

Social Bond Allocation Report

Building a purpose-led bank.



23rd February 2021

natwestgroup.com

Allocation Report

As part of being a purpose-led bank, we¹ are proud to help people, families and businesses thrive. The launch of our inaugural **Affordable Housing Social Bond** reinforces our July 2020 commitment to provide £3bn of funding to the affordable housing sector by end of 2022.² This issuance follows the October 2020 update to our Green, Social and Sustainability Bond Framework (the “Framework”).³

We have selected a pool of loans^{4,5} provided to not-for-profit, registered UK-based Housing Associations, to which we intend to allocate the proceeds of this issuance (the “Eligible Portfolio”). We consider that these loans enable positive social impacts and reduced inequalities, in the provision of Affordable Housing by the Housing Associations to whom we lend, in accordance with our Framework. As part of the identification process, we applied a look-back period of 18 months. A breakdown of the activities of these Housing Associations is shown on page 3.

Eligible Portfolio



SDG 1: No Poverty
ICMA Category: Affordable Housing

The Eligible Portfolio will consist of loans originally provided to not-for-profit, registered housing associations operating in the UK which provide greater access to affordable housing in the UK in accordance with the accredited or registered affordable housing definitions, or contributes to enhanced access for low income residents or marginalised communities, as set out in Section 4.2 of our Framework (Affordable Housing) and in line with Section 5.2 of our Framework.



As at the day of issuance, some of the loans that we have selected are committed, but have not yet been fully drawn. We expect proceeds to be allocated when these committed facilities are drawn in line with the indicative timeline set out overleaf. This issuance therefore represents both ‘financing’ and ‘refinancing’.

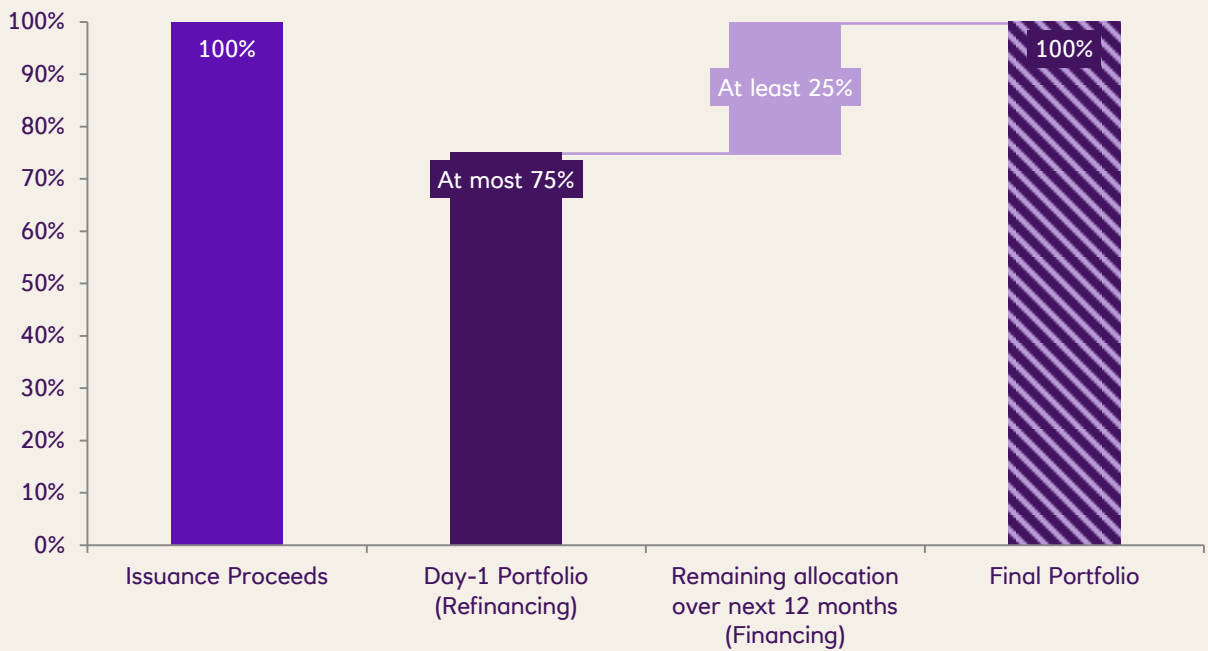
1. “We” and “our” refers to NatWest Group plc, “NatWest Group”.
2. <https://www.natwestgroup.com/news/2020/07/natwest-to-support-vital-social-housing-sector-with-3bn-funding.html>
3. <https://investors.natwestgroup.com/fixed-income-investors/green-social-and-sustainability-bonds/gss-bonds>
4. We provide loans to Housing Associations in order that they may undertake activities set out in Section 5.2 of our Framework. As such, loan terms may not stipulate specific use of proceeds.
5. Primarily interest only loans with repayment of the principal amount borrowed at the end of the loan term.

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The graph below shows an indicative timeline and an illustrative allocation of proceeds of the issuance. We expect that the duration of the final Eligible Portfolio will be aligned to that of the issuance. Once proceeds are fully allocated, we plan to provide an update on how the proceeds of the issuance have been allocated. Where possible, we intend to also provide examples of eligible loans as part of our Impact Reporting, as set out in our Framework.

Unallocated proceeds will be held at our discretion, in cash or short term liquid investments, until the selected eligible assets are fully drawn, in line with the details set out in our Framework.

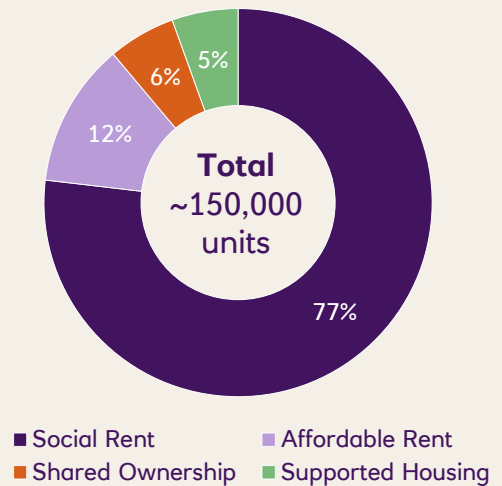
Indicative timeline and illustrative allocation of proceeds



Indicative Housing Type

The total of ~150,000 units reflects the housing stocks owned by the Housing Associations to which we lend, whose facilities are eligible for the allocation of proceeds, according to the criteria set out in our Framework.

The breakdown reflects the type of units, weighted according to the notional of each facility within the expected Eligible Portfolio.



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 Social 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 housing stock 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.

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- 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 Social Bonds or any loans that the Social 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 social impact of any loans financed / re-financed with the proceeds from the issue of the Social Bonds.

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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 social 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 social bonds and NatWest Group's reporting on such matters to differ materially from expected deployment of the net proceeds of social 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 social 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 social 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.



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