making process.

We have continued to assess the potential Expected Credit Loss (ECL) impact from transition policy in our IFRS9 exercises, leveraging insights from our Climate Risk Macro Model[1], which has been embedded in our risk management processes since 2023.

We also refined our approach, instead of the economy-wide carbon price from an external scenario used in 2023, NatWest Group calculated the expected carbon prices associated with specific climate transition policies.

The current climate transition policy contributes £8 million to the total ECL of £3.4 billion at the end of 2024.

**For further detail on the approach and dependencies for assessing potential ECL impact, refer to page 190.**

## The resilience of our strategy

Since the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise in 2021[2], we have continued to develop internal scenario analysis capabilities and use the insights from these exercises to support strategic decision-making in our planning processes.

During 2024, we conducted a range of climate scenario analysis exercises covering our full credit book[3], including risk management and capital adequacy use-cases. Our 2024 climate scenario analysis programme assessed climate-related risks and opportunities across short (<5 years) and medium-term (5 to 10 years) horizons.

The outputs of our analysis inform processes such as NatWest Group's heightened climate-related risk sector assessment, which helps to support strategic decision-making.

Whilst we recognise climate-related risks could potentially amplify other risk drivers, for example resulting in effects such as the erosion of competitiveness, profitability, or reputational damage, overall NatWest Group continues to be resilient to these risks, within the context of the scenarios tested.

## Key enhancements in 2024 included

- Continued integration of climate into our capital adequacy (ICAAP) and Expected Credit Loss (ECL) measurement frameworks through our sectoral modelling approach to ensure we are adequately capitalised.
- Partnering with climate experts from the University of Exeter's Global Systems Institute to create bespoke climate risk scenario narratives.
- Developing climate-related risk models to analyse property level physical and transition risk to NatWest Group's UK residential mortgage portfolio.
- Enhancement of our Corporate Transition Model, giving deeper insights into the automotive and airlines and aerospace sectors.

Looking ahead, we intend to focus on embedding our developed climate risk modelling into business decision-making. However, it is important to acknowledge that climate risk modelling remains an emerging specialism, limiting the pace and scale of uptake within the business.

**Refer to pages 53 to 58 of the 2024 NatWest Group Sustainability Report for further details of limitations to our scenario analysis.**

(1) Formerly the Transition Risk Calculator, previously referred to on page 31 of our 2022 Climate-related Disclosures Report.
(2) Details of NatWest Group's previous scenario analysis exercises can be found on page 50 of our 2023 Climate-related Disclosures Report.
(3) Full credit book includes NatWest Group's wholesale and residential mortgage portfolio.

# How NatWest Group identifies, assesses and manages climate-related risks

## Our processes for identifying and assessing climate-related risks

NatWest Group continues to enhance its processes to effectively identify and assess the potential size and scope of climate-related risks, through three key approaches.

- Strategic analysis: to assess the ongoing resilience of our strategy, an evolving programme of climate scenario analysis has been in place since 2021.
- Portfolio level assessment, for example through our heightened climate-related risk sector assessment.
- Transaction level assessments, for example controls introduced within our product design governance processes to support our teams in avoiding greenwashing and ensure that appropriate, transparent labels are adopted. We have also begun to roll out the Climate Decisioning Framework (CDF) tools on a test-and-learn basis.

## Our processes for managing climate-related risks

The effective management of climate risk requires the integration of climate-related risk factors into strategic planning, sector and transaction level frameworks. This page details the enhancements to our processes for managing climate-related risks, and those which will continue to evolve and improve as the organisation matures its climate risk management capabilities and reliable climate-related data becomes more widely available.

We manage climate-related risk through:

- Strategic management, in relation to how scenario analysis insights support strategic decision-making in our planning processes.
- Portfolio management, including incorporating climate factors in our overall sector strategy, updating our ESE Risk Acceptance Criteria in response to potential climate-related risks and applying climate-enhanced Transaction Acceptance Standards (TAS). During 2024 we also applied residential mortgage lending limits based on climate characteristics, with timely remedial action required for limit breaches.
- Transaction management, including ensuring enhanced oversight where climate impact is considered at several stages of the approval process for our largest lending transactions. We have also integrated climate-related risk factors into our target return requirements, allowing us to support customers helping address the climate challenge.

## How our processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management

Climate risk has been included in the NatWest Group risk directory since 2021, alongside a multi-year progressive pathway which supports maturing our capability to manage a relatively new prudential risk. In 2024, we broadened the definition to climate and nature risk and have updated our policy to reflect this.

Our approach to integrating climate risk continues to focus on embedding climate-related risk management practices throughout NatWest Group, advancing our capability to identify and assess, manage and mitigate, monitor and report on these risks. We have made iterative progress, continuing to update our approach as our capabilities mature.

**Refer to pages 269 to 271 within Risk and capital management for details of how our processes for identifying, assessing and managing climate risk have been embedded into our risk management framework and how climate risk is managed through existing policies.**

Climate-related disclosures continued

## The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

We use a range of metrics to measure opportunities and risks and track our progress against our climate ambitions. As well as those related to our ambitions and targets outlined on pages 44 and 45, and related to our emissions and emissions estimates disclosed on pages 47 and 50 additionally we consider:

- Exposure to heightened climate-related risk sectors: This is based on loans, loan commitments and contingent obligations. Total wholesale heightened climate-related risk exposure is £333.0 billion (LA) as at 31 December 2024, an increase of £14.1 billion since 2023, driven by increased lending in the residential mortgage portfolio and the housing associations sectors.
- Flood risk of the UK retail mortgage portfolio:[1] On a total volume basis, present day UK mortgages at high risk of flooding are 3.1% (LA) of the assessed portfolio and those at very high risk are 1.4% (LA) of the portfolio. This is slightly lower than the overall UK volume-based analysis with high of 3.1% and very high of 1.6%. This analysis covers 98.2% of NatWest Groups UK retail mortgage portfolio.

**Refer to page 212 of this report for a regional breakdown of flood risk and page 21 and 22 of the NatWest Group plc 2024 Sustainability Report for a further details on heightened climate-related risk sectors.**

## The targets used to manage climate-related risks and opportunities and performance against targets

NatWest Group's climate-related ambitions and targets and progress against those targets is presented on pages 44 and 45.

**Executive remuneration:** Since 2020, we have included a climate goal and related measures in our executive director performance goals. For 2024, 10% of potential annual bonus of executives was based on performance against the following climate ambitions:

- Funding and financing committed to climate and sustainable funding and financing: Achieved £31.5 billion in 2024.
- Implementation of the Climate transition plan: Two out of three targets exceeded in 2024.

For performance year 2025, sustainability will be part of the non-financial measures in the long-term incentive for executive directors.[2]

**For further details refer to the Directors' remuneration report from page 126.**

(1) Flood risk data is obtained through our third-party vendor, RHDHV, and their flood risk analysis provides a measure of the likelihood and severity of a flood hazard affecting each individual property. This property-specific rating process analyses all layers within the United Kingdom FloodMap product via a weighted algorithm which looks at the predicted severity and the frequency of flooding from multiple sources. RHDHV flood score model as at 31 October 2024 and NatWest Group residential mortgage portfolio data as at 31 December 2024. As at 31 December 2024, £12.6 billion, 98.0%, of the private banking mortgage portfolio had flood risk data available (31 December 2023 – £13.0 billion, 98.1%). Of which, 5.4% were rated as high flood risk and 1.0% as very high flood risk (31 December 2023 – 5.7% high flood risk and 1.1% very high flood risk). 63% of the exposure is in the Greater London region.

(2) The proposed 2025 NatWest Group performance share plan includes an expected 15% weighting for sustainability metrics (including climate targets), subject to approval by shareholders as part of the new directors' remuneration policy, which is being positioned at the 2025 NatWest Group plc AGM. Refer to the Directors Remuneration Report from page 133 for further details.

(LA) Metric subject to independent Limited Assurance by EY. Refer to page 64.

(RA) Metric subject to independent Reasonable Assurance by EY. Refer to page 64.

Climate-related disclosures continued

# Task Force on Climate- related Financial Disclosures (TCFD) overview

NatWest Group committed to support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2017 and has published climate-related disclosures consistent with the TCFD recommendations since February 2022. In 2024, climate-related disclosures have been made within the 2024 NatWest Group plc Annual Report and Accounts, the 2024 NatWest Group Sustainability Report, the 2024 NatWest Group Sustainability Basis of Reporting and the 2024 NatWest Group Sustainability Datasheet ('2024 Climate-related Disclosures Reporting Suite'). The climate-related disclosures in the 2024 Climate-related Disclosures Reporting Suite do not cover NatWest Group's Pension Fund (including both Defined Benefit Scheme and Retirement Savings Plan), which are reported on in separate climate-related disclosures published by the trustee of that Fund and regulated by The Pensions Regulator.

NatWest Group has set out climate-related financial disclosures in respect of the four TCFD recommendations and eleven TCFD recommended disclosures in this report, the 2024 NatWest Group Sustainability Disclosures Report, the 2024 NatWest Group Sustainability Basis of Reporting and the 2024 NatWest Group Sustainability Datasheet. Refer to the 2024 NatWest Group Sustainability Datasheet for our assessment of consistency with and a full cross-referencing to the TCFD recommendations and TCFD recommended disclosures.

**Refer to the Non-financial and sustainability information statement on pages 64 to 65 for cross-referencing against the Climate-related financial disclosures required by sections 414CA and 414CB of the Companies Act 2006.**

## NatWest Group confirms that it has:

- made climate-related financial disclosures for the year ended December 31, 2024 that it believes are consistent with the TCFD Recommendations and Recommended Disclosures (as defined in the FCA's Listing Rules, as amended by the Disclosure of Climate-Related Financial Information (No 2) Instrument 2021) which include (i) Final Report – Recommendations of TCFD (June 2017) (focusing in particular on the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the TCFD Final Report); (ii) Implementing the Recommendations of TCFD (October 2021 version); (iii) Technical Supplement – The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (June 2017); (iv) Guidance on Risk Management Integration and Disclosure (October 2020); and (v) TCFD Guidance on Metrics, Targets and Transition Plans (October 2021 version) and summarised in the tables in the 2024 NatWest Group Sustainability Datasheet; and
- set out its climate-related financial disclosures in part in this report, in part in the NatWest Group 2024 Sustainability Report, in part in the NatWest Group 2024 Sustainability Basis of Reporting and in part in the NatWest Group 2024 Sustainability Datasheet (all published on 14 February 2025 and available at natwestgroup. com) to ensure that the disclosures are included in the most relevant sections in each report, as appropriate.

We have adopted this approach to seek to ensure that we have presented the detailed and technical content in the clearest position for users of these reports.

Disclosures addressing our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR) have been included on page 50.

# Risk overview

Effective risk management helps to ensure that NatWest Group delivers its long-term strategy.

## Approach to risk management

The enterprise-wide risk management framework (EWRMF) sets out the approach to managing risk across NatWest Group and provides a common risk language to facilitate effective risk management. The framework applies to all subsidiary legal entities, business segments and functions to help deliver NatWest Group's strategy in a safe and sustainable way.

## Risk culture

Our approach to risk culture, under the banner of intelligent risk-taking, ensures a focus on robust risk management behaviours and practices. This approach, in line with our strategy and our values across all three lines of defence, enables us to support better customer outcomes, develop a stronger and more sustainable business. During 2024, we continued to evolve the five key outcomes to deliver on the intelligent risk-taking approach. These outcomes focused on behaviours, leadership, risk practices, decision-making and roles and responsibilities.

## Risk governance

The Board is collectively responsible for promoting the long-term sustainable success of NatWest Group, driving shareholder value and NatWest Group's contribution to wider society by providing direction and leadership within a framework of prudent and effective controls which enables risks to be assessed and managed. It reviews and approves the EWRMF (including NatWest Group's risk appetite framework) and approves the risk appetite for principal risks. It monitors performance against risk appetite, considers material risks and reviews the effectiveness of risk management and internal control systems.

The Group Board Risk Committee (BRC) provides oversight and advice to the Board on current and potential future risk exposures, future risk profile including risk appetite and the approval and effectiveness of the EWRMF. It reviews performance relative to risk appetite, the effectiveness of internal controls required to manage risk and all material risk exposures and management's recommendations to monitor, control and mitigate such exposures, including all principal and emerging risks. The BRC also approves the key risk policies in accordance with the EWRMF[1], approves the enterprise-wide risk management strategy (EWRMS), and oversees its effective delivery. It reviews and recommends to the Board the assumptions, scenarios and metrics used for stress tests.

The Executive Risk Committee (ERC) supports the Chief Risk Officer (CRO) and other accountable executives in discharging their risk management accountabilities. It reviews, challenges and debates all material risk exposures including all principal risks, and management's recommendations to monitor and control such exposures. It reviews the performance of NatWest Group relative to risk appetite and oversees management's implementation of the risk appetite framework and the embedding of risk appetite within NatWest Group. The ERC receives and reviews reports on emerging risks, reviews the EWRMF, key risk policies[1] and the EWRMS and supports their recommendation to the BRC. It drives the implementation and embedding of the EWRMF.

## Three lines of defence

In line with industry best practice and sound risk governance principles, NatWest Group adopts a three lines of defence model of risk governance. Everyone has a responsibility for the intelligent management of risk in day-to-day activities. This includes actively demonstrating risk practices and behaviours that are consistent with NatWest Group's desired risk culture.

As the second line of defence, the Risk function has a mandate to undertake proactive risk oversight and monitoring of all risk management activities including maintaining a robust control environment. The Risk function designs and maintains the EWRMF. The CRO leads the Risk function and plays an integral role in advising the Board on NatWest Group's risk profile. This includes continuous monitoring to confirm that NatWest Group engages in sustainable risk-taking activities in pursuit of strategic objectives.

## Risk appetite

The risk appetite framework is a component of the EWRMF and establishes the extent of permissible risk-taking to support business outcomes and delivery of the strategy. The EWRMF sets out the requirements regarding how risk appetite is implemented through risk policies and standards and translated into operational procedures. This consistent approach is followed for all principal risks, frameworks, tools and techniques. Risk appetite statements and associated measures are approved at least annually by the Board on the BRC's recommendation to ensure they remain appropriate and aligned to strategy.

## Risk profile

NatWest Group maintained a stable risk profile in 2024 despite high interest rates and geopolitical tensions creating an uncertain risk environment. The overall financial risk profile remained within risk appetite supported by stable economic conditions. Key developments in 2024 included:

- A strong capital position was maintained in 2024, with a CET1 ratio of 13.6%.
- A robust liquidity and funding risk profile was maintained throughout 2024, with a liquidity coverage ratio of 150% and a net stable funding ratio of 137%.

The overall trend for non-financial risk improved in 2024. Areas of focus included:

- Implementing an enhanced model risk management framework and the continued embedding of the enhanced risk and control self-assessment approach with a focus on material operational risks across key processes.
- Continuing significant investment to support the delivery of the multi-year transformation plan across financial crime risk management. Further enhancements were made to the compliance and conduct framework, with risk toolkits and risk standards being embedded in the year.

(1) Risk policies are in place for each principal risk and define, at a high level, the cascade of qualitative expectation, guidance and standards that stipulate the nature and extent of permissible risk-taking. They are consistently applied across NatWest Group and subsidiary legal entities and form part of the qualitative expression of risk appetite for each principal risk.

Risk overview continued

# Enterprise-wide risk management framework

The enterprise-wide risk management framework (EWRMF) sets out our approach to managing risk across NatWest Group and provides a common risk language and framework to facilitate effective risk management.

The building blocks of the EWRMF are: risk appetite, risk governance, three lines of defence and risk culture.

## Enterprise-wide risk management framework

**Risk appetite**
Risk appetite is defined as the type and aggregate level of risk NatWest Group is willing to accept in pursuit of its strategic objectives and business plans.

**Risk governance**
NatWest Group's governance structure facilitates sound risk management decision-making, in line with standards of good corporate governance.

**Three lines of defence**
NatWest Group adopts a three lines of defence model of risk governance. Everyone has a responsibility for intelligent risk-taking.

**Risk culture**
The EWRMF is centred on the embedding of a strong risk culture that encompasses both prudential and conduct risk outcomes and prescribed behaviours.

The EWRMF sets out a common risk language and standard definitions to ensure consistency in the application of risk management terminology.

## Common risk language, architecture and approach

**Risk directory and principal risks**
The risk directory provides a common language to ensure that consistent terminology is used across NatWest Group to describe the principal risks.

**Principal risk policies**
Risk policies are in place for each principal risk and define, at a high level, the cascade of qualitative expectations, guidance and standards that stipulate the nature and extent of permissible risk-taking.

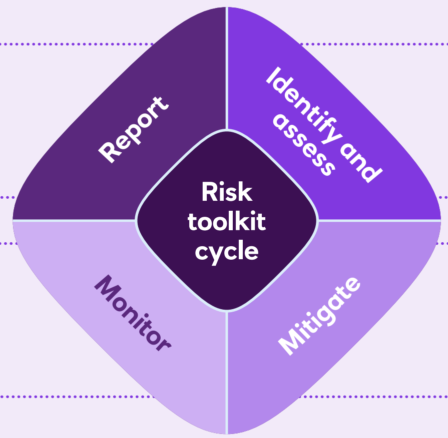
**Risk standards**
Risk standards provide a more granular expression of the risk policies and provide the detail for the first line of defence to develop operational policies/procedures.

**Risk toolkits**
Risk toolkits define the approaches, tools and techniques for managing risk (split by all principal risks, financial and non-financial risks).

The risk toolkit cycle outlines the NatWest Group-wide approach to identify, assess, mitigate, monitor and report risks.

**Report**
Reporting of the risk profile, emerging themes, current issues and other key information.

**Identify and assess**
Effective risk identification and assessment to understand the risk profile.




**Monitor**
Monitoring of the risk profile through principal risk indicators or other key metrics.

**Mitigate**
Determination of the appropriate action for how risks are managed or mitigated.

Principal risks are used as the basis for setting risk appetite and risk identification.

**Principal risks**

| Financial risks | Non-financial risks |
|---|---|
| Capital risk | Financial crime risk |
| Liquidity and funding risk | Model risk |
| Credit risk | Operational risk |
| Earnings stability risk | Reputational risk |
| Traded market risk | Compliance risk |
| Non-traded market risk | Conduct risk |
| Pension risk | |
| Climate and nature risk | |

# Risk directory and principal risks

To ensure common language and a consistent approach across NatWest Group, the risk directory defines and documents all principal risks that NatWest Group may face, categorised into financial and non-financial. The risk directory is an important component of the EWRMF, underpinning the linkage between strategy, risk appetite, risk reporting and governance. Principal risks are the Board-approved EWRMF categories that describe the highest-level financial and non-financial risks in the risk directory. All principal risks are overseen by the ERC and BRC, with performance against risk appetite reported at every meeting and spotlights on each risk considered at least annually.

| Principal risks – financial | Key developments | Mitigants |
|---|---|---|
| **Capital risk –** The risk that there is the inability to conduct business in base or stress conditions on a risk or leverage basis due to insufficient qualifying capital as well as the failure to assess, monitor, plan and manage capital adequacy requirements. | – A strong capital position was maintained in 2024, with a CET1 ratio of 13.6%. This was significantly ahead of regulatory requirements and aligned with NatWest Group's target of 13-14%. | – Capital planning is integrated into NatWest Group's wider annual budgeting process with capital plans produced over a five-year planning horizon under expected and stress conditions.<br>– Stress testing is a principal risk management tool and is used to quantify and evaluate the potential impact of risks on the financial strength and capital position. |
| **Liquidity and funding risk –** Liquidity risk is the risk of being unable to meet actual or potential financial obligations in a timely manner when they fall due in the short term. Funding risk is the risk that current or prospective financial obligations cannot be met as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably. | – A robust liquidity and funding risk profile was maintained throughout 2024, with a liquidity coverage ratio of 150% and the net stable funding ratio of 137%. | – A suite of tools is used to monitor, limit and stress test the liquidity and funding risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity condition indicators are monitored daily.<br>– Performance is reported to the Asset & Liability Management Committee on a regular basis. |
| **Credit risk –** The risk that customers, counterparties or issuers fail to meet a contractual obligation to settle outstanding amounts. | – Personal portfolio growth in 2024 was a result of the Metro Bank mortgage portfolio acquisition and continuing strong credit card growth which was driven by prime quality whole of market lending and balance transfer segments.<br>– Non-Personal lending increased during the year, driven by corporate and non-bank financial institutions sectors, aligned to our customer strategy. | – Extensive and thorough credit processes, strategies and controls to ensure effective risk identification, management and oversight.<br>– Non-Personal credit risk – sector appetite continues to be reviewed regularly, with particular focus on sector clusters and sub-sectors that are deemed to represent a heightened risk.<br>– Personal credit risk – adjustments are made to affordability assumptions and stress rates to ensure that lending continued to be assessed appropriately. |
| **Earnings stability risk –** The risk that profits are not sustainable under stress. | – NatWest Group remained within earnings stability risk appetite throughout 2024. | – A range of stress sensitivities are considered, to explore downside risks to earnings stability, including a sharp fall in interest rates and stressed macro factors aligned to a 1-in-10 year event. |
| **Traded market risk –** The risk of losses in trading book positions from fluctuations in market variables, such as interest rates, credit spreads, foreign exchange rates, equity prices, implied volatilities and asset correlations. | – Despite periods of increased market volatility notably reflecting geopolitical developments, traded VaR and SVaR remained within appetite and, on an average basis, at similar levels to 2023. | – VaR, SVaR and the incremental risk charge are used to measure traded market risk.<br>– Traded market risk exposures are monitored against limits and analysed daily.<br>– Limit reporting is supplemented with regulatory capital and stress testing. |
| **Non-traded market risk –** The risk to the value of assets or liabilities outside the trading book, or the risk to income, that arises from changes in market prices such as interest rates, foreign exchange rates and equity prices, or from changes in managed rates. | – Total non-traded market risk VaR decreased in 2024, notably driven by action taken to manage down interest rate repricing mismatches across products. The structural hedge notional decreased. reflecting changes in the deposit mix, including increased fixed-term deposits. | – Non-traded market risk appetite is measured via VaR, SVaR, sensitivity and stress limits, and earnings-at-risk limits.<br>– Limits are reviewed to reflect changes in risk appetite, business plans, portfolio composition and the market and economic environments.<br>– Non-traded market risk stress results are combined with those for other risks into capital planning. |
| **Pension risk –** The inability to meet contractual obligations and other liabilities to the established employee or related company pension scheme. | – The Trustee of the Main section of the NatWest Group Pension Fund completed buy-in transactions, passing longevity and investment risk for the insured portion of the scheme to an insurer.<br>– The 2023 triennial valuation for the Main section was completed with no requirement for any deficit contributions. | – Pension risk is monitored by the ERC and BRC, while the Asset & Liability Management Committee receives updates on the performance of NatWest Group's material pension funds.<br>– Annual stress tests are undertaken on the material defined benefit pension schemes. These tests are also used to satisfy the requests of regulatory bodies, such as the Bank of England. |
| **Climate and nature risk –** The threat of financial loss or adverse non-financial impacts associated with climate change and nature loss respectively and the political, economic and environmental responses to it. | – We worked with the University of Exeter to develop scenario narratives that explore a range of physical and transition risks which could impact NatWest Group and its customers. Enhancements were made to our climate risk modelling capabilities and we rolled-out climate decisioning framework tools on a test and learn basis. | – There was a focus on developing the capabilities to use scenario analysis to identify the most material climate risks and opportunities for NatWest Group's customers. While this is a maturing discipline (with recognised limitations around data, scenario and methodologies), progress continues to be made to leverage the insights to inform risk management practices, maximise the opportunities arising from a transition to a low-carbon, nature-restored economy and support decision-making. |

Risk overview continued

| Principal risks – non-financial | Key developments | Mitigants |
|---|---|---|
| **Financial crime risk –** The risk that NatWest Group's products, services, employees and/or third parties are intentionally or unintentionally used to facilitate financial crime in the form of money laundering, terrorist financing, bribery and corruption, sanctions and tax evasion, as well as external or internal fraud. | – Significant investment continued to be made to support the delivery of the multi-year transformation plan across financial crime risk management. Enhancements were made to technology, data quality and data analytics to improve the effectiveness of systems used to monitor customers and transactions. | – The financial crime framework, relevant policies, systems, processes and controls are used to mitigate and manage financial crime risk. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions and behaviours that may require further investigation or other actions. |
| **Model risk –** The potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. | – Effort was focused on implementing an enhanced model risk management framework in response to the PRA's Supervisory Statement (SS) 1/23, including an expanded model identification exercise and roll-out of a new model tiering approach.<br>– Model inventory design changes were delivered to support the implementation of framework enhancements. | – Model risk appetite is set to limit the level of model risk that NatWest Group is willing to accept in the course of its business activities. Policies, toolkits and model standards related to the development, validation, approval, implementation, use and ongoing monitoring of models are in place to ensure adequate control across the lifecycle of an individual model. This includes refining, redeveloping or restricting use of models where appropriate. |
| **Operational risk –** The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business. | – The continued embedding of the enhanced risk and control self-assessment approach with a focus on material operational risks across key end-to-end processes.<br>– Automation of data-led insights to proactively drive the prioritisation of risk mitigation activities. | – The embedding of robust operational risk appetite measures provides comprehensive coverage of key operational risks for the operational risk profile.<br>– The embedding of well-defined operational risk standards with clearly articulated control requirements drives the management of risks, within the risk appetite certification process. This is an effective means to provide a consistent and comparable view of the adequacy and effectiveness of the internal control environment. |
| **Reputational risk –** The risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events. | – Reputational risk assessment guidance was updated.<br>– Colleagues in relevant roles received updated training on key aspects of the policy and framework.<br>– Enhancements were made to the environmental, social and ethical (ESE) risk framework, including implementation of the ESE human rights risk acceptance criteria. | – Reputational risks are identified and monitored through reputational risk registers at NatWest Group, legal entity and segment levels, with escalation and review by the NatWest Group Reputational Risk Committee as relevant. Changes to the reputational risk register are reported to ERC and BRC.<br>– The environmental, social and ethical (ESE) risk framework requires enhanced due diligence to be performed for certain customer relationships, transactions, activities and projects. ESE risk acceptance criteria are regularly reviewed and updated, to ensure they reflect the current risk landscape. |
| **Compliance risk –** The risk that NatWest Group fails to observe the letter and spirit of all relevant laws, codes, rules, regulations and standards of good market practice. | – Further enhancements were made to the compliance framework, with the risk tool kits, risk standards and regulatory compliance operational policy framework being embedded throughout the year. | – Horizon scanning is conducted to identify and address changes in regulatory requirements.<br>– Policies and procedures set out the principles that apply across NatWest Group, aligned to its risk appetite. Appropriate control frameworks, management information, standards and training are implemented to identify and manage regulatory compliance risk.<br>– Rules mapping is completed to ensure the key products and supporting services that NatWest Group provides are compliant with all applicable regulatory requirements.<br>– Business areas completed self-assessments against the NatWest Group regulatory compliance risk policy to ensure compliance is being measured and managed accurately and effectively. |
| **Conduct risk –** The risk of inappropriate behaviour towards customers, or in the markets in which NatWest Group operates, which leads to poor or inappropriate customer outcomes. | – Conduct risk related programmes across NatWest Group continue to progress with focus on further embedding of Consumer Duty requirements, addressing observations and recommendations from the Department of Justice Monitorship, and carrying out assessments relating to Access to Cash requirements. | – Risk standards are in place to ensure appropriate controls and processes that deliver good customer outcomes and support market integrity.<br>– Business areas completed self-assessments against the NatWest Group conduct risk policy to ensure conduct is being measured and managed accurately and effectively.<br>– Good customer outcome measures are in place to ensure good outcomes are delivered for customers, and to ensure products continue to offer customers fair value, throughout the product and service lifecycle. These are used to identify areas where we can make improvements to products, services and processes. |

# Top and emerging risks

Top and emerging risks are future scenarios that could have a significantly negative impact on our ability to operate, or deliver, our strategy and are managed through the EWRMF toolkit. They usually combine elements of several principal risks and require a coordinated management response. Top risks could occur or require management action within two years, while emerging risks are evolving and/or could occur over a longer time horizon but have the potential to become a top risk. In 2024, the ERC, the BRC and the Board received regular reporting on top and emerging risks. The BRC also engaged in focused horizon scanning sessions in 2024, to enable early identification and mitigation of top and emerging risks.

| Top risk scenarios in focus in 2024 | Description | Mitigants |
|---|---|---|
| **Increased competition** | Competitive pressures could intensify, impeding NatWest Group's ability to grow or retain market share, impacting revenues and profitability, particularly in the UK Retail Banking and Commercial & Institutional segments. Drivers of competition mainly relate to developments in technology, evolving incumbents, challengers, new entrants to the market, shifts in customer behaviour and changes in regulation. For example, increased competition from technology conglomerates, who may have competitive advantages in scale, technology and customer engagement (including brand recognition). | – NatWest Group closely monitors the competitive environment and adapts its strategy as appropriate. This includes using scenario analysis and assessing how mega-trends will impact industry competitive dynamics. Strategic responses are focused on investing to deliver innovative and compelling propositions for customers and effectively leveraging acquisitions and partnerships. For example, NatWest Group has invested in a number of fintech ventures, including Mettle, Rooster Money, Boxed and Cushon. |
| **Cyberattack** | There is a constantly evolving threat from cyberattacks which are increasing in terms of frequency, sophistication, impact and severity. This includes hostile attempts to gain access to and exploit potential vulnerabilities of IT systems including via malware. Any failure in NatWest Group's cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, loss of data and associated reputational damage. | – NatWest Group continues to invest in additional capability to defend against threats including developing and evolving cybersecurity policies, procedures and controls that are designed to minimise the potential effect of such attacks. The focus is to manage the impact of the attacks and maintain services for NatWest Group's customers. This includes testing and proving cyber resilience capabilities via stress testing of NatWest Group's important business services. |
| **Economic and interest rate volatility** | Economic conditions could deteriorate, depending on factors including weak economic activity, volatility in interest rates, liquidity pressures, sharp falls in asset prices, escalating geopolitical tensions and concerns regarding sovereign debt or sovereign credit ratings. Any of these may have a materially adverse effect on NatWest Group's future financial prospects. | – A range of complementary approaches is used to mitigate the risks, such as targeted scenario analysis, stress tests, targeted customer reviews and reviews of risk appetite. Stress tests included completion of regulatory stress tests such as the Bank of England 2023/24 system-wide exploratory scenario as well as a range of internal scenarios. |
| **Climate ambitions** | NatWest Group's strategy relating to climate change, ambitions, targets and transition planning entails significant financial and non-financial risks and is unlikely to be achieved without significant and timely government policy, technology and customer behavioural changes. | – Recognising the delivery threats to some of NatWest Group's climate ambitions, which if they were to crystallise, would manifest themselves in the shape of financial and non-financial risks. NatWest Group plans to review its climate ambitions during 2025 in the context of the UK Committee on Climate Change's (UK CCC) Seventh Carbon Budget which is expected to be published on 26 February 2025 and the UK CCC's 2025 Progress Report which is due for release in the summer of 2025. |
| **Operational risk scenarios** | Operational risks are inherent in NatWest Group's businesses and a broad range of scenarios are considered. NatWest Group could be adversely impacted by scenarios including a failure to access current, complete, and accurate data, or disruption to services if a third-party service provider experienced any interruptions. These scenarios could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations. | – NatWest Group devotes significant resources to third-party risk management. Focus areas include identifying critical-service suppliers, developing robust exit and contingency plans in the event of supply chain disruption, and ensuring appropriate monitoring and oversight of third party performance.<br>– Effective and ethical use of data is critical to NatWest Group's goals, with continued focus on delivering our long-term data strategy alongside enhancing control and policy frameworks governing data usage. |
| **Evolving regulation** | NatWest Group's businesses are subject to substantial regulation and oversight, both of which are constantly evolving and may have an adverse impact on NatWest Group. Areas of ongoing regulatory focus include Basel 3.1 standards implementation, including the resulting effect on RWAs and models, as well as the FCA's Consumer Duty standards on consumer protection and the effective management of financial crime. | – NatWest Group constantly monitors regulatory change and works with the regulators to help shape those developments that materially impact NatWest Group, responding when necessary, either bilaterally or in partnership with one of the affiliated industry bodies. NatWest Group implements new regulatory requirements where applicable and uses frequent engagement meetings with regulators to discuss key regulatory priorities. |

Risk overview continued

| Emerging risk scenarios in focus in 2024 | Description | Mitigants |
|---|---|---|
| **Artificial intelligence** | Innovations in artificial intelligence (AI), including generative AI, may rapidly transform and disrupt customer interactions, the industry and the economy. NatWest Group's ability to continue to deploy AI solutions and integrate AI in systems and controls will become increasingly important to retaining and growing business. There can be no certainty that NatWest Group's innovation strategy will be successful, and competitors may be more successful in implementing AI technologies, in turn, affecting industry competitive dynamics. Developments in AI may also result in increased model risk and rising levels of fraud. | – NatWest Group closely monitors developments in disruptive technologies, including AI. Strategy is developed as appropriate to leverage AI across NatWest Group with a focus on helping improve customer journeys, personalisation, colleague effectiveness and improved risk and capital management. Using AI safely and ethically is a key area of focus, alongside compliance with evolving AI regulation. This includes developing a robust set of controls for the use of AI models and tools across NatWest Group. |
| **Biodiversity and nature loss** | The risks arising from the loss and/or decline of the state of biodiversity and nature are uncertain but could negatively impact the global financial system. These risks may include the reduction of any aspect of biological diversity and other forms of environmental degradation such as air, water and land pollution, soil quality degradation and water stress. There is also increasing investor, regulatory and stakeholder scrutiny regarding how businesses address these risks. | – Using emerging industry guidance such as the Task Force on Nature-related Financial Disclosures framework, NatWest Group is seeking to further its understanding of nature-related risks. This includes how its business activities impact nature, the dependencies NatWest Group and its counterparties (including its suppliers) and customers have on nature, and the risks and opportunities nature can generate. |
| **Digital currency** | NatWest Group operates in markets which would be exposed to any developments in digital currency, including a UK central bank digital currency (CBDC). The Bank of England and His Majesty's Treasury are exploring the case and design for a CBDC, the digital pound. The introduction of new digital currencies, including a digital pound, could result in deposit outflows, higher funding costs, and/or other implications for UK banks including NatWest Group. | – NatWest Group maintains an Executive Steering Group on digital assets including overseeing developments and engagement on digital currencies, such as CBDCs.<br>– NatWest Group engages with the UK Government and regulators on digital currency developments. This includes engagement with policymakers on a bilateral and industry level. For example, NatWest Group is represented on the Bank of England's CBDC Engagement Forum, and responds to relevant consultations, discussion papers and other publications. |
| **Geopolitical risk** | NatWest Group is exposed to risks arising from geopolitical events or political developments. Geopolitical tensions remain elevated and a range of potential scenarios and impacts are considered. This includes the potential impact of armed conflict, global trade and supply chain disruption, volatility in commodity prices, protectionist policies or trade barriers and state sponsored cyberattacks. | – NatWest Group closely monitors the geopolitical risk outlook and undertakes regular scenario analysis to understand the potential impacts and takes mitigating actions as required. This includes second and third order analysis of impacts, for example, through customers' supply chain disruption or disruption to third party providers. |
| **Physical climate risk** | Intensifying physical climate-related risks, including climate events, materially increasing in frequency and/or severity, results in direct impacts on property, infrastructure, supply chains, geopolitics and economic activity. This could lead to significant credit, market and/or non-financial risks and, if those risks are not mitigated, losses. | – NatWest Group continues to develop a range of climate scenario narratives that include increased focus on physical risks. These seek to explore the potential implications from the global warming already observed as a result of historical emissions and will inform short-term event driven physical risk modelling. The impact of possible climate tipping points, which could lead to large irreversible changes in the climate system, are also being explored. |
| **Shadow banking** | NatWest Group is exposed to vulnerabilities within shadow banking or market-based finance (MBF), given the interlinkages between UK banks and MBF. This includes the potential for stress events or shocks to financial markets. | – NatWest Group closely monitors exposure to shadow banking or MBF. An internal framework for the identification, management, control and mitigation of the risks associated with exposure to shadow banking or MBF is maintained. This includes effective reporting and governance in respect of such exposure. |

# Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board is required to make a statement in the Annual Report and Accounts regarding NatWest Group's viability over a specified time horizon.

## Considerations

In assessing NatWest Group's future viability, the Board considers a period of three years to be appropriate. The budget and business planning processes are based on a five-year horizon. However, a three-year period is considered more suitable given levels of uncertainty increase as the time horizon extends.

In assessing NatWest Group's viability over this time frame, the Board has considered a wide range of information including:

## Strategic and financial outlook

- NatWest Group's business and strategic plans.
- Current capital position and projections over the relevant period.
- Liquidity and funding profile and projections over the relevant period.
- Internal scenarios and stress tests, which consider the material risks and uncertainties facing NatWest Group.
- The strategic, risk and financial outlook for the financial services sector.

## Risk management and risk profile

- NatWest Group's enterprise-wide risk management framework (EWRMF) including the processes by which risks are identified and mitigated.
- NatWest Group's risk profile including any breaches of risk appetite and top and emerging risks that could have a significant negative impact on NatWest Group's ability to operate.

## Regulatory

- Mandatory regulatory requirements including activity related to the Bank of England 2023/24 system-wide exploratory scenario (SWES). In addition, completion of the Bank of England Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).
- Regulatory requirements including in relation to the implementation of Basel 3.1 standards, CRDIV, operational resilience and the NatWest Group recovery plan.

## Operating environment

- Consideration of the operating environment for NatWest Group including shifts in customer behaviour, developments in technology, economic trends and competitive factors.

## Assessment

NatWest Group's business and strategic plans, which are reviewed and evaluated at least annually, provide long-term direction and assess resilience to a range of risks across the planning horizon. These plans include multi-year forecasts assessing NatWest Group's expected financial position throughout the planning period.

The 2024 financial performance of NatWest Group was also considered as part of the assessment. As at the 31 December 2024 this included:

- NatWest Group's robust capital position; CET1 ratio of 13.6% provides significant headroom above both NatWest Group's minimum requirements and its maximum distributable amount threshold requirements.
- NatWest Group's strong liquidity and funding position; the liquidity portfolio of £222 billion, a robust liquidity coverage ratio of 150% and a net stable funding ratio of 137%.
- NatWest Group's tangible net asset value per share increased 13% to 329p and the UK Government shareholding reduced to 9.99%, as at 31 December 2024.

A suite of economic scenarios supports NatWest Group's financial planning processes. Stress testing is a key risk and financial management tool and is integrated with financial planning processes. It is used to quantify and evaluate the potential impact of material risks on the financial strength of NatWest Group, including its liquidity and capital position.

In 2024, a broad range of economic scenarios were designed to capture uncertainties and risks faced by NatWest Group. The scenarios were continuously refined and reviewed. This included benchmarking against external forecasts and regulatory guidance. These scenarios explored a range of risks and uncertainties including:

- Severe UK recession with a sharp rise in unemployment and large falls in asset prices including house prices.
- Lower than anticipated UK interest rates with severely stressed deposit and lending conditions.
- Consideration of a concurrent weakening of the NatWest Group's liquidity and funding position.
- Geopolitical risks including a sharp rise in energy prices, higher inflation and interest rates.
- Climate-related risks including elevated physical risks that force a speedy climate transition.

A combination of internal scenarios was used to examine going concern capital requirements on a forward-looking basis by assessing the resilience of capital adequacy and leverage ratios. The assessment includes assumptions about regulatory and accounting factors (such as IFRS 9). They also incorporate key assumptions on balance sheet and profit and loss drivers, such as deposits and RWAs, to demonstrate that NatWest Group maintains sufficient capital. Applying the scenarios to NatWest Group's capital, liquidity and funding positions did not result in a breach of any regulatory thresholds.

Consideration was given to the operational resilience of NatWest Group across a range of operational risk scenarios including IT infrastructure disruption, cyber, data integrity, third-party, people and premises. While NatWest Group has not been subject to a material cyberattack and operates a multi-layered system of defences, there is a possibility that a cyberattack could have a severe effect on operations. The evolving threat is continually monitored with a focus on managing the impact of any attack and sustaining availability of services for NatWest Group's customers. As cyberattacks evolve and become more sophisticated, NatWest Group continues to invest in additional capability designed to defend against emerging risks. NatWest Group continues work to ensure regulatory requirements on operational resilience are met ahead of the FCA deadline of 31 March 2025. This includes ensuring that NatWest Group can remain within impact tolerance in the event of severe but plausible disruption to its operations.

Viability statement continued

Risks facing NatWest Group are identified and assessed according to the EWRMF which is outlined in the Risk overview section. The Board reviews and approves the EWRMF (including NatWest Group's risk appetite framework as a component thereof) and risk appetite for key risks, in accordance with the risk appetite framework.

Despite elevated economic and political uncertainty, NatWest Group's risk profile remained stable in 2024. Risk appetite is a key consideration in assessing the risk profile and the Board monitors the performance of NatWest Group against risk appetite for all principal risks outlined on pages 58 and 59. In 2024, there were no material breaches in risk appetite that were viewed as a threat to the viability of NatWest Group.

NatWest Group's top and emerging risks process also highlights risk scenarios that could have a significant negative impact on NatWest Group's ability to operate or deliver its strategy. In 2024, the Executive Risk Committee, the Board Risk Committee and the Board received regular reporting on top and emerging risks. The Board Risk Committee also engaged in focused horizon scanning sessions in 2024, to enable early identification and mitigation of top and emerging risks. Top and emerging risks are also a significant consideration in internal scenario planning as well as the ICAAP and ILAAP.

The Bank of England's SWES explored stressed financial market conditions and how market behaviour might interact to amplify shocks in UK financial markets. The SWES results were published by the Bank of England in November 2024. NatWest Group participated in the SWES with the results informing the Board's assessment of viability.

Reverse stress testing is also carried out to identify potential vulnerabilities in the business model. During 2024, reverse stress testing considered the impact of sustained income challenges and increased impairments in a severe recession scenario.

The NatWest Group recovery plan explains how NatWest Group would identify and respond to a financial stress event and restore its financial position so that it remains viable on an ongoing basis. The plan is intended to enable NatWest Group to maintain critical services and products it provides to its customers, maintain its core business lines and operate within risk appetite while restoring NatWest Group's financial condition. It is assessed for appropriateness on an ongoing basis and reviewed and approved by the Board prior to submission to the PRA. Fire drill simulations allow senior management to rehearse the responses and decisions that may be required in an actual stress event.

NatWest Group is impacted by a wide range of macroeconomic, political, regulatory, technological, social and environmental developments. The evolving operating environment presents opportunities and risks which NatWest Group continues to evaluate and adapt to.

Based on the factors outlined above, the current financial forecasts, including the strength of its capital and liquidity positions, and the management of NatWest Group's principal risks, including mitigating actions, the Board has a reasonable expectation that NatWest Group will be able to continue in operation and meet its liabilities over the three-year period of the assessment.

# Non-financial and sustainability information statement

This non-financial and sustainability information statement provides an overview of topics and related reporting references in our external reporting as required by sections 414CA and 414CB of the Companies Act 2006.

We integrate non-financial and sustainability information across the Strategic report, thereby promoting cohesive reporting of non-financial and sustainability matters.

## Sustainability reporting frameworks and guidance

We monitor developments including in relation to metrics. In 2024, our focus included the UN Principles of Responsible Banking, Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB) standards, and the Task Force on Climate-related Financial Disclosures (TCFD).

Further information on non-financial and sustainability matters can be found within our reporting suite.

- 2024 Sustainability Report
- 2024 Sustainability Datasheet
- 2024 Sustainability Basis of Reporting
- natwestgroup.com

## Assurance Approach

NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability metrics. These sustainability metrics are marked as limited assurance LA and reasonable assurance RA within this report and presented in the Sustainability Basis of Reporting and Datasheet. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE (UK)3000 (July 2020)).

RA Metric subject to independent Reasonable Assurance by EY(1)

LA Metric subject to independent Limited Assurance by EY(1)

(1) This indicates that the data was subject to external independent limited/reasonable assurance by EY. Refer to natwestgroup.com for the Independent Assurance Report and 2024 Basis of Reporting.

**An assurance report was issued and is available at natwestgroup.com. This report includes further details on the scope, respective responsibilities, work performed, limitations and conclusion.**

| Reporting requirement | | Page references in this report | Relevant policy or document available at natwestgroup.com |
|---|---|---|---|
| **Business model** | – Our strategic framework and progress against strategic priorities<br>– Measuring our 2024 performance<br>– Our investment case<br>– Shareholder value<br>– Our business model<br>– Business performance<br>– Our stakeholders | – 10 to 11<br>– 12 to 13<br>– 16<br>– 17<br>– 18 to 19<br>– 20 to 25<br>– 28 to 29 | |
| **Our stakeholders** | – Our stakeholders<br>– Section 172(1) statement | – 28 to 29<br>– 32 to 33 | |
| **Environment** | – Adapting to market trends<br>– Risk overview<br>– Risk factors | – 26 to 27<br>– 56 to 61<br>– 408 to 426 | Environmental, social and ethical policies |

Non-financial and sustainability information statement continued

| Reporting requirement | | Page references in this report | Relevant policy or document available at natwestgroup.com |
|---|---|---|---|
| **Our colleagues** | – Our colleagues<br>– Supporting colleague wellbeing<br>– Responsible business – diversity, equity and inclusion | – 35 to 36<br>– 37<br>– 41 to 42 | Our code of conduct |
| **Governance** | – Section 172(1) statement<br>– Governance and remuneration<br>– Governance at a glance<br>– Diversity in the boardroom<br>– Directors' remuneration report<br>– Report of the directors<br>– Statement of directors' responsibilities | – 32 to 33<br>– 80 to 170<br>– 86<br>– 87<br>– 126 to 145<br>– 166 to 169<br>– 170 | Boardroom Inclusion Policy |
| **Social matters** | – Our strategic framework and progress against strategic priorities<br>– Measuring our 2024 performance<br>– Our business model<br>– Business performance<br>– Our stakeholders<br>– Our colleagues<br>– Supporting colleague wellbeing<br>– Responsible business – diversity, equity and inclusion | – 10 to 11<br>– 12 to 13<br>– 18 to 19<br>– 20 to 25<br>– 28 to 29<br>– 35 to 36<br>– 37<br>– 41 to 42 | Supplier Charter |
| **Respect for human rights** | – Responsible business – Respecting human rights | – 39 | Human Rights Position Statement |
| **Anti-bribery and corruption (ABC)** | – Responsible business – how we operate<br>– Risk overview<br>– Risk and capital management<br>– Compliance and conduct risk<br>– Financial crime risk | – 38 to 39<br>– 56 to 61<br>– 172 to 176<br>– 267<br>– 268 | Financial crime statement |
| **Risk management** | – Risk overview<br>– Risk and capital management<br>– Risk factors | – 56 to 61<br>– 171 to 277<br>– 408 to 426 | Environmental, social and ethical policies |
| **Climate-related financial disclosures as required by sections 414CA and 414CB of the Companies Act 2006** | – A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.<br>– A description of how the company identifies, assesses, and manages climate-related risks and opportunities.<br>– A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.<br>– A description of (i) the principal climate-related risks and opportunities arising in connection with the company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed.<br>– A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.<br>– An analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios.<br>– A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.<br>– The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based. | – 90 and 50<br>– 53<br>– 53<br>– 44 to 49 and 51 to 54<br>– 51 to 52<br>– 52<br>– 44-46, 48 and 54<br>– 44 and 54 | 2024 Sustainability Report |

CASE STUDY

# Succeeding with customers through expert support

## Backing UK business through our Accelerator

Our Accelerator Programme gives entrepreneurs free support to expand their businesses. Jayden Patel, CEO and co-founder of Aquaint, shares how the programme is helping him to reach his goal of streamlining the hospitality sector.

After co-founding Aquaint to improve workflow management in the food industry, Jayden joined the NatWest Accelerator for support with scaling up his business.

'It seemed like a great opportunity to network,' Jayden explains, 'I've joined an established community of like-minded entrepreneurs and gained access to industry experts.'

On the programme, entrepreneurs receive expert group and one-to-one coaching from our experienced acceleration managers to help them set goals and track progress, as well as support with developing important business skills such as pitching.

'The support from our Acceleration Manager Jess has been invaluable. She's encouraged us with reaching our goals, helped us navigate and embrace change, and is a consistent reminder of how far we're progressing as a company.'

After a successful year on the Accelerator Programme growing his business, Jayden is now one of our High-growth Business Banking customers with access to further dedicated support. 'Our Relationship Manager Neil has really helped us get to grips with the funding landscape to help us raise money and expand.'

'The support we've received from NatWest goes beyond finances – Neil and Jess have leveraged their expertise and connected us with other businesses to boost our brand.'

Top: Jayden Patel (left) working with NatWest Group Acceleration Manager Jess Grocutt (right).

Bottom left: Rohan Patel (left), Jayden Patel (middle) and Sunil Patel (right) of Aquaint talking strategy.

Bottom right: NatWest Group Relationship Manager Neil Brophy (left) with Jayden (right).