

Green Bond Allocation Report

Building a purpose-led bank.



2 November 2021

natwestgroup.com

Allocation Report

As part of being a purpose-led bank, we¹ are proud to champion potential, helping people, families and businesses to thrive. The launch of our **Green Bond** reinforces our commitment to help our customers on their path to a net zero economy. This issuance is in line with our Green, Social and Sustainability Bond Framework (the “Framework”), last updated in October 2020.²

In 2021, NatWest Group announced a target to provide £100 billion of Climate and Sustainable Funding and Financing by the end of 2025. NatWest Group is supporting its residential mortgage customers to increase their residential energy efficiency with an ambition that 50% of our mortgage portfolio is at, or above an Energy Performance Certificate³ (“EPC”) rating of C or equivalent by 2030. Since October 2020, we have introduced new Green Mortgage products⁴ offering a lower interest rates for customers purchasing and re-mortgaging more energy efficient homes with an EPC rating of A or B, rewarding them for playing their part in helping to drive the UK transition to a net zero economy. We have selected a pool of Green Mortgages, to which we intend to allocate the proceeds of this issuance.

Eligible Portfolio

SDG 7: Affordable and Clean Energy

SDG 13: Climate Action

ICMA Category: Energy Efficiency



NatWest Group intends to focus the allocation of Green Bond proceeds to our Green Mortgages. To the extent that Green Mortgages are unavailable, the remaining allocation will be towards other mortgage products provided for new and existing domestic properties with a high energy-efficiency score (rating A or B according to its EPC), as set out in Section 5.1 of our Framework.



As at the day of issuance, the Green Mortgages selected will comprise a proportion of the issuance proceeds, which represents the ‘refinancing’ portion of the portfolio. Unallocated proceeds will be held at our discretion, in cash or short term liquid investments, and will be utilised to select additional Green Mortgages, which will represent the ‘financing’ portion of the portfolio, in line with the details set out in our Framework.

1. “We” and “our” refers to NatWest Group plc, “NatWest Group”.

2. <https://investors.natwestgroup.com/fixed-income-investors/green-social-and-sustainability-bonds/gss-bonds>

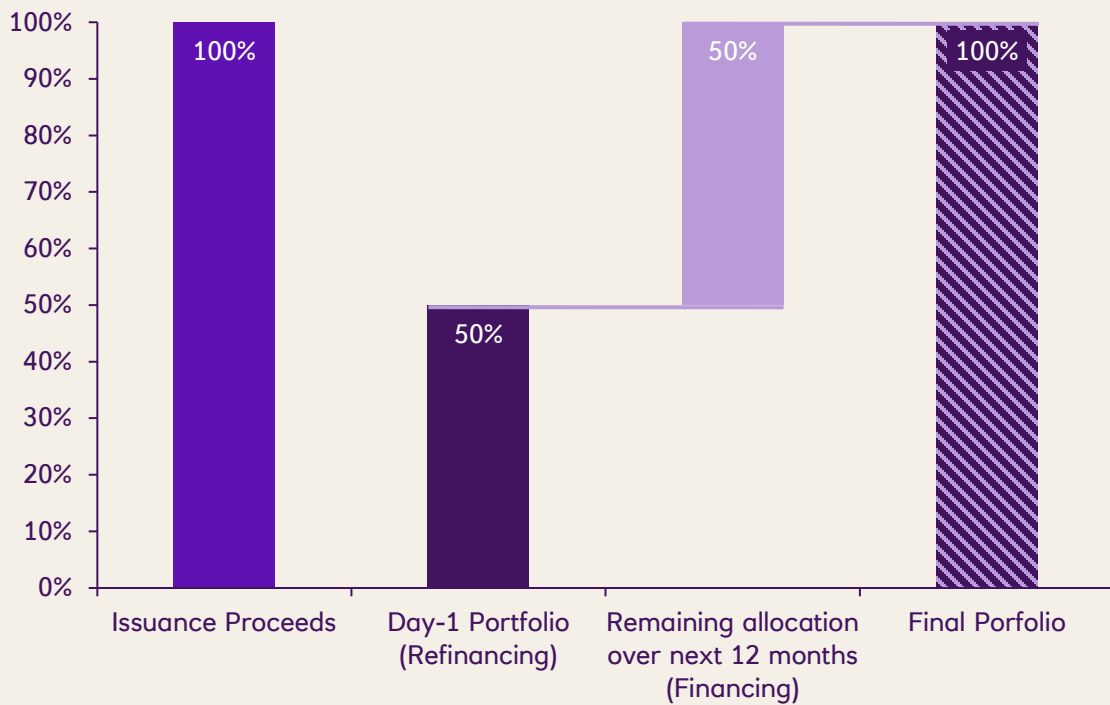
3. For a summary of the limitations of carbon emissions calculated using EPC ratings, see section 5.2.1 and 5.7 of the 2020 NatWest Group 2020 Climate-related disclosures report and Sections 1.b and 1.c of the NatWest Group Climate, Purpose and ESG measures supplement Q3 2021.

4. Premised on mortgages for energy efficient homes (EPC A or B rated) being aligned to the World Green Building Council definition of green mortgages and now having Pioneer status with the Green Home Finance Principles (<https://www.greenfinanceinstitute.co.uk/ghfp/>)

Allocation Report

The graph below shows an indicative timeline and an illustrative allocation of proceeds of the issuance. In line with internal monitoring of the Eligible Portfolio, we will review and approve allocations of the Green Bond proceeds to additional Green Mortgages on a monthly basis. We expect the proceeds of the Green Bond to be fully allocated within 12 months of issuance. NatWest Group intends to publish an impact report after the proceeds are fully allocated.

Indicative timeline and illustrative allocation of proceeds



Where assets unexpectedly mature such that the outstanding bond proceeds exceed the amount allocated to the portfolio, we will hold and/or invest any surplus proceeds at our discretion in cash or short term liquid securities until additional Green Mortgages are available.

Important Information

This Allocation Report:

- has been prepared by NatWest Group plc (together with its subsidiaries the 'NatWest Group') for information and reference purposes only;
- is intended to provide non-exhaustive, indicative and general information only;
- does not purport to be comprehensive;
- does not provide any form of legal, tax, investment, accounting, financial or other advice; and
- must be read together with the section on 'Notes issued with a specific use of proceeds, such as Green, Social or Sustainability Bonds may not meet investor expectations or requirements' on page 13 of the [NatWest Group plc £40,000,000 Euro Medium Term Note Programme](#) (the 'EMTN Programme') under which the Green Bonds of this Allocation Report are issued.

Caution about the information in this report. This Allocation Report is prepared based on reviews and analysis of our loan data, and it also includes information – such as the EPC data – provided by a third party. This Allocation Report and any information contained or otherwise accessible through the websites mentioned in this Allocation Report are historical and only speak as of their respective date. NatWest Group is under no obligation to update these materials, absent a legal duty to do so. To the extent permitted by law, NatWest Group makes no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness of any of the opinions or conclusions expressed in this document.

Recipient Agreements. By receiving this document, each recipient of this Allocation Report is deemed (that is, without any need to provide a confirmation, approval or signature of this document) to acknowledge and agree that:

- the recipient has read, understood, agreed and accepted to be bound by the statements below including the sections under 'No offer of securities or investments', 'Restrictions on distribution' and 'Limitations of liability';
- the recipient will not disclose it, or permit disclosure of it, to third parties, in whole or in part, without attributing the source and without the prior written consent of the NatWest Group;
- NatWest Group gives no assurance that all or some of the use of proceeds of the Green Bonds or any loans that the Green Bond finance or refinance will meet (i) the requirements set out in the Framework (as defined in this Allocation Report); (ii) any present or future investor expectations or requirements as regards any investment criteria or guidelines with which that investor or its investments are required to comply; (iii) any present or future applicable law or regulation, its own articles of association or other governing rules or investment mandates that apply to the recipient; and (iv) the intended direct or indirect green house emissions impact of any loans financed / re-financed with the proceeds from the issue of the Green Bonds.

No offer of securities or investments. The information, statements and opinions contained in this Allocation Report do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

Restrictions on distribution. The distribution of this document and of the information it contains may be subject of legal restrictions in some countries. Persons in possession of it must inquire as to the existence of such restrictions and comply with them.

Limitations of liability. NatWest Group or any of its affiliates shall not be liable for any loss, damage, liability or expense incurred or suffered which is claimed to have resulted from use of this report by the recipient, including without limitation any direct, indirect, special or consequential damages, even if NatWest Group has been advised of the possibility of such damages.

Cautionary Note About Forward-looking Statements in this Allocation Report

This Allocation Report contains forward-looking statements (within the meaning of the United States Private Securities Litigation Reform Act of 1995), such as statements that include, the words 'will', 'should', 'intend', 'plan', 'risk' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NatWest Group's deployment of the net proceeds of its offering of green bonds and reporting thereon.

Forward-looking statements are subject to a number of risks and uncertainties that might cause the actual deployment of the net proceeds of green bonds and NatWest Group's reporting on such matters to differ materially from expected deployment of the net proceeds of green bonds and NatWest Group's reporting on such matters expressed or implied by the forward-looking statements.

Factors that could cause or contribute to differences in current expectations and the actual deployment of the net proceeds of offerings of green bonds and NatWest Group's reporting on such matters include, but are not limited to the impact of the COVID-19 pandemic, the outcome of legal, regulatory and governmental actions and investigations, legislative, political, fiscal and regulatory developments, competitive conditions, technological developments, general economic and political conditions and the impact of climate related risks and the transitioning to a low carbon economy.

These and other factors, risks and uncertainties that may impact any forward-looking statement or NatWest Group's actual deployment of the net proceeds of offerings of green bonds and NatWest Group's reporting on such matters are discussed in NatWest Group's most recent Annual Report and Accounts (ARA), as well as the Base Prospectus and its supplements for the EMTN Programme.

The forward-looking statements contained in this document speak only as of the date of this document and NatWest Group does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.



NatWest
Group

Want to know more?

sustainablebonds@natwest.com

natwestgroup.com