# Virtual Shareholder Event – 10 April 2025

NatWest Group plc held a Virtual Shareholder Event (“Virtual Event”) on 10 April 2025.

The Virtual Event provided shareholders with the opportunity to join our Chair, Rick Haythornthwaite, and our CEO, Paul Thwaite, and ask them questions.

Shareholders were invited to submit questions before or during the Virtual Event and answers to questions addressed during the Virtual Event are noted below.

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**What are NatWest Group’s plans for growth and would you be open to acquisitions in the UK or further afield? There has been a lot of focus on consolidation in financial services. Would the Board consider further consolidation opportunities like Sainsbury’s?**

### Answer

We would reiterate that we have positive momentum within our business and expect to generate growth on both sides of our balance sheet in 2025. We see good opportunities to use our capital organically across all three of our businesses, at attractive returns. We will continue to look at inorganic options as they arise.

We were pleased to announce two acquisitions from Metro Bank and Sainsbury’s Bank in 2024. These built on existing areas of strength, in line with our strategic priorities, and they showed that our highly digitised platform is easily scalable.

We believe that there will be further consolidation in the UK market and we will continue to assess inorganic opportunities which fit strategically, whether they offer scale or new capabilities. We would, however, emphasise that the financial and operational bar for any inorganic activity is high. We are very disciplined in our approach and any deal would have to offer compelling shareholder value compared to either using that capital internally or returning it to shareholders via buybacks.

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NatWest Group

**What progress has been made on NatWest's digital transformation journey, and how does it compare with competitors in terms of user adoption and technology integration?**

## Answer

Without commenting on our competitors specifically, we've made no secret that technology is helping us to be even more customer-focussed, whilst continuing to simplify and digitise our business.

We've made significant progress over recent years and we're investing heavily in our digital transformation, with the majority of our £1bn a year investment going into data and technology. It's a key driver of our productivity improvements, but also enables us to keep pace with innovation and changing customer needs, as well as strengthening our security and resilience across all areas of our business.

AI is an important part of this and we're seeing benefits when it comes to efficiency, productivity and our interactions with customers, for example:

- Cora, our AI chatbot which helps customers with every day banking queries and handled over 18m interactions last year alone;
- We're also seeing similar benefits with our internal chatbot, Ask Archie+, where up to 75% of HR queries no longer need human intervention, meaning our colleagues can spend their time working on more complex queries; and
- AI is also helping us to prevent fraud and financial crime, with around 7,000 colleagues using it to spot trends and protect our customers.

We're also working with key players in the technology space to help us simplify and continue to improve our customer experience. We recently announced our collaboration with OpenAI, which will help us keep pace with, and anticipate, changes in customer behaviour and expectations. Working with OpenAI gives us direct and early access to their latest technology and expertise, making us the first UK bank to work with them in this way.

The rapid convergence of technology and financial services means that investing in technology and digital transformation is a strategic imperative. Given the pace of change today, whether this is technological, societal or geopolitical, businesses need to be agile. To be agile they need to be simpler, better integrated and more technology-enabled. That's why it's important we continue to modernise. Whether this is operationally, by reducing the number of apps we use, or structurally, by continuing to build out our engineering capabilities. We've hired over 3,000 engineers in the last 2 years.

It's something which is discussed at length at the Board. Gill Whitehead was appointed to the Board in December 2024 and brings new skills in data and digital that align with our growth ambitions. The success of any technology transformation is underpinned by having a leadership team with the right skills and the right ambitions and we absolutely have that across our leadership team.

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**In the Annual Results, a ROTE of 17.5% was reported. Is there a ceiling on that or a floor to the costs you are expecting to cut?**

## Answer

2024 was a really positive year and our strong performance was reflected in our upgraded income and returns guidance, both of which we exceeded, with underlying income of £14.6bn and ROTE of 17.5%. We delivered disciplined growth across all three of our customer businesses. Costs were broadly stable for the year, excluding those associated with the retail share offer and additional bank levies, and were in line with our guidance. Our strong capital generation enabled us to support our customers, invest in our business, both organically and inorganically, and make distributions to our shareholders.

Looking ahead, 2025 is a significant year for NatWest Group and we are well positioned to deliver strong returns, which can be seen through the targets we set in February. We are confident of delivering ROTE of between 15 and 16% in 2025 and target greater than 15% in 2027.

We continue to be disciplined on costs and expect them to be ~£8bn this year, with an additional £0.1bn of inorganic one-offs. Underpinning this is our focus on bank-wide simplification which is, of course, much more than a cost exercise. Our digital transformation is increasing efficiency and improving customer experience, helping us to anticipate and respond to customers' needs faster and more effectively.

Overall, we're pleased with the momentum we have seen in our business. The strength of our balance sheet and capital generation, together with our tight management of costs, capital and risk, gives us capacity to invest in the bank and to build a stronger business that delivers for customers and for shareholders.

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NatWest Group

What are NatWest's plans to become the number one UK retail bank?

Answer

We're pleased with the performance of our retail bank, where we saw growth in both lending and deposits through the course of 2024 and have seen continued momentum in the early months of 2025. This is underpinned by the support and services we provide as a trusted partner to our customers, helping them to achieve their goals, whether they are buying a home, building a savings habit or investing for the future. The opportunities ahead of us are grounded in both the strength of our foundations as well as our ambition to succeed with our customers.

Our businesses are deeply connected into local communities, across all nations and regions of the UK. Our colleagues are uniquely positioned to understand the opportunities and challenges that exist in the towns and cities where our customers live, work and do business. As a result, we see clear opportunities for further organic growth, including in mortgages and unsecured, both of which remain below our share of retail current accounts.

We have no specific target to become the largest UK retail bank and we are not seeking to dramatically change the shape of our business or the amount of risk we are willing to take. We're already #2 or 3 in most products and we have steadily grown our mortgage market share in recent years. Last year, we helped more than 350,000 mortgage customers to buy or refinance their homes, including over 35,000 first-time buyers. In a highly competitive market, this growth has been largely organic, boosted by the acquisition of a couple of portfolios from Metro Bank. On our unsecured portfolio, our overall share of cards is just below 10%, or around 11% when we include the Sainsbury's Bank acquisition, which is due to close in the second quarter of 2025.

Our focus on bank-wide simplification and our investment in further digital transformation also play a vital role in delivering growth, helping us to anticipate and respond to customers' changing needs faster and more effectively and to improve the service we provide. Around 80% of our retail customers bank with us entirely digitally. We reduced the average time it takes for us to make an offer to mortgage customers by 20% during the course of last year. For some eligible customers, that means making an offer within 24 hours. We're optimising our partnerships with price comparison websites to broaden our distribution of cards through new channels.

Across the bank, we have a clear business model, focussed on future opportunities to deliver disciplined growth at attractive returns. This certainly applies to our retail bank and we are pleased with the momentum in this business as we build even deeper relationships with our customers.

NatWest Group

## Are there opportunities for a boutique presence for NatWest in town centres rather than a full branch?

Our branch network remains important to us, even as our customers increasingly choose to engage through digital channels. Customers expect to bank with us however and wherever they want, at any time of day or night. Whether it is through our digital channels, our branch network or our banking hubs, more of our customers can access more of our services in more ways than ever before.

We have more than 400 branches across the UK and we are investing around £20m in 2025 to refresh our network. We also continue to invest in shared solutions like the Post Office and banking hubs.

Whilst we are not considering a separate boutique presence in town centres, we have been heavily involved in the development of the banking hub model and are supportive of their roll out. We believe that hubs have a role to play in serving communities and a member of our NatWest team is on-hand once a week to help personal and business customers with specific queries. The service provided closely mirrors what personal and business customers can do in our branches.

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## Can you please advise the updated position with respect to Mr Farage and his de-banking claim?

Answer

We recently resolved and settled our dispute with Mr Farage and we have rightly apologised to him once again. The terms of the settlement are confidential and there is nothing more that we can add on that point.

More broadly, this incident had a number of aspects that were clearly unacceptable. Many of the shortcomings identified through this incident were procedural, some of which we have control over. We've been very clear on our commitment to implementing the findings from the Travers Smith report. Other elements require primary legislation, which we are supportive of to drive positive changes and ensure that people have access to bank accounts. Where possible, we've implemented some of the recommendations before the legislation has taken effect, for example making sure that people have 90 days to exit, or that they're given a clear reason should there be any exit.

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NatWest Group

## Does NatWest Group plan to introduce a Dividend Reinvestment Plan?

### Answer

We can understand why the introduction of a Dividend Reinvestment Plan (DRIP) would be seen as desirable. The reality is that this is highly complex, especially for shareholders on our main register who hold a paper share certificate. The analogue nature of paper share certificates is, in itself, a major limiting factor in implementing a DRIP and demand is very limited.

The UK Government has established a Digitisation Taskforce, led by Sir Douglas Flint, to drive forward modernisation of the UK's shareholding framework. It is our expectation that the Taskforce will recommend measures to support digitisation of UK share registers in the coming years, which could make the implementation of a DRIP more efficient and cost effective for our shareholders. It is something that we'll keep under regular review and would definitely consider.

Many shareholders already hold their NatWest shares electronically through investment management platforms and nominee accounts. For these shareholders, it is the individual provider and not NatWest Group that sets the dividend handling policies, including whether or not to offer dividend reinvestment.

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## Why does NatWest Group not buy back more of its shares in the open market and use its capital more efficiently?

### Answer

We believe that NatWest Group is well positioned to deliver strong returns that support disciplined growth, investment in our business and attractive returns to our shareholders. As we continue to build positive momentum, there are a number of options available to us for deploying our excess capital. These include strategic internal investment, considering inorganic opportunities or returning it to shareholders via buybacks or dividends.

We are very disciplined in our approach and shareholder value is always our primary consideration. Buybacks remain an important tool for us and we will continue to consider them as appropriate.

We significantly reduced our share count over 2024 and returned around £4bn of capital to our shareholders. £2.2bn of this was through buybacks, representing a 9% increase compared with 2023. We have also announced our intention to increase our dividend payout ratio from around 40% to around 50% in 2025. This reflects our confidence in the outlook, with buybacks remaining a tool through which we will consider distributing surplus capital.

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**Are there any anticipated regulatory changes that could significantly impact NatWest's operations or financial performance?**

Answer

This is a subject that we spend a great deal of time considering. It is clear that growth is the Government's main priority and we believe that is the right focus. We also welcome the recognition of the important role that banks can play in delivering growth. This includes engagement and Government announcements around regulation. We recently heard from the FCA on how they are prioritising and thinking about their growth objectives.

High quality regulation is a key competitive strength and one that we must protect, with the focus being on the balance between risk and protection. Investors need confidence in the regulatory landscape and want a stable, predictable regime. There are opportunities to provide greater certainty and we, of course, want proportionate regulation that ensures a level playing field and avoids unintended consequences.

There has already been some positive progress, for example, the PRA delay of Basel 3.1 and the aim to align with global standards. However, there is still a lot to work through and potential for further changes, whether on CRD4, the mortgage market review or on boundaries for the provision of investment advice. Overall, the environment is improving.

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**Given economic uncertainty, what measures are being taken to manage credit risk in your loan portfolio, especially in commercial lending and mortgages?**

Answer

This is something we remain keenly focussed on and we've been pleased with the resilience of our loan book. This reflects the financial strength of both corporates and individuals. The corporate sector has de-levered, and, in the personal sector, savings rates are high, there is real wage growth, and unemployment remains low.

We are realistic about the challenges and opportunities ahead but there are some reasons for optimism. We review our books regularly, running scenarios and considering credit risk, with a particular focus on those sectors that may represent a heightened risk.

We would emphasise, however, that we have a well-diversified loan book that is performing well, with a well-diversified commercial loan book, a personal lending book which is mostly secured, and, within that, a prime mortgage book with low loan to value ratios. As a result, defaults remain low and our impairment rate fell to just 9 basis points of loans in 2024.

This, in part, reflects the economic conditions in the UK. Inflation came down during the course of 2024, and rates have started to steadily decline. The housing market has remained resilient, with indicators such as mortgage approvals suggesting activity should remain firm.

Across our lending book, there are no significant areas of concern and we are guiding to impairments of less than 20bps across the Group for 2025. On Commercial Real Estate specifically, this represents just 4% of Group lending overall. The majority of this portfolio is located and managed in the UK and remained resilient through the course of 2024.

Mortgage impairment charges were just £8m on a £210bn book, effectively zero basis points in 2024. The volume of mortgages with payments more than 3 months in arrears remains low and significantly below the UK average.

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**Why has NatWest not committed to a Fair Banking Act which would help ever growing numbers of people indebted to high-cost lenders and worse still, loan sharks?**

Those advocating for a Fair Banking Act are touching on a number of issues which matter a great deal to us, in particular financial inclusion and financial resilience. The support we provide can be crucial in helping our customers to navigate uncertain circumstances and, in some instances, to avoid seeking finance from non-bank lenders, where they might end up paying higher rates or being tied into more onerous terms.

We would encourage any customers who are experiencing challenges with their finances to engage with us. We have dedicated teams in place to support a range of tailored solutions, for example:

- freezing interest on forbearance for unsecured debts and stopping fees for those who need our support;

- writing off debt based on individual circumstances and working to ensure that customers have access to safe, affordable credit – as well as offering tools such as 'know my credit score' and a benefit entitlement calculator in our app;
- last year, almost 8 million retail customers accessed features and tools designed to support them in managing their financial wellbeing; and
- for our customer base, we continue to see low levels of arrears, including in cards and mortgages.

That is not to say that some people are not struggling and we work with a number of organisations, such as Citizens Advice, that help those who cannot access mainstream finance. We'd reiterate that any customer who is experiencing difficulties should get in touch with us so that we can work together on trying to put in place a solution. We don't need a Fair Banking Act to persuade us to do that.

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**Looking at recent IT failures in all sectors - such as those experienced by TSB, or the recent issues at Heathrow Airport - and the alarming rise in cyber threats, what assurances can you provide that NatWest is at the forefront of cyber and digital defences and has the resilience to withstand operational failures without significant disruption?**

Answer

These are an important issues that we take very seriously. Advances in technology mean that more customers are using digital banking than ever before. We're guided by specific principles to reinforce our resilience, working with a range of experts, both internally and externally. As one of the UK's largest retail and commercial banks, we are focussed on providing high quality, resilient and stable technology services.

We continue to invest a significant amount of money in our technology and resilience, around £1bn a year, the majority of which goes into data and technology. We have dramatically reduced the number of IT incidents impacting our customers and the time taken to resolve them, with our most important business services available 99.9% of the time last year. Our investment also helps to build our resilience to cyber threats, especially as they become ever more sophisticated.

It's crucial we have the right tools and skills in place at all ends of the scale to protect the bank and our customers, whether that's 24/7 cyber security monitoring at the more technical end, or ensuring colleagues are trained to spot suspicious activity or emails in the service of our customers.

On continuity specifically, we have a range of backups to ensure we can maintain service when faced with an issue, whether that be sourcing electricity from multiple feeds, high voltage generators on standby, and other layers of resilience. We are classed as Critical National Infrastructure and we are regularly assessed on our capability to maintain service in the event of failure. We also carry out our own tests of our resilience capability to ensure we maintain continuity in the event of a real incident. There is absolutely no complacency on our part and a clear focus on continuing to improve the resilience and security of our systems.

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**What is NatWest's approach to handling personal and special category customer data - both internally and through third-party agents? How often is this reviewed and what controls are in place to ensure compliance with the relevant regulations?**

## Answer

Privacy is a vital component of serving our customers. We have a Privacy and Client Confidentiality policy which sets out our approach to complying with our legal obligations and ensuring we respect fundamental data privacy rights of individuals and safeguard personal data, including special category data. We review and refresh this policy annually and we require all our staff to undertake mandatory Privacy and Client Confidentiality training annually. In both the policy and the training we ensure that we address all legal requirements and also build in regulatory guidance, as it continues to develop.

We factor privacy into the design of all our processing activities, products and services and business practices, minimising the collection of personal information where we can. These requirements are also embedded within our bank-wide risk processes and our internal audit function regularly undertakes assurance on the controls we have in place to monitor, manage and mitigate key privacy risks.

We mandate in our contracts with our third-party suppliers that they will meet legal requirements, including privacy legislation, and we actively engage with our suppliers to understand and review their privacy standards and policies and ensure that satisfactory controls exist over these.

We provide clear guidance and information on our website and in our Customer Privacy Notice to explain how we collect personal information, what we use it for and under what circumstances we may need to share customer information with third parties.

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**Are your efforts to reach net-zero climate target by 2050 still on course and can you bring this target forward?**

## Answer

We remain positive about the growth opportunities presented by the UK's ongoing commitment to net zero and believe the sector has a crucial role to play. We have built significant expertise in the bank to actively support our customers in their transitions, ensuring they can build resilience and are fit for the future. This is in line with our commercial strategy to grow as a vital and trusted partner to our customers, providing the right expertise and services to meet their changing needs.

Although the path to achieving net zero by 2050 is far from clear at this stage, we continue to focus on supporting our customers' transitions, as well as our own ambition to be net zero by 2050 across our financed emissions, assets under management and our operational value chain.

Since 2019 we have reduced our own direct operational emissions by 51% and we'll aim for a 70% reduction by 2030. Turning to financed emissions, in 2024 we reported that the aim to at least halve the climate impact of our financing activity by 2030 (against a 2019 baseline) would be increasingly challenging. Like others, our ability to achieve this is dependent on technology developments, timely and appropriate government policy as well as the supplier, customer and societal response required to support the transition.

Earlier in 2025, the UK's Climate Change Committee issued its 7$^{th}$ Carbon Budget (which is designed to provide advice for UK Government) and we plan to review our climate ambitions and targets during 2025 in this context.

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**What is NatWest Group's policy on lending to the defence sector?**

## Answer

We offer banking services to customers operating in the defence sector who meet our criteria and are proud to do so. We have also offered UK military banking services for over 200 years through Holt's Military Banking and currently serve more than 30,000 military personnel across the world.

It is important to remember that we are a UK-focussed bank and that our policies and procedures are designed to ensure compliance with the strict regulation and licensing arrangements set by the UK Government, and by relevant international standards. Our criteria for the Defence and Private Security sector are published on our website.

We recognise that during times of conflict, heightened human rights risks can arise and additional engagement and due diligence may be required, and we remain committed to both supporting the defence sector whilst also undertaking appropriate due diligence within our risk acceptance criteria.

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**Will NatWest Group continue to be a UK domestic focussed bank after the soon to be full privatisation?**

Answer

We are pleased with the progress that the Treasury continues to make in reducing its shareholding down from nearly 40% in December 2023 to below 4% today. Any decisions around the timing, price or mechanics of share sales have always been a matter for the Government. We expect the bank to return to full private ownership this year. This will be a significant moment, marking a new, forward-looking chapter for NatWest Group.

We remain extremely grateful to the British taxpayers, who stepped in to rescue the bank and the wider sector during the Global Financial crisis. This intervention stabilised the financial system and protected millions of savers, homeowners and businesses across the UK. It also allowed the bank to undertake the significant change that was required to become who we are today, a simpler, safer, more customer-focussed NatWest that is consistently profitable and delivers for customers and shareholders.

The Government has been a patient and supportive shareholder throughout this period. However, it has not been involved in setting the strategy or day-to-day operations of the bank. Returning NatWest Group to full private ownership has long been a shared ambition, that we believe is in the best interests of all shareholders.

Returning to private ownership won't impact the way we operate.  We are a UK-focussed bank, with a clear strategy that is delivering for our customers and our shareholders. That is not going to change.  Our performance has shown that our three strategic priorities are serving us well, and we continue to focus on disciplined growth, bank-wide simplification and active balance sheet and risk management.

Today, we serve over 19 million customers across all nations and regions of the UK and we have a clear opportunity to deepen those relationships and to build new ones. As the UK's biggest bank for business, with an unrivalled regional presence, for Commercial Mid-Market customers, we are also uniquely positioned to support and deliver economic growth.

Whilst the return to private ownership will not impact our strategy, there's no doubt that it will be an important symbolic moment for our colleagues, our industry and the UK more widely. As the Government's sell down has accelerated over the past 12 months, we've been able to attract new, global investors who share our growth ambitions. Across the bank, we are looking ahead with confidence and conviction and are fully focussed on shaping our future as a vital and trusted partner to our customers and to the UK itself.

If we succeed with our customers, we win together, for our colleagues, our communities and our shareholders.

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