

NatWest Group plc

19 March 2021

Off-market purchase of 590,730,325 ordinary shares from Her Majesty's Treasury ("HM Treasury")

NatWest Group plc (the "Company" or "NWG") has agreed with HM Treasury to make an off-market purchase (the "Off-Market Purchase") for the total consideration of £1,125,341,269 for 590,730,325 ordinary shares in the Company with a nominal value of £1 each ("Ordinary Shares") at a price of 190.50 pence per Ordinary Share, being yesterday's closing price of the Ordinary Shares on the London Stock Exchange.

The purchased Ordinary Shares represent 4.86 per cent of the Company's issued share capital. The Off-Market Purchase is expected to settle on 23 March 2021.

A contract (the "Directed Buyback Contract") between the Company and HM Treasury was approved by the shareholders of the Company at a General Meeting held on 6 February 2019 and signed on 7 February 2019. The authority from shareholders to make off-market purchases of Ordinary Shares from HM Treasury (or its nominee) under the terms of the Directed Buyback Contract was renewed at the Annual General Meeting on 29 April 2020.

NWG intends to cancel 390,730,325 of the purchased Ordinary Shares and hold the remaining 200,000,000 Ordinary Shares in treasury. Holding Ordinary Shares as treasury shares gives the Company the ability to cancel such shares at a later date, or re-issue treasury shares quickly and cost effectively, and may provide the Company with additional flexibility in the management of its capital base, including the allotment of Ordinary Shares in relation to its employee share plans.

Under chapter 11 of the Listing Rules, the Directed Buyback Contract constitutes a related party transaction. However, the Off-Market Purchase is treated as a smaller related party transaction under LR 11.1.10 R.

Following settlement of the above transaction:

- NWG will hold 200,000,000 of its Ordinary Shares as treasury shares;
- NWG will have in issue 11,575,835,427 Ordinary Shares (excluding treasury shares); 900,000 Cumulative Preference Shares of £1; and 10,130 Category II Non-cum Preference Shares of US\$0.01 in issue; and
- HM Treasury will hold 6,918,753,194 Ordinary Shares, representing 59.77 per cent. of the Company's issued share capital excluding treasury shares.

Based on NWG's position on 31 December 2020, NWG's CET1 ratio will be reduced by 66 basis points and tangible equity per share will increase by around 4 pence.

Contribution to the main pension scheme

The Off-Market Purchase of Ordinary Shares has triggered NWG to contribute £500 million to its main pension scheme in line with the memorandum of understanding announced on 17 April 2018. After tax relief, this contribution will reduce tangible equity by £365 million. CET1 will be reduced by £99 million as £266 million (equivalent to £364 million before tax relief) was recognised as a CET1 capital deduction as at 31 December 2020. These will be recognised as part of the NWG Q1 2021 results.

The combined impact of the Off-Market Purchase and the pension contribution, based on the NWG position at 31 December 2020, equates to a CET1 ratio reduction of 72 basis points and around a 1 pence increase in tangible equity per share.

The person responsible for arranging the release of this announcement on behalf of NWG is Alexander Holcroft, Head of Investor Relations.

MAR Inside Information - this announcement contains information that qualified or may have qualified as inside information for NWG, for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 of 16 April 2014 (MAR) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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Forward-looking statements

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