



NatWest
Group

NatWest Group plc
Investor Spotlight: Retail Banking
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Speakers:

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Barry Connolly, Managing Director Home Ownership
Stuart Nimmo, Finance Director Retail Banking
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(Amended in places for legibility and clarity)

Claire Kane: Good afternoon, and welcome everyone. It's great to see so many of you here at our Moorgate Event Hub and also to those of you online. So, this is the third and final deep dive session of the year and we hope today to give you good insight into the Retail Bank, its strengths, the opportunities and of course how it supports the group returns. The presentation will run for about 45 minutes and then we'll have plenty of time for Q&A at the end, which I'll host. And before I hand over to Paul, just to say you can download the slides using the QR code on the screen. And for those of you online, if you'd like to ask questions, please press the Q&A button and type your question in. So thank you, I'll now hand over to Paul to introduce the session.

Paul Thwaite: Thanks Claire. Afternoon everyone, good to see you all. A big warm welcome to Moorgate. Also, a warm welcome to those online, we appreciate you joining us. We know it's a pretty busy week of UK financial news this week, so good to see everybody.

As Claire said, this is our third and final spotlight for the year. They were designed to give us more insight into all of our businesses. So, our aim when we set out, and what we hope for today is that this complements the set and you've got a good sense of our aspirations for the different businesses, but also for the group overall.

We are going to focus deeply on the Retail Bank today. We've decided to host the event here at our Moorgate premises. This is a great example of the spaces we have right across the UK, where all three of our businesses: Retail; Commercial; Private, come together both from a colleague perspective, but also from a customer perspective.

By way of example, we use this event for a number of things: we bring our Premier customers to give seminars on savings and investments; we bring our start-up businesses together to network between different business owners; and we also run funding workshops actually for business founders as well. So, multi-purpose, but we thought it was a nice opportunity to show you the type of locations that are really at the heart of what we do in terms of our three businesses.

In terms of our agenda, this afternoon, you're going to hear from Solange, who, as most of you know, was recently appointed as the CEO of our Retail Bank. Solange joined the group six years ago. She was my Chief Operating Officer when I ran Commercial & Institutional. She joined my leadership team when I stepped up to be CEO last year. She's been Group Strategy Director prior to the retail job. So she's been pretty instrumental in designing the strategy of the bank, which you guys have seen over the course of the last two years. I'm delighted she's now running the Retail Bank. In addition to her sharp strategic thinking, she's got a great track record around transformation. She's got a very deep understanding of the competitive landscape, and I'd say a very personal interest in technology and customers as well. So delighted that she's running the Retail Bank.

Solange will be joined by Barry Connolly, who's responsible for all of the lending in our Retail Bank. Barry's been with NatWest for over 20 years, has been a member of the Retail Bank Exec Committee for almost a decade now. So, he knows the business extremely well, but actually he knows all the customer segments very well. He's worked across both sides of the balance sheet. So very well placed, I think, to update you on our story so far in terms of growth, but also our ambitions for the mortgage business going forward.

And at the end of the presentations, we'll have a lot of time for Q&A. Claire will coordinate that. Stuart Nimmo, the Finance Director of Retail, will join us, and also a face well known to many of you, Scott Marcar, our Group CIO, will also join the panel. And then hopefully some of you will join us for drinks when we finish up in about 90 minutes.

But before I hand to Solange to take you through the detail, I do want to very briefly set the context. 2025 has obviously been an important year for the Bank. As you know, we returned to private ownership six months ago. Probably feels like much longer for most of us in the room, but it was only six months ago. So, with the major restructuring of the Bank now behind us, the aim is very simple really, which is just to build and grow from the strong foundations.

What are those strong foundations? We serve over 20 million customers across our three businesses. All three of those businesses have strong market positions, and all three of those businesses have strong returns. The Retail Bank has a proven track record of delivering profitable growth, and we see plenty of opportunity for that to continue. As a group, we feel pretty excited about the potential and pretty ambitious about what it can do over the next couple of years.

We also have a leading Private Bank in Coutts. Emma is with us here today and will be with us afterwards. And as you all know, we have the UK's number one bank for business, Robert is also here and will be available afterwards for questions. So, whilst the Retail Bank, in itself, is a strong contributor to the group, it also benefits a lot from its close connection to both the private business and also the commercial business.

This slide is a reminder of the group strategy. You'll all be very familiar with it now, you'll have heard about it numerous times from me over the course of the last two years. And the aim is very simple. As we pursue growth, as we pursue simplification, as we're very thoughtful about capital allocation and risk management, we want to generate attractive returns for our shareholders. And what you'll see today is how these strategic priorities come to life and what they mean for the Retail Bank in particular.

And then finally, I know you're all very keen to understand more about the outlook for '26 and beyond 2027. Katie and I are going to update you on that at our full year results in February. For those of you who are counting, that's only 11 weeks away. So we'll see you there for that.

Without further ado, let me hand over to Solange and the team. They're going to tell you about our great retail business. Thank you.

Solange Chamberlain:

Thank you, Paul. And good afternoon, everyone. I'm delighted to be here for the first time in my role as CEO of Retail Banking. As you'd expect, my first priority when I started in July was to get to know and understand the business from all sides. I visited branches, contact centres, met customers and colleagues across regions and nations in the UK, all of which has confirmed to me that this is a strong business with talented people and some great capabilities.

It's also confirmed to me the potential we have to grow the Retail Bank. So you won't be surprised to hear that my second priority was to determine the best strategy to deliver that potential. The aim is to combine the very best of our technology with the magic of our people in order to ensure we can increase how we connect and engage with our customers.

My third priority has been to put in place a new management team and operating model, one organised around the customers that can deliver and execute the strategy at pace. So, let me start with an overview of the business.

We have a strong track record of attracting new customers. We've added 2.3 million since 2021 and now serve 19 million in total. We've grown income at a rate of 10% a year over the past four years, and increased lending at 5% a year, ahead of the market with a high-quality book and a low cost of risk. And we delivered strong returns with a return on equity for the first nine months of the year of around 25%.

We are also an important contributor to group, accounting for around 40% of income, 45% of deposit balances, and over 50% of lending balances. You can see here that we are well connected right across the UK, underpinned by strong and trusted brands. Given our history, we naturally have a strong customer base in Scotland, but our reach is broad based and well aligned to the number of people who live in each of the nations and regions.

We see an opportunity to make more of our local reach through our relationship with the group, whether it's linking up with potential customers in our Accelerator Hubs with Commercial & Institutional, or working closely with Private Banking & Wealth Management on investments.

Over 80% of our customers do all their banking online or via the mobile, and almost all their needs can be met digitally. But as I said, a big opportunity is to combine the best technology with the magic of our people. So we have over 1,000 Senior Personal Bankers and Premier relationship managers. We're using our branches to offer financial health checks to everyone. And we're experimenting with how we engage with customers. For example, we've been running pop-ups in Sainsbury's stores in order to connect with our recently acquired customers. We're placing Relationship Managers for Premier Banking in branches to increase referrals. And we're providing financial foundation workshops for the employees of the group's commercial customers. I've been struck by the very positive response to this, and the clear demand for further financial support that results from them.

Around 11 million of our customers engage with us regularly through our award-winning app, which they rate highly with a net promoter score of 50. Most of them use the app for activities beyond simply making a payment or checking their balances. For example, many use it to check their credit score and then go on to apply for a credit card or loan with us. They might use the expense tracker to understand their spending habits, or they might want to set and track their financial goals each month. And we're continuing to invest to ensure the app offers an excellent customer experience as technology continues to advance. We launched 38 new features so far this year. This includes creating virtual cards, managing subscriptions on the app, and the ability to separate money into different virtual pots to help customers meet their financial goals.

We are also trying a new way for people to engage with us on the app, enabling them to onboard even if they are not a NatWest customer. This allows anyone to use the Know Your Credit Score feature, to benefit from the financial content we offer, and to understand the breadth of the services we provide. In other words, we want to replace a product-led approach with a customer-led approach, as you'll see from this video.

(Video Clip Plays)

So you can see that I've been thinking deeply about the evolution of our customer base and their expectations, especially the impact of technology on customer behaviours and competitive dynamics, as well as considering the particular strengths that differentiate NatWest. This has helped to shape our strategic priorities, which are naturally aligned with those of the group: disciplined growth; simplification; and active balance sheet and risk management. And I'm also very pleased to set out today the Retail Bank's 2028 ambitions for each of the three priorities.

So, we're targeting discipline growth in three ways to increase share and drive income. First, by increasing share and deepening our relationships in key customer segments: youth; family; and affluent. Second, by broadening our propositions and delivering more personalised solutions. And third, by using new channels to attract and engage new customers.

We continue to simplify to make life easier for our customers, to increase operating leverage, and to reduce the cost-income ratio to below 40%. We're doing this by improving the digital customer experience further, streamlining our data and technology, and accelerating the use of AI. And as we manage our balance sheet and risk, we are focused on maintaining a strong deposit franchise, increasing the agility of our pricing and credit decisions, and recycling capital to drive returns and optimise risk.

I'll now bring to life each of these three strategic priorities in turn, starting with disciplined growth. We see value and opportunity in three customer segments in particular: youth; families; and affluent. We are already well positioned in the youth market, where we are building on the success of our NatWest Rooster Money app. This

teaches children how to manage money with live tracking of transactions and a prepaid debit card available from the age of six upwards.

(Video Clip Plays)

Since we acquired Rooster Money in 2021, we have grown its customer base 15 times to well over half a million. And we are building our share in the youth market with a broad offering including: Young Saver accounts, which any NatWest current account holder can open for a child under the age of 16; Adapt accounts for 11 to 17 year olds; Junior ISA accounts, where you can invest in one of five funds; and student accounts, where we have a 21% flow share.

Our focus on families is an extension of our approach to the youth market. We bank one in three families in the UK, and we want to deepen our levels of engagement. We want to be there at all the key moments in our customers' lives, from opening a first bank account, to buying a home, to saving for retirement, or investing for the future. We also want to build on the connections within families and households. So we're designing propositions that are not just for one individual, but based on how people connect together.

For example, we know there's a demand from families and couples for financial planning. And we are also helping homebuyers through our Family-Backed Mortgage, which you'll hear more about later from Barry. We're seeing parents help their children with this, and we're also seeing siblings and friends helping each other get a foot on the property ladder. We know that joint accounts create more value, both for our customers, who stay with us longer, and for us. And we know that young customers are likely to remain with us, with youth retention rates of 97%. So you can see, we're looking at the family as a whole, in all its shapes and sizes.

In addition to youth and families, we see a clear opportunity to grow in the affluent segment. We have around 1.2 million affluent customers in the Retail Bank, yet just half a million use our Premier proposition. In order to better focus on this segment, we have moved responsibility for our Premier customers from Private Banking & Wealth Management to the Retail Bank under a new Managing Director. Our aim is to grow our Premier customer base to 1 million.

It's very clear that we have some really good propositions, which we are now tailoring better for Premier customers. For example, most of our affluent customers do not join the bank as Premier customers, so we're making that process easier. We also know that our Premier customers love our Black Reward account, but at the moment they can't apply for it directly, they have to upgrade from another account. So, we're improving that journey too. And we're reviewing the benefits offered to Premier customers, including preferential saving rates and lending limits. This is a competitive market but we have some key advantages, which I'll talk about more later. I hope this gives you a real sense of how we're looking at Wealth through the lens of the customer and organising our business around them.

The second way in which we plan to grow is by broadening and personalising our propositions. We already have a strong track record of profitable growth across the products you can see here. Yet, if you consider our share of current accounts at 16.4%, we clearly have scope to grow in other areas whilst remaining disciplined about returns. In savings, for example, we aim to grow by broadening our offering. To increase assets under management we plan to treble the number of retail customers that invest with us.

And whilst we have grown our card business significantly over the past four years, we still see an opportunity to extend our customer base. Where we participate in the personal loan market, our share is over 19%. We do not currently offer Point-of-Sale lending, which we see as an opportunity, and we are not in Motor Finance. We also

want to increase our share in mortgages, where we've invested in a scalable platform, enabling us to grow with minimal incremental cost. You'll hear more about this from Barry.

So let me start with our core banking products – current accounts and savings – which we see as key to building deeper relationships across our franchise. As I said, our share of the current account market is 16%. These are valuable relationships, as around 70% of current account holders have two or more products with us. And current accounts contribute one third of our deposits. We offer a broad range of accounts, tailored to each segment of the market we serve. Whether it's children, students, graduates, everyday accounts for adults, as well as fee paying accounts with benefits, which account for 30% of the total.

More recently, we've also launched travel accounts, which allow customers to open a linked account for euros and dollars. So they can pay using the existing debit card in these currencies without paying transaction fees. These two currencies meet around 80% of our customers' need for foreign exchange.

By comparison, we have a lower share of savings. So we are developing our proposition to attract more customers. As part of the Sainsbury's acquisition, we took on limited withdrawal accounts. So we're now extending this to our own customers. We're also reviewing our range of term savings so we can give customers more flexibility. This includes preferential rates for Premier customers. And we're providing savings accounts to a broader range of customers, for example, through NatWest Boxed, which provides embedded finance solutions for other companies. In addition, we want to increase the number of customers using our app, giving them more features and greater personalisation to help them manage their money with us more easily.

Turning now to investments. We see an opportunity here to attract more customers in both the affluent segment and more broadly. As I said earlier, we have customers who are eligible for Premier banking who are not Premier customers. We're putting more Premier advisors in branches to increase referrals and the investment penetration of our broader retail customer is low. Yet we have some clear differentiators. We benefit from our relationship with Private Banking & Wealth Management, which acts as a centre of excellence for investment products and financial advice. We already have a ready-made digital investment proposition through NatWest Invest, and we employ around 400 relationship managers, financial planners and investment advisors.

Lewis Richardson is a boxer who won a medal at the 2024 Paris Olympic Games last summer. He turned professional this year and is one of our Premier customers receiving advice on investments and savings.

(Video Clip Plays)

As you just saw, investments is an area where we can really play to our strengths. By combining the best of our technology with the expertise of our people. NatWest Invest currently offers five funds with varying risk-return profiles. These are easy to access online, but we are also increasing functionality and visibility on the app. And we are broadening the investment proposition.

We're also well positioned to take advantage of the FCA's Advised Guidance Boundary Review. Over 90% of adults receive no financial advice. This review opens up the opportunity to provide them with guidance depending on their needs. We have all the expertise to support affluent customers in person with a full range of financial planning. We also offer tailored advice on investments in person. In addition, we recently launched an online investment advice service to make it easier for customers to decide to invest. For a fee of £200, they can meet virtually with one of our wealth managers to discuss which NatWest Invest fund would be the most suitable for them. This has been well

received since we launched it earlier this year. So we are scaling it to make it available to more of our customers. So, we are well placed to treble the number of retail customers who invest with us.

Moving on now to lending. Our focus is on growing unsecured lending, both in cards and personal loans, all within our existing risk appetite. You have already seen us increase our share of cards from 6% in 2021 to 11% today. In that time, card balances have grown four times more than the market to 8.4 billion. This includes both organic and inorganic growth. We extended our credit card proposition from NatWest customers to the whole of market in 2023, which has increased the number of card customers we serve by over 700,000. We also added 1 billion of balances from the Sainsbury's transaction this year, growing our share by 1%. And for those who do not have an established credit history, we recently launched a new credit builder card to help them improve their score.

Following our successful launch of cards to the whole market, we also extended personal loans to the whole market. Gross new lending has grown 12% this year as a result. In addition, we added 1.4 billion of unsecured lending balances as a result of the Sainsbury's transaction and now have a share of 19%. Yet, there is more we can do to grow on secure lending. By expanding our coverage of comparison websites, our coverage for loans is just 40% compared to 95% for cards. By extending loans to new customers through channels such as NatWest Boxed and by launching new propositions such as point of sale lending, a small market that is growing in double digits each year.

The fourth area where we are broadening our proposition is mortgages. So I'll hand over now to Barry Connolly, who leads our business. Over to you, Barry.

Barry Connolly:

Thank you Solange, and good afternoon everyone. I'm delighted to have this opportunity to share some deeper insights into our mortgage business. And I'd like to cover three things today. First, I want to share with you the drivers of our success so far. Second, I'll outline the areas where we are driving additional growth. And third, I'll cover how we are transforming our capabilities to compete in what is a very dynamic and competitive marketplace.

Let me start by setting the context. This is a business we've grown successfully over the last seven years to become the third largest mortgage provider in the UK, with a stock share of 12.6% at Group level, of which 11.9% is in Retail and a Retail balance sheet of £200 billion.

You can see that we've delivered steady, profitable growth over the years with strong returns, and we've done so with a persistently low cost of risk. Our book is almost entirely owner occupied with just 7.5% buy to let. Around 65% of our mortgages are taken up through brokers, around 10% through our own advisors and the remainder through digital applications online.

So how have we achieved this success to date? There are three key drivers. Firstly, we have a strong reputation and capability in the key intermediary market. We have broad coverage through 25,000 brokers and a well invested digital platform driving both speed and certainty for customers. The time to make an offer has improved 30% since 2024 as a result of this investment. So we're seen as highly collaborative in building digital journeys that save time for brokers and for customers and highly responsive when issues need to be resolved. This is evidenced in our awards, which includes being recognised this month as a five-star mortgage provider at the FT Adviser Service Awards. In a market where price is pretty competitive, this focus on service to reduce client and broker stress really matters.

Second, in our organic business, which is the flow from our own NatWest customers, we combined the very best of digital and human support. We have around 250 advisers available either via video or in person, and we've developed a digital self-service proposition, which we believe is the best in the market. Digital self-service, where customers are comfortable to make the application themselves, is a small but growing market. We have a flow share in new business of more than 25%. And it offers clear benefits. For example, for some customers, we are able to offer a mortgage digitally the next working day.

Third, we have successfully acquired and integrated two tranches of mortgages totalling over £5 billion from Metro Bank, demonstrating our ability to grow inorganically when the opportunity arises. We are proud of this growth, and of our low cost of risk, which reflects the quality of our credit risk framework and our focus on good customer outcomes.

We are also proud of our progress on digitalising our customer journeys, making our business scalable. We know that we can operate at a flow share of up to 18%, well above our current market share, with virtually no additional operating costs. And our integration capabilities are almost entirely automated, meaning we can add acquired portfolios again at very low marginal cost.

We intend to keep driving steady growth with good returns in those areas where we are already successful, and we are executing plans for additional growth across three areas. By broadening the range of customer needs we meet with new propositions, expanding the ways customers can start their journey with us, and innovating to capture more opportunity in a rapidly changing marketplace.

So let's start with broadening our offering, and we plan to do this in three ways. We are doing more to support first-time buyers. In April this year we launched our first Family-Backed Mortgage, as Solange mentioned earlier. This helps first-time buyers get on the property ladder by enabling them to add a second person to their mortgage while retaining independent ownership. It's been well received, and we've had 1,800 applications year-to-date. But our customer research shows that 9 out of 10 parents and young adults are not aware of this pathway to home ownership. So we have invested in a high-visibility TV and social media campaign, which I'm delighted to give you a flavour of now.

(Video Clip Plays)

In addition to Family-Backed Mortgages, we've also launched Shared Ownership Mortgages this month, allowing customers to borrow and buy a share of their home, which they can add to over time, whilst paying rent on the proportion they don't own. In 2025, we've helped 44,000 first-time buyers, 50% more than in 2024, and grown our market share from 10% to 12%. And we aim to sustain this higher level of lending to first-time buyers with a £10 billion commitment in 2026.

Second is buy-to-let, where retail banking has traditionally competed in just 65% of the market. With rental properties accounting for 20% of the UK housing stock, this is - and will remain - an important sector for customers. So earlier this year, we agreed a collaboration with buy-to-let specialists Landbay, who originate and manage buy-to-let mortgages for institutional partners. Through our forward flow arrangement with them, we are now in 75% of the market, accessing the growth in buy-to-let lending to limited companies. This is focused on standard buy-to-let properties at this stage. And third, we're creating additional capacity for borrowers, reflecting how regulation has evolved, by increasing loan-to-value limits on new-build properties from 85% to 90% for flats and up to 95% for houses. And by introducing more appropriate stress rates, while still leaving plenty of headroom for customers.

Now, let's take a look at how customers start their journey with us. We are very focused on meeting customers as early in their research as possible when they buy a new home. So we're engaging with them on sites where they search for mortgages, with coverage across all of the UK's key aggregators. We have developed our digital platform capability to make our journeys plug and play for these platforms. And we're now introducing additional support in these journeys for customers who need it, via a live chat support function. Most of those who currently opt to make a digital application are existing NatWest customers, who want to save time and money, and are confident enough to move to a new deal online. And as I mentioned, we expect more people to use this option, as enhanced digitisation makes the journey easier.

So let's turn now to other areas of innovation. We operate in a really dynamic market, so we've been preparing to take advantage of the opportunities this presents. The first is new regulation. The FCA's Advice Guidance Boundary Review is likely to enable additional support for customers before they hit the threshold for full advice. Just as Solange talked about an online advice model for investments, we'll be able to offer a hybrid advice model for mortgages. So we're transforming how our digital assistant Cora works in conjunction with our colleagues to give customers the support they need to complete an application online. Saving time and cost for both them and for us. As technology evolves, we expect an increasing number of customers with straightforward needs to apply themselves. Most likely with the help of Cora, rather than an advisor.

Second, we are focused on unlocking the power of data to give customers increased speed and certainty at the stage of approval. The majority of our customers have to provide payslips to prove their income. But we are increasingly using direct access to current account data for customers, to make the approval process easier. For those with a steady income and a property which has a reliable automated valuation, directly accessing current account data enables us to make an almost instant approval. And finally, we are looking beyond simply approving a mortgage to a completion process that is fully digitised, including conveyancing and settlement.

We know that buying a new home is a huge cause of stress because of delays and uncertainty. So we've been looking at best practise. The average time it takes to complete a house sale in the UK is over 100 days, whereas in Australia it's just 35. That's why we are collaborating with a number of partners, including PEXA, a digital property business who are market leaders in conveyancing and settlement in the Australian market. PEXA's platform connects lenders and conveyancers, enabling seamless registration of properties with the land registry and automated financial settlement. This means no NatWest customer will have to sit outside their new home on moving-in day, waiting for funds to clear. The entire process will be faster, safer and more predictable. That's one of the reasons we expect more customers to stay with us.

In short, we are reimagining how the power of digital platforms and AI can make home buying more joyful and less stressful. And before I hand back to Solange, this short video demonstrates the customer experience we are building towards.

(Video Clip Plays)

Solange:

Thank you Barry. As you've just heard, we are boosting our organic growth by collaborating with other organisations. This includes the businesses Barry mentioned, such as buy-to-let specialist, Landbay and PEXA. We are also partnering with Sainsbury's to provide their customers with access to financial services, including loans, savings and cards. In addition, we are building fruitful collaborations through NatWest Boxed, providing companies like the Saga and the AA with embedded finance. The AA and Saga alone enable us to expand our reach to up to 24 million customers. The scale and technology of our business make us an attractive partner for all these organisations.

You've also seen how we've been able to add greater scale and new customers through a series of acquisitions, including Rooster Money, Sainsbury's and Metro Bank. We will continue to consider acquisitions, but only if they meet high hurdles. And all these initiatives share one thing in common: they enable us to access new customers and expand our reach with marginal additional operating costs.

This leads me to our second strategic priority of simplification. You can see here how we have already improved our operating leverage over the past four years by reducing our cost-income ratio and serving more customers with minimal additional costs. By increasing our operating leverage, we're able to create capacity to reinvest in the business to accelerate our transformation.

Over time, I expect to improve the cost-income ratio to below 40% as we continue to improve the digital customer experience, streamline our data and technology and accelerate our use of AI. Again, I'll talk about each driver in turn, starting with customer experience.

Over 80% of our customers do all their banking online or via their mobile. So we now have 325 million digital customer interactions a month, with around 3 million that are not digital. Calls to our call centres have reduced by around a third over the past four years, and there are over 20% fewer branch visits. Whilst the use of our digital assistant Cora has increased by around 60%.

We've made large investments digitising the journeys that customers use most frequently, such as opening an account or applying for a credit card or loan. These sell processes are now digitised end-to-end, including automated credit decisions. So almost all of our customers now serve themselves on these journeys. We now plan to digitise journeys that are used less often so that we can give customers more choice. For example, we're starting work on allowing power of attorney and bereavements to be registered digitally. And we do not yet have end-to-end straight-through processing for more complex mortgages.

We're also investing to meet customers' changing expectations in other ways. You've heard us talk about our digital assistant Cora since its launch in 2017. Last year, we launched an enhanced version which uses Generative AI to provide a more intuitive conversational experience. For example, previously, when a customer asked Cora about a mortgage product, they would get a link to a general page where they had to research and scroll through different options. Now, Cora can understand the nuances of queries to provide a more accurate and personalised response. Some customer journeys on Cora currently use AI, and as a result, the number of interactions solved without any human intervention has increased.

So we're now in the process of transitioning the remaining journeys so that Cora becomes a fully smart digital assistant powered entirely by AI. And we also want to make sure that we connect customer experience across our physical and our digital channels. So, for example, if someone takes part in a financial health check, in a branch or on a video call, the outcome and any follow-up should be available in the app, creating a seamless experience for customers, however they choose to engage with us.

But none of this could happen without having a secure, resilient platform. And we have made great progress simplifying and modernising our estate. We have replaced four online banking platforms, one for each brand, with a single online banking platform. We've reduced the number of telephony systems from 20 to 2. And we replaced our mortgage platform last year, which connects via API to 25,000 brokers. This allows us to update pricing in two days rather than 10.

We have also transferred around 50% of our group technology to the cloud. All this means we have been able to increase the speed of deploying new features and services from several weeks to around seven days.

Over the past four years, we have also aggregated all of our customer data onto one platform. Earlier this year, the group announced a collaboration with Amazon Web Services and Accenture to accelerate our data, analytics and AI capabilities. This collaboration will give us a single view of each customer's relationship across the entire bank, as well as the tools to analyse data and enrich our customer insights.

We continue to enhance our core banking platform by building more modular functionality so that everything can be done much faster with far greater agility. And we aim to accelerate the deployment of new propositions and features further.

We are also accelerating our use of AI. All of our colleagues now use AI to reduce routine admin and free themselves up to spend more time with customers. For example, we save over 60,000 hours a year by using AI to summarise calls. We also have over 8,000 software engineers across the group accessing AI systems to generate code. In addition to using large language models, we are also developing small language models using our own data to deliver specialised agentic capabilities, which we can then deploy to meet customer needs better. And we continue to be thoughtful in our approach as we drive a responsible and ethical adoption of AI across the bank. This includes the prevention of fraud, where AI has a critical role to play.

We perform above our peer group on fraud prevention with a leading position in the UK's Payment Systems Regulator's league tables. Our customers recognise this and give us a high Net Promoter Score on fraud of 60. The number of calls we receive about potential scams has halved since 2021. You can see on the slide, we have also launched a new feature in the app to help prevent fraud. We believe our ability to send fraud alerts securely within the app - like the ones you can see here - will help increase customer rates. You can see how much easier it is for customers to verify transactions via the app than via a phone call or a text. And now they can now manage subscriptions to on the app, they can also see more easily what they've signed up for. In addition, we are innovating by working with OpenAI to automate the diagnosis, investigation and resolution of fraud.

So our continued investment in simplification is essential to maintain a secure and trusted platform, as well to enhance customer experience and increase operating leverage.

Let me move now to capital and risk management. I see great potential for the Retail Bank to recycle capital using the same capabilities as Commercial & Institutional, to increase our balance sheet velocity and support capital generation for the group. We currently have 60 billion of Credit Risk Weighted Assets, 40 billion of which are mortgages. The risk rating of mortgages has increased significantly as a result of regulation, so we increasingly focus on managing these assets efficiently.

I'm very pleased to announce that we have just completed a 2 billion mortgage securitisation, which has helped us both to recycle capital and manage risk by removing Stage 2 and Stage 3 loans from our balance sheet. This has created capacity for new lending at an attractive cost of capital. And as I think about the balance sheet, there's also scope to use our data and technology to be more dynamic in our pricing and responsive to market conditions.

You can see the strength of our balance sheet and risk management on this slide. Looking at assets, we have a prime lending book, 92% of which is secured. Our mortgage book has a low average loan to value of 56%, almost all of which is fixed rate.

We have very low levels of impairment in both our mortgage and unsecured book, and we believe our low cost of risk gives us a competitive advantage.

Turning to liabilities, we have a stable deposit mix with around two thirds interest bearing and one third non-interest bearing. And as you know, we are carefully balancing volume with the value of deposits for both customer relationships and group liquidity value. We've been able to increase our Loan to Deposit ratio to 110% over the past four years, and as we benefit from the Group's strong liquidity, we're able to continue growing our share in lending.

So, I hope today has given you further insight into how we are combining the strength of our technology with that of our people to deliver for our customers and our business. We start from a strong position with a proven ability to grow and deliver attractive returns. We see a clear opportunity to grow further by focussing on valuable customer segments and broadening our propositions to increase share and income. We are investing in simplification to enhance customer experience and reduce our cost-income ratio to below 40%. And we are actively managing capital and pricing in order to drive sustainable returns.

Thank you very much. And with that, I'll hand it back over to Claire for Q&A.

Claire: Thanks, Solange. And so we now have Stuart and Scott joining Solange and Barry for the Q&A. So I think we'll have our first question from Ben.

Ben C-R: Good afternoon. Ben Caven-Roberts from Goldman Sachs. Thanks very much for the presentation. Two questions for me, please. First on deposits and second on revenues overall. So, on the deposit piece, could you just talk a bit about how you see competition evolving over the next few years and what role you think technology has to play within that from an industry perspective, particularly say tokenised deposits as one example.

And then on the revenue piece, could you just talk about how you see the hierarchy of the revenue opportunity, particularly if you're comparing some of those greater market share opportunities you spoke about and how you'd compare that, say, with some of the cross-selling opportunity, particularly around investments. Thank you.

Claire: Thank you, Ben. So, Solange, why don't you take the revenue opportunities and maybe start us off deposit, but maybe Scott, you can come in a bit on the technology side.

Solange: Thank you very much for the questions, Ben. So, I think on revenues, clearly, as you saw on the slide, we have room to grow in a number of areas. And that's quite deliberate. I think it's important that we are able to be dynamic and agile, but there's clearly room to grow in a number of areas. Clearly, some of those markets are much bigger than others. So, you know, a percentage share increase in mortgages is obviously going to translate differently into revenues than it would do on investment or on unsecured.

And the other thing I would say is we're also looking at it, as I said, from a customer perspective. So we think about it both ways. And we do think around the Premier area and focussing more on there, like on families. That will help drive income across not just one product, but several. So we feel confident that we can drive both that share and income. But we will remain disciplined, which, again, it's why as the cycle moves, you

get different dynamics of margins on the assets and the liabilities. We think we can grow profitably on both sides. We will continue to be flexible.

So I think what you're seeing here really is focussing on customers, broadening so we can have a bigger addressable market. So we're not just growing share in the specific products within those areas, but we're broadening the waterfront. So I feel very comfortable.

On deposits, it is a competitive market in the UK. I think the UK has always been a competitive market, and I believe it will continue to be. And we've thought about it really from the customer perspective. So I think when we think about current accounts and instant access, more and more customers don't really differentiate between what's the app, what's the product. This is things we worry about. And so I'm very confident that as we've released more and more features, many of them really on the money management side. If you think about the spending or budgeting pots of virtual cards and subscription management, that's really driving engagement, and we can see customers responding very well and using those features.

We are broadening on savings where we clearly have an opportunity, and it's been a busy market for savings this year. I think there's a lot more awareness from customers. And we see from the discussions we have actually, it's an area where our financial health check, whether it's for Premier or Retail customers, even with more sophisticated customers. I think the level of understanding on some of those products, as you saw from the video, is limited. But in terms of technology more broadly, Scott, I know you and I have discussed this.

Scott Marcar:

Yeah, I would say, I think it's a great question. Firstly, I think there's really three areas where we think technology is going to play a major part in the growth story. The first is, and you saw this in some of the videos and some of the sessions already, is around customer engagement. The rate at which technology is evolving, and particularly has evolved in the last year, has been nothing short of profound. And we are seeing major advances across a number of technology elements. Everything from evolution of devices, you're seeing wearables, you're seeing the impact of glasses. You can see a more immersive experience for customer engagement more generally. We need to be part of that, and we see those channels absolutely evolving.

You saw, again, I would say, if I pick on the mortgage video, I think what you saw there is, again, the customer engagement really changing when you can actually have a really personal relationship with the bank. As we see Cora evolve from just being a primitive chatbot to one that's more immersive with GPT, to now one which is actually talking to you and responding. And then ultimately, you're seeing the avatars and the next stage of evolution. So, I see a real fundamental shift in customer engagement that will drive, we think, a growth story along the way as customers have a more personal relationship with the bank.

The second is around capability. And you saw a number of new capabilities in there, the things that just haven't been possible before, before some of the advances we've seen in AI. The ability, as you saw in the mortgage video, to be able to go and book your viewing appointment or book your removal. Having agents that can do things for you, again, is a capability that hasn't existed before and has required many of the advances in agents and agentic technology to make that real. And that's really coming and coming at pace. And we're seeing a lot of the investments in the big technology companies.

And I would put the discussion around tokenisation of deposits and other things in that kind of new capabilities. And for sure, we think that's going to happen. We're putting

some money behind that. We are absolutely preparing to support the model as that evolves going forward. So, I think capability is the second.

And the third one is really around efficiency of our people. So, there's a lot of opportunities, we think, to actually create more time for our Relationship Managers, for our Premier bankers, to actually free up their time, provide them with more information to be able to service our customers better. Which then ultimately will enable them to do their jobs better and provide better service to the customers. We think really three key areas. And there's lots of examples we can go into around each of those. But three key areas where we think technology is going to have a major impact on driving the growth agenda forward.

Claire: Thank you, Scott. Ben, we'll come to you.

Ben T: Afternoon, Ben Toms from RBC. Thanks for taking my questions and for the session. Two on mortgages, please. Your current market share of mortgages is around 13%, I think. And you've talked about wanting to increase market share. But I think you also talked about capacity constraints around flow share at 18%. Maybe you can just talk a little bit about what happens as you approach that 18% level. Is it a case of having to invest in technology or is it a case of just hiring more people?

And then, secondly, in relation to the ROEs you gave on the mortgages, currently at 15%. Historically, you've done more like a 20% kind of number. To what extent do you expect to close that gap? And do you have any appetite to lean into risk in the mortgage segment? Thanks.

Claire: Perfect. So, Barry, shall we start with you maybe? Stuart, I guess you can help us with the returns as well. But I thought it was an interesting perspective on the 18%.

Barry: No problem. Well, we'll start with our capacity for growth, first of all. I think, as you said, we're at 12.6% overall as a group, 11.9% in retail. And it's important to bear in mind that we've managed to achieve that while we haven't been participating in the whole market at that stage as well. There were still areas of the market we weren't participating in. So, we're well used to, in the markets we are in, working above our natural market share. The 18% represents where we have got to as a result of the digitisation to date. And at 18%, we're still delivering really, really fast decisions for customers and dealing with resolving issues as we go with absolutely no problems.

We have further plans to develop our technology. So, it's a never-ending, relentless digitisation of the journeys. And I think, as Solange mentioned, for example, while we've got a lot of our very simple mortgage journeys relatively straight through, the degrees of complexity that you experience in a mortgage journey mean we have to continue to chip away at that. So, we expect our capacity to continue to grow. What matters for us today is when the conditions are correct, and we have the opportunity, we're able to punch well above our weight, and we take every opportunity to do that. That said, margin conditions are pretty tight, so there are moments where that's not the case. And maybe, Stuart, you want to talk to the margin piece a little bit?

Stuart Nimmo: Yeah, absolutely. Thanks for the question, Ben. And I might come back to you on that broadening in terms of risk appetite as well. So, yes, 15% return on the book at this

point in the cycle. We give you good disclosure on our mortgage balances and income alongside our quarterly results. So, you can see that that's also about a 70 basis point margin on the book at this point in the cycle as well.

We have come from over 20%. I would emphasise the 'over' from 2021. Clearly, there's been a couple of really key dynamics that have been at play since then. The first thing would be the risk intensity on the book. We've shown you that it increased significantly from 2021. That measure we gave you back then actually included a view of that increase. But clearly that's been a journey we've been on. And the other really key dynamic has been mortgage margins tightening as the interest rate cycle has worked its way through. Now our income and NIM overall as a business has increased, but mortgage margins have become a bit tighter.

As Barry just alluded to, right now, we're writing a little bit below that 70 basis point level. But we're very thoughtful about our pricing decisions and our returns. We look at an all-in product return and margin. And that includes things like procurement fees paid to brokers if it's intermediary channel. And we don't include any cross-subsidisation in those calculations from, for example, deposits where income and margins are wider at the moment. We focus on in-deal return on equity when we make our pricing decisions. But we also consider a lifetime lens, so we take account of retention on a book, which is at good levels and at positive economics for us.

Barry's outlined our digital share in terms of... and the quality of our digital journey. So we're happy that margins have stabilised around a level that's above cost of equity for us. So we've grown the book £5 billion year to date and as Barry's outlined, there's areas we can expand into. Do you want to pick up the risk appetite point?

Barry:

Yeah, the risk also. While we're broadening into new areas, it's important to recognise they are areas we really understand. So when it looks like you move into an area, such as the Family-Backed Mortgage, what we know from our data is that that behaves very similar to a joint mortgage that we do in the core book. And that's as you would expect. There's two parties on the mortgage, the only difference being there's one person on the title deed. And similarly, in our buy-to-let expansion, customers are solving their investment in buy-to-let a different way because of tax reasons. So we're just seeing more customers start their buy-to-let portfolios as limited companies, whereas previously they started them as individuals. But the underlying asset and the behaviour is very similar. So again, where we are expanding, we're very thoughtful and data-led in understanding how that's likely to perform from a cost of risk perspective as well. Does that help?

Claire:

Come to you, Chris.

Chris Cant:

Good afternoon, it's Chris Cant from Autonomous. Thanks for the session. I think last time we had a PBB seminar, we ended up spending quite a lot of time talking about the 15% ROE on mortgages as well. So I wanted to ask one on that too, just to keep up tradition. You talked about the mortgage platform having a lot more capacity for flow. But I think you said, I can't remember whether you said minimal or de minimis or something like that, marginal cost. So when you're thinking about product ROEs, what maths are you actually doing there in terms of cost allocation? Because I think it's a question that quite a lot of us in the room get periodically. I always think it's a bit like, how long is a piece of string? But what maths are you doing when you're thinking about

marginal product ROEs when your systems and more straight-through processing mean marginal cost is so low?

And then on professional buy-to-let, I understand the move and given the answer to the last question. But in terms of partnering, we've seen some of your UK peers seek an acquisition to buy in a capability in the professional buy-to-let space. So with Landbay, are we looking at that as sort of dipping a toe into that segment or is that something you see as a long-term model in terms of forward flow arrangements? Do you not want to bring that capacity in-house or capability in-house at some point? Thank you.

Claire: Perfect. So Barry, should we start with you a bit on the forward flow arrangement and then we can maybe broaden it out with Solange and maybe Stuart, you'll take the cost allocation, the ROE calc.

Barry: Certainly. I mean, just to think about how we've approached growth, we're looking to constantly develop a range of options for customers and trying to do those all at once from a technology perspective, even though we are becoming a lot more agile, still requires us to kind of sequence how we approach those. And what we've decided to do is to build out our capability around Shared Ownership and Family-Backed Mortgage first, but we didn't want to wait to learn about this limited company buy-to-let market. We felt it was an area our customers needed our support on and that we wanted to get into and learn about as quickly as possible. So at this stage, we're in learning mode while also generating value for customers and for ourselves with Landbay. And we're keeping our options open as we learn about that market and kind of ally it with what we already know from what was still a reasonably significant buy-to-let business that we'd already built ourselves.

So we're keeping all options open, I would say, in terms of how we develop into that market. But at all times, we're trying to sequence exactly where we apply our technology for greatest value as we expand our proposition.

Solange: I was going to say just on inorganic. So, what we've presented today, including all the ambition, that is purely organic. We will continue to deliver attractive returns. As you might expect me to say, to do anything inorganic, the bar would have to be very high and ensure that we provide compelling shareholder value. We've talked a little bit about today, about how we've used different partnerships. We're playing on multiple fronts with different partnerships and collaborations. We'll remain agile. And as Barry said, we remain open.

If there are opportunities, and obviously we look at opportunities to accelerate the strategy we've outlined in the plan, whether it's by adding capabilities of scale, we will look at it. We will look at it against alternative uses of capital, both within the Retail Bank, but also with Paul and Katie at Group level. So I think we're very pleased with what we've learned so far, how we're able to be in more of the market, help more customers, and we'll keep things under review as we evolve the plans.

Stuart: Perhaps on the maths of the 15%, I'll perhaps start at the portfolio level and then explain a little bit around how we make the marginal decisions. So, the 15% that we've given you today is all-in. It's got all of Barry's cost base, if I put it like that, and also our technology cost base allocated to the business and other operational costs in there. You know from our regular reporting what the margin on the book is. The cost of risk, as

we've outlined today, is very low over the last four years, and you know the risk density on the book. So you can, from that, estimate what the fully loaded cost-income ratio is on the business, and it's relatively low – lower than the franchise overall, which I guess you would expect.

In terms of making pricing decisions, we consider both marginal and fully loaded cost allocations. As I've said earlier, it's an all-in view of the product, so that includes the margin. We take a small liquidity premium charge for tying up funds across the life of the mortgage. We apply the marginal cost you would expect, so that might be an adviser cost if it's an organic mortgage through the advised channel. It might be a broker 37-ish basis point procurement fee [*this fee is spread over the life of the mortgage which equates to around 10bps annually on average within our quoted margins*], and then we apply cost of risk and other costs such as the application of additional tier 1 capital costs into the profitability calculation. So it's a full marginal calculation. Hopefully that helps.

Solange: And just for all the products we've talked about today, we're very disciplined in looking at the return just on a product basis, and we've talked just now about how we do that for mortgages. And then obviously we then also take a lens at a portfolio basis, so we try to manage both.

Claire: Thank you. We will come to this side of the room. James.

James Invine: It's James Invine here from Rothschild & Co Redburn. Two questions, please. The first is you talked about more aggregators, originating mortgages through the AA and so on. Is there any difference in the economics of those mortgages versus the more traditional intermediaries? And then the second question is just about branches. So we've heard a lot today about digital. So what are your plans for the branch network? I think you've got around 400 at the moment. What do you expect that number to be in, say, three years, please? Thank you.

Claire: Perfect. Passing them both to you, Solange.

Solange: That's fine. So just to clarify, with the AA, we are doing loans and deposits, we're not doing mortgages. So, look, the economics can vary by channels, but we apply the same discipline. We have arrangement with our partners, but we think it's important for us to give us reach to different types of customers, but really also understanding those customer behaviours as they evolve. So I think we're pleased with that, but NatWest Boxed does not look at mortgages. And I think, Barry, what you talked about is more how do you capture the flow and engage with customers as early on as possible in the process.

In terms of branches, so since I started in July, I think I've made my way around to about 35 branches, including a few hubs and even a trip on one of our mobile vans in Scotland. And it's been fascinating to really hear and see firsthand our customers use them and hear from colleagues how that has evolved over time. It's made it clear to me that they are valuable. We need to show up in the right places and show up in the right way. And we're definitely evolving and experimenting in a number of ways about how

we use the space for Retail customers, but also for Business Banking, for example, or for Emma Crystal's customers in Private Bank & Wealth Management.

We've talked a little bit about – we host a lot of financial foundations workshop – which means that we offer education and other services to the employees of Robert's Commercial clients. And often on the back of that, we see more engagement and more needs, so that's been a successful one. Having more Premier relationship managers, actually, and being able to hand off customers to the right person at the right time has helped drive referrals. So we definitely see value. And now that our channels are all in a great place, like you've seen with the app, we really want to connect them more. Because what we're learning is you may have a customer that never walks into a branch and then one day, three years on, they do. And we know where we'd like to be yet in terms of that seamless engagement. But I think it's important, and we'll continue to reimagine, like we've done for many years, how we use those important connections with the local community that we have.

Claire: Thank you, Solange. We'll go to Guy.

Guy Stebbings: Thank you. It's Guy Stebbings at BNP Paribas. The first question was around the competitive dynamics in the mortgage market. I'm mindful that, at the moment, Q4 and then into next year, we're in a period at an industry level where there's some quite high-spread five-year fixed mortgages that are maturing. Normally, one maybe would expect that new business spreads would sort of rise to compensate for that. We're not seeing it at the moment. If anything, we're seeing slightly the opposite. Just wondering how you're thinking about that. There's a bit of a narrative out there that maybe this is a partial giveback from the structural hedge tailwinds, which would seem natural, but just interested to get your views around that.

And then the second question was around the retention of youth customers to adults. I think it was 97%, which seems very, very high and impressive. I'm just intrigued as to...I don't know if you have the data on it, but how much of that would be still primary banking customers, whether you have that level of insight? Thank you.

Claire: Thanks, Guy. So, Stuart, should we come to you first on mortgage margins and then Solange on the youth?

Stuart: Yeah, absolutely. So, firstly, on the mortgage margin and the rollover of five-year business from 2021. Yes, that is a feature we expect to play through the book over the next few quarters through 2026. In terms of seeing that as a giveback of the structural hedge, as I described earlier, we're very thoughtful and focused on how we make our pricing decisions. So, where we write the new business at, the retained business at, we'll apply that rigour to. What I would say is that business rolling off, particularly a five-year mortgage, has been paying down for five years, so it typically comes in at much lower LTV and the risk models are very sensitive to that and therefore the risk weight against those mortgages will be lower and the economics and the return on that business is more favourable, as I described earlier, in terms of retention of the business.

So, I wouldn't think about it as a giveaway of the structural hedge, but I suppose if we were to think about it technically, the dynamic that is happening is we are reinvesting the structural hedge month-in, month-out into five-year money and some of that hedge is internalised, as you'll know, from our accounts, so you could think of it as a repricing

to higher customer rates than certainly the customer was on back in 2021 and that being analogous to the rollover of the structural hedge.

Solange:

So, on youth, we're very pleased with that business. We're pleased with having grown our flow share of students. I think it's almost just over double over the last four years and we've had a very successful campaign this year.

I think the retention more broadly for youth is high. We've looked into the number of 97% and it is testament to the functionality that we've built and how customers evolve with us. Clearly, now in the UK, it's much more common for people to have more than one bank account, but I think, again, there's a lot we've learnt over the years from some of the competition and when I look at the features and the functionality and the personalisation that's starting to come through, I think it's given a reason for customers to stay with us, but we clearly, it's something we think about a lot, we are very active, which is why we really do have that focus across the whole age range and we see more broadly than from students to graduates or adults, we see now more customers being there at Rooster and going on to adapt as they get older and then staying with an account with us.

The other thing we're saying is, more broadly than just the current account, is we've seen a lot more interest, for example, from some of the Rooster customers into Junior ISAs, so I think we're really broadening how we think about the youth sector because we're designing for two customers, we're designing for the kid but also for the parent who are making the decision, so I think there's more we can do there, very pleased with the progress and we'll continue to stay as ahead of it as we can.

Claire:

Great, thank you. Sheel.

Sheel:

Two questions, please. Sheel Shah, JPMorgan. First, personal loans, you've got an 18% market share. You're speaking about growing this market share. Where do you think that could go towards? This is clearly an area where you are overweight relative to the deposit business.

And then secondly, you talk about capital efficiency and capital velocity. It's a topic we often hear about on the wholesale side rather than the retail side, so I'm interested as to what you're thinking about doing in this area. I can see data quality, for example. Where are the data inefficiencies in the retail business?

And then just on the securitisation. You've done it on the stage two, stage three balances. This is a relatively low risk book on the mortgage side. We're not going to see a build up on Stage 3 balances. Is there an economic benefit on doing on the Stage 1 balances? Thanks.

Claire:

Great, thanks, Sheel. Solange, do you want to talk maybe about our unsecured market share ambitions, maybe a bit on Point-of-Sale as well as the personal loans, and then moving on to the securitisation and opportunity. Maybe, Stuart, do you want to take that one?

Solange:

Thank you very much. Personal loans, we're actually at 19% market share now following some of the book we acquired from Sainsbury's. I think two areas there where

we can see further potential. One is coverage of aggregators. And I think what you can see is a journey we've been on cards. We're replicating and learning on loans. We're on 40% of aggregators. On cards, we're at 95%. So we went live on an additional one, I think, last week or the week before, and we can see that working quite well.

The second one is NatWest Boxed. I don't know if many of you know what Boxed is. Boxed is a business we set up a couple of years ago. It's combining very modern technology together with our balance sheet and our banking expertise, where we partner with commercial customers to allow them to offer lending and saving products to their customers. We went live with the AA over the summer. And again, we've seen good performance. We're pleased with that, including on the risk appetite, where we've been very thoughtful. So that's another area.

On Point-of-Sale, we're not currently in Point-of-Sale. But again, as we've learned from Boxed and the discussions we've had, and as we understand how customers are behaving, we see an interesting opportunity to build on those capabilities, because we know there's demand often from retailers to provide more flexible solutions. And so I think that's something we can go into and learn from. So I think we've got plenty still to do. Very pleased with where we've got to.

On capital, I'll hand over to you, Stuart. But I think there's a lot more that we can do. It's typically wholesale, but we see other banks having done this on the retail side. And Stuart, you've been giving it a lot of thought.

Stuart:

Yeah, absolutely. So thank you for the question. Absolutely delighted with the securitisation transaction. As we've outlined, it deconsolidates 2 billion of mortgage loans from our balance sheet, as you've pointed out, Stage 2 and Stage 3 assets. If I just unpack that a little bit, the Stage 3 assets make up about 40% of the portfolio, and Stage 2 is about the other 60%. And that 60% is all above 85% LTV. So the risk weight on the portfolio is significantly higher than the prevailing risk weight on the book as a whole. It's several times higher than the prevailing risk weight. So really pleased with the transaction. As we've outlined, positive economics, a very low cost of capital release for us. So delighted with the transaction.

As we look forward, we're investing in our balance sheet management capabilities and we're investing in our data transformation capabilities. The product of those investments, I expect to broaden the capital management opportunities we have in front of us. Looking forward, you would expect to see us look at transactions across both secured and unsecured portfolios, and I would expect to see synthetic transactions feature as part of that as well. So, as we've outlined, focused on doing more in the capital management space going forward.

Claire:

Great, thanks Stuart. Amit.

Amit:

Hi, thank you. A follow-up question on the mortgages. I'm just kind of curious. I mean, I suppose there's going to be a few changes tomorrow, but I was just wondering, you know, for example, if we would see something like limitations on cash ISAs, things like that, which could impact Building Societies and the like, do you see that potentially having a positive impact on mortgage margins?

And then secondly, again, just coming back on the capital optimisation point, again, just when I'm just thinking about Group capital, I mean, it's still, you know, and potentially on the 2nd of December, we might see even better capital requirements than what we

currently have. You know, so if the Group's not so constrained, I'm just kind of curious how much you, how you think about that capital optimisation piece and, you know, how your, you know, how much optimisation you really want to do or need to do on income give-up versus just continuing to grow the book. Thank you.

Claire: Well, Stuart, shall we maybe come to you around the dynamics of potential ISA changes, what that might mean for mortgage margins, and then so long as you can talk about how we think about capital optimisation more broadly and the economics.

Stuart: Yeah, absolutely. Thank you. So I guess the first thing I'd say is, you know, we'll be listening intently tomorrow to see what changes are forthcoming. Structurally, as a business, we are underweight ISA. So if I look at our market shares on ISA, they're below our overall deposit market share. And as you've pointed out, that's different to Building Societies who may be more dependent on ISA funding to drive asset growth. So I would say structurally, we start from a positive position. As to whether that adds a little bit of pressure or opens up the mortgage market a little bit and eases pressure on margins, we'll need to see how that plays through. And we'll be listening extremely carefully tomorrow to see what changes may or may not be announced.

Solange: Yeah. I think for us, just picking up on the ISA changes, what's important is we think about what the customer needs. We are able to help them with all of their savings and investments. There's clearly been a lot of education going on this year about what an ISA is, and we are well-placed to position that. So we feel comfortable and we'll see how it plays through once we know for sure tomorrow.

In terms of capital allocation and optimisation, so it's something I and we have been thinking a lot about within the Retail Bank, first of all, because we need to make sure we continue to deliver those attractive returns by driving income, but also that operating leverage that I've talked about today. On capital optimisation, trades like the one we've announced today, we are very pleased. They are very attractive cost of capital, so that's the right thing to do.

In terms of balance sheets and returns and volume, I think what we've been able to set out today in terms of the drivers of where we see that income and that share and having the breadth of the opportunities that we have allows us to be dynamic, as I said earlier about how we'll manage that. And then obviously I spend a lot of time with Paul and Katie around making sure that we're doing what makes sense from a Retail perspective, but also helping support the Group meets its own ROTE target, which you'll hear more about in February.

Claire: Great. Aman.

Aman: I might try three, if that's okay. Yes, Aman from Barclays. So you're clearly thinking very thoughtfully around deposits. I wanted to get a sense of the rationale around deposits as a loss-leading product. We've observed that you've priced fixed-term deposits above the swap rates for a decent chunk of the year, and I think you still are loss-making on ISAs currently. Your one-year fixed-term ISA at 4.2. What's the strategic commercial rationale around doing that? Presumably there's a cross-selling opportunity.

And then a related question. So current account market share. So that 16-ish percent that you've got currently, do you think that's sustainable long-term? And the way in which people consume, particularly the younger cohort, is changing rapidly. Is it sustainable to think that in five years' time we've got the same quantum of current account balances in the system that are non-interest bearing and that NatWest has got 16% share of them? Because there's lots of entrants that presumably want to go after that business, and it kind of relates into the third part, fee income. It's missing, basically, from the revenue mix. I think it's around 6% of your revenues is fees. I mean, are you thinking enough around fee income? I would have thought I would have heard around subscription models, for example. That's clearly a business model that exists, and businesses are enjoying success there. Are you thinking about these things? Thank you.

Claire: So, Solange, do you want to start on those? I think, yeah, a lot there.

Solange: Do you want to remind me of the first one? Because by the time we got to the third...

Claire: I guess really just around our good position in current account share, how sustainable is that in this competitive environment? How does that feed into our propositions on price, particularly with the ISA rate that you've spoken to?

Solange: So I think, current accounts, we're pleased with that share, we've maintained it, it's a competitive market, it has been for a long time. I mean, I think some of the neobanks, it's over 10 years now. It's definitely meant that we had to up our game. It's provided a better outcome for the customer. And as I've talked to a number of times today, I think we are continuing to build on the app. We have a lot more features now. I think you can do most of what you can do elsewhere with us. And again, you can see from the breadth of our use proposition that we are a compelling offer for them. But we are absolutely not complacent. We're building both on the engagement and the personalisation.

So we haven't gone into detail about what we're doing on personalisation. But now that we have all of our data in one place, that's been really powerful. We've been building a tool, which we call CITA, where we can take that data and we use AI to really be able to deliver in one day now, which used to take several weeks, personalised insight based on what the customer is doing and the context of doing it. And so, for example, one thing we've done recently, which has been successful, is some of our younger cohorts, if we see they've had a salary increase for a few months and we don't think they have any big expenses to repay, we'll prompt them as to whether there's better options for them.

So we definitely think that engaging with them across the breadth of the savings, because again, for people, we know we have loads of different products, accounts and interest, non-interest bearing, customers don't necessarily think about it in those buckets. So we're looking at the whole and Stuart can talk a little bit about the ISA pricing. And again, it's always been a balance of managing for the customer relationships, and we've had very, very strong retention on our book, as well as, obviously, the fact that we benefit from the group liquidity. So we'll continue to build on it, but we feel confident. Again, on savings, we're really broadening the propositions.

And maybe bridging on to the fee income and then maybe we'll go back. So around 30% of our current accounts are fee paying, you may have seen on the slide earlier, and

it's definitely in areas, as we think about Premier in particular, where we are continuously reviewing and we're thinking very deeply around the reward accounts that we have. I mentioned our Black Reward account, which customers love once they know about it, but it's not easy to access. And so, you know, I think you should expect to hear more about us later. And we see it as good news that, you know, in the UK now you have people willing to pay for those subscription accounts.

Fee income more broadly, we talked about a lot of things today, so we couldn't cover everything, but for context, I'd take us back to, with all the regulatory changes we've had, which all of you are aware, and more recently Consumer Duty, we've had some fee income move into interest income, and we are very comfortable. We have a very clean income line here, but we're absolutely focused. We've been working a lot as a team. We've had a lot of conversations about it.

Subscription accounts I've covered. The other one is around investment, and I really do think on AGBR we have an opportunity. I've sat in and listened to many financial health checks, customer speaking to advisors, and there is clearly pent up demand from customers who need more help here. And we're seeing mostly from our face-to-face, so human interactions, a lot of very positive tractions on flows to both savings and AUM.

So that is fee income. Some of it you will see in Emma Crystal's business, in Private Banking & Wealth Management, but it shows the potential we have with our Retail customer base to meet more of their needs. And then the other one, and Barry and I talk about it every time we meet, is around home insurance and protection. Again, Barry talked a lot about it today. It's something that we offer today, but we haven't focused on it as much, but we think that technology provides some really good opportunities to do it better and differently.

Barry:

Yeah, I would agree with that. I think it's one of the areas where we have been helping customers, but we haven't woven it into the customer journeys in the way that you would make it a very natural thing for a customer to do. We'll make a first start on that in quarter one, where, for example, we'll have life insurance woven into our mortgage application journey, so it's a much more natural thing rather than having it side by side. And then we're working on other exciting opportunities in protection, which we'll talk to you more about in 2026. We have very clear plans, but as Solange said, we limited how much we wanted to say today to the time available, so we'll come back on that.

Stuart:

Can I pick up the pricing point? So, ISA, I think, yeah, fixed ISA specifically is, I think, what you're referring to, because our cash, variable cash ISA pricing is certainly less rich than that. Look, I guess when you look at the market dynamics this year, all of the flow, really, in the personal sector deposit market has been in ISA. It's been highly competitive, and as Solange described, we're keen to offer our customers competitive rates.

As I've said before as well, I think you've probably heard me say the shape of our book is very weighted towards the second half of the year, so at that point in the year we also face high roll-offs of fixed rate ISA balances, and clearly we're very keen to defend those and we price accordingly relative to the competition in order to achieve that.

What I would say around the pricing is it's not particularly meaningful in the context of our 6 billion-plus net interest income stream in the business. And if I think about deposits overall, if I go from September last year to September this year, we're up 4 billion, our NIBBS have stabilised at 33%, our current accounts are up about half a billion, so actually the conditions have been fairly constructive. And as we described

earlier, we are fortunate to be part of a broader group and we have been able to leverage the strong liquidity position, which overall has allowed us to be very flexible and thoughtful in our pricing decisions on the deposit book. So overall very comfortable with where we are.

Solange:

And maybe the very last thing on deposits, just so it's again with Boxed. So, we announced earlier this year I think in the summer that we're going to do something with Saga that will be very focused on the deposit side, that will launch next year. So, again, I hope you've got the feeling from today that we're thinking customer segments and where we have strength and where we can grow, we're broadening what we're doing, but we're also very active in being in different channels and I think it really gives us a sense of what our customers are doing, we spend a lot of time analysing customer data, we understand the flows, what's coming, what's going out, the seasonality, who it's going to, so we're very much on it and we feel very confident with some of the plans we've laid out there that we can continue to grow that part of the business.

Claire:

Thank you. Perlie.

Perlie:

Hello, it's Perlie Mong from Bank of America. So, tomorrow. So I suppose a broader question is to your thinking about returns and growth. I mean, I think with you growing 5% loan CAGR in the last however many years, and as a group 4% in the last seven years, every year, I think you're well within your rights to tell the Chancellor that you've done your part, but nevertheless we're in the political climate and if the FT articles were to be believed in the last few days, the government very much wants to see more growth and more lending in that and the message is, according to the article yesterday night, if not we'll tax you more, or rather, I'm not sure I'm phrasing it correctly, but that seemed to be a sentiment anyway, and with you in the retail business doing well over 20% returns, and now at the group level I think consensus is 18.6% for 2027, how do you think about disciplined growth and especially in this political climate, is the first question.

And secondly, Cora and mortgages, I thought that was a fascinating demonstration of the journey and probably one of the most exciting use cases of AI in banking that I've seen so far. So how far are we in that journey, so for a typical customer, how many people actually have that journey that we just saw in that video, and if that's the direction of travel we're going, potentially the cost implication will be enormous because you probably don't need very many mortgage advisors, probably don't need quite that many credit officers, the sort of cost base will be completely different, but also equally, the fact that mortgages are so painful is one of the reasons why a lot of tech providers are, well at least so far, haven't really got into this segment because it's so painful to deal with all the surveyors and conveyancing and all the rest of it, so if it's going to be that simple, how do you see the competitive dynamic going forward?

Claire:

Brilliant, thank you Perlie. So maybe I'll, because I've also got some from online as well, but the first one maybe returns and growth, maybe you can talk about how we balance that, Solange, and then I might come to you first, Scott, as someone also wants to talk about how we're developing and where we are on the agentic AI story, and then perhaps you can fill in, Barry, on Cora.

Solange:

Thank you for recognising our growth and track records there as well as our attractive returns. Look, I think we'll all be glad to hear what the budget says tomorrow. I read the same papers that you do, but I think we actually decided on the date for this before we knew what the Chancellor's budget date was, and our plan and the ambitions we've set out to do is what makes sense for us as a business. Clearly, and you probably heard Paul will also say, successful economies need strong banks and vice versa, we are definitely aligned with the UK growing, and I think there are areas where hopefully we can definitely align.

I think we'll continue, you know, we've had attractive returns over the cycle under different governments and different chancellors. What we focus on as a team is delivering what we set out today in the ambitions, providing great support and services and products and support to our customers, but also generating the value through all of the levers that I've talked about today.

So we'll see what happens next. I think, hopefully the speculation ends after today, but we're comfortable with what we're doing and we don't see an issue with the kind of returns we're at and where we are getting the business to.

Scott:

So first of all, thank you. We're also very excited about the opportunity with mortgages and with other products, but that's essentially a concept video and something we are working on, but there are three building blocks behind that video that are close.

The first one is Cora more generally. So the ability to have full conversational chat with Cora across every journey. We have a number of journeys live already this year. We intend to finish that next year. So the intent is for all journeys across Cora to be fully essentially GenAI enabled for next year, which gives you a much richer experience for any kind of chat you want to have with the bank.

The second is the voice enablement. And you saw obviously in the video, you saw the whole communication channel was via voice. So a very, I would say, engaging experience. Our intent is to be live with the voice in the first half of next year. But I'll say one of the key things there is the experience has to be, like any AI project, you need to make sure the testing is really, really strong because the last thing we ever need is a very engaging experience, but with wrong information and wrong outcomes. So there's a lot of testing that needs to go into that, but the intent is to be ready with a voice Cora product in the first half of next year.

And the third building block that you saw in that video was essentially the agenticisation of a number of tasks. And we are actively working on a number of those at the moment, and we're building out agents to do a whole series of things. And again, as we get into next year, we'll start to see more and more agents live.

So it's all being actively developed at the moment. Different stages of evolution across those three primary building blocks. And obviously, to get to that full experience, those three concepts need to come together, and we need to then put them together into that single application.

Barry:

Can I maybe add a couple of bits to it? I mean, there's another important thing that has to happen, which is the industry has to come together to get property data in a shareable and interoperable fashion, and that includes working with people like Land Registry, et cetera, where you can actually get reliable automated valuations on property.

So there's kind of elements that have to come together in order to make that really scalable across the market, but there are conversations underway through innovation forums to make that happen. And then the other thing is to pay attention to how customers behave around this. What we've discovered is customers do a lot of research, and they feel really empowered right up to the point where they make a decision, and often at that point of decision, because it's such a big decision, they still want to have some sort of conversation at the end, and sometimes that's also the right thing.

So at the end of that video, we purposely, as you may have seen, didn't encourage Cora to help the customer. We encouraged Cora to connect to a colleague, and that's because that's a life event. So you think about what's happening is, yes, the potential for a bigger home, but also a life change that could mean an interruption to income, that could mean having to think more broadly about what the family needs. So it's important to see the blend of technology and human being delivered in the right moment, and using our intelligence to design that in is also quite important. Is that okay?

Claire: Thank you. We'll go to Alvaro for our last question.

Alvaro: Two follow-ups, I think. One on fees. You mentioned the often-quoted stat of 90% of the adults don't have access to advice. What's the right number when you benchmark internationally or in that? And as we think about medium term, and hopefully we get a bit of a push tomorrow as well on more policies, what do you think, how much of the opportunity is there to influence and change the P&L to make it more fee heavy? And I'm thinking Cora might play a role in that, if at all other banks are talking about artificial intelligence sort of taking our jobs.

And second, on the 15% ROE. As these five-year mortgages roll over, presumably that can go down. But I don't know if 15% is the one you're happy with. Can it go down for a low-risk product, happy to go down if it's the right thing to do? Because I'm conscious that, yes, 70 basis points, slightly less than 70 basis points, the pricing now, but it went as low as 30 bps, I think, two, three years ago. So, are you thinking differently about pricing? What's the sort of level of ROE that you feel comfortable with? Thank you.

Claire: Great. Solange, do you want to take AGBR opportunity and investments and fee income more broadly? And Stuart, you can follow up maybe just a bit on the returns.

Solange: Absolutely. So, on AGBR, we have looked at other countries and more other countries which haven't gotten through the same historical reforms do have more of an advice culture. It's quite hard to accurately benchmark because the products are so dependent on the taxation and pension system of each country and system they have. But what we definitely see is the demand.

I mean, I've spent a lot of time with Emma Crystal in the Private Wealth Management business. There is definitely, definitely a demand. For some customers, what the regulation change means is that we can provide more support which enables them to access products which are better for us. And clearly, there's also value for us when those things are like investments. And we definitely see, again, Junior ISA where you have grandparents, parents, godparents sometimes wanting to save for their children. That's the right product. And being able to broaden the support we give them will be very valuable. For other areas, for Premier, as we go even more affluent than that.

We definitely see, as we have those specialist advisors, we see demand as people get more comfortable. And this year has been helpful in some ways in getting much more on people's mind the savings and investments, willing to pay for more tailored advice and more bespoke solutions.

We also work very closely, again, with Private Banking & Wealth Management because we have a very good offering through NatWest Invest, but we have capabilities in Coutts, which we haven't surfaced to our customers. And so we're thinking very thoughtfully about whether any of those – as we think more broadly about investment – would be suitable for the right customers on our side. So, we definitely see opportunity. Regulation helps. Consumer behaviours are changing. And so, we'll know more about that.

In terms of AI and fee income, so the way I think about it is I've obviously outlined some of the fee income we've thought about. I would also think about it that it's underpinned by a customer base we've grown. We've added 2.3 million customers. And what we've set out today is we definitely will continue to grow that. So that also helps grow the fee income line. And as we start to not only improve the customer experience, but as you've seen today and in the video, transform it more, we will continue to experiment and understand whether there's other things we can therefore provide and help our customers with, which might provide other pockets of fee income.

Stuart:

Perfect. Okay, and on the mortgage point, so 15% at this point in the cycle, which we are happy with. I think if you think about the journey that that's been on, if you go back to 2021, when interest rates were close to zero, the contribution to the overall return of the business was very low and the income and return was more weighted to the asset side. That has changed through the cycle and our overall returns in the third quarter were 26% and in the year to date, as you've seen today, 25%.

As the five-year mortgages roll through, yes, you would expect that to come down a little bit. But as I've described earlier, importantly, I expect that to remain above our cost of equity, the group's cost of equity on the book as a whole. You mentioned sometimes writing as low as 30 basis points. What I would say about the mortgage market and our mortgage business is there are hundreds of price points and we're managing multiple variables against risk limits, against fee versus rate versus LTV versus risk profile of the customer, product type, channel, etc. It's very complex and it's high frequency. At some points in time, we're repricing that portfolio twice a week.

So, there are points in time when swaps move in a volatile way that we might see lower margins. But over time, we are writing the business above cost of equity and that's why we've been comfortable to grow at £5 billion so far this year.

I would just finish by linking it to the issue of balance sheet management and Sheel's question earlier. That is a good indication as to why we are focused on balance sheet management as asset returns are a bit more squeezed at this point in the cycle. We see good opportunity to manage our capital but also our risk and return exposures through a focus on increased balance sheet management capability.

Claire:

Thank you and thank you all for your questions. We hope that's given you a good insight into the Retail Bank and as Paul said, we look forward to updating you again in February at the full year results. Please do join us now for a drink next door where you'll get to speak more and ask more questions of our panellists today and also meet more members of the executive team including Katie Murray, our CFO. So thank you very much.