



National Westminster Bank Plc 2024 Annual Results

Financial review

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Presentation of information

National Westminster Bank Plc ('NWB Plc') is a wholly owned subsidiary of NatWest Holdings Limited ('NWH Ltd' or 'the intermediate holding company'). The term 'NWB Group' or 'we' refers to NWB Plc and its subsidiary and associated undertakings. The term 'NWH Group' refers to NWH Ltd and its subsidiary and associated undertakings. NatWest Group plc is 'the ultimate holding company'. The term 'NatWest Group' refers to NatWest Group plc and its subsidiaries.

NWB Plc publishes its financial statements in pounds sterling ('£' or 'sterling'). The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling ('GBP'), respectively, and references to 'pence' represent pence where amounts are denominated in sterling. Reference to 'dollars' or '\$' are to United States of America ('US') dollars. The abbreviations '\$m' and '\$bn' represent millions and thousands of millions of dollars, respectively. The abbreviation '€' represents the 'euro', and the abbreviations '€m' and '€bn' represent millions and thousands of millions of euros, respectively.

Description of business

National Westminster Bank Plc ('NWB Plc', which wholly owns Coutts & Company) is a principal entity under NatWest Holdings Limited ('NWH Ltd'), together with The Royal Bank of Scotland plc ('RBS plc'). The term 'NWB Group' refers to NWB Plc and its subsidiary and associated undertakings.

Principal activities and operating segments

NWB Group serves customers across the UK with a range of retail and commercial banking products and services. A wide range of personal products are offered including current accounts, credit cards, personal loans, mortgages and wealth management services. NWB Plc is the main provider of shared services for NatWest Group.

The reportable operating segments are as follows:

Retail Banking - serves personal customers in the UK and includes Ulster Bank customers in Northern Ireland.

Private Banking - serves UK-connected, high net worth individuals and their business interests.

Commercial & Institutional - consists of customer businesses reported under Business Banking, Commercial Mid-market and Corporate & Institutions, supporting our customers across the full non-personal customer lifecycle, both domestically and internationally.

Central items & other - includes corporate functions such as treasury, finance, risk management, compliance, legal, communications and human resources. NWB Plc is the main service provider of shared services and treasury activities for NatWest Group. The services are mainly provided to NWH Group, however, in certain instances where permitted, services are also provided to the wider NatWest Group including the non ring-fenced business.

Performance overview

Strong financial performance

NWB Group profit for the year was £3,425 million compared with £3,509 million in 2023.

Total income decreased by £113 million to £11,973 million, primarily reflecting a gain on redemption of own debt in 2023 and a decrease on gains from economic hedging derivatives. This was partially offset by increased net interest income, lending and financing fees and investment income.

Operating expenses increased by £170 million to £6,963 million, reflecting higher staff costs as a result of planned restructuring costs and higher depreciation and amortisation costs, mainly due to continued investment in technology. This was offset in part by a reduction in conduct and managed services costs.

Net impairment losses of £347 million reduced year on year reflecting good book releases, post model adjustment releases and the IFRS 9 multiple economic scenario (MES) updates partially offset by an increase in Stage 3 charges. Total impairment provisions decreased by £0.1 billion to £2.7 billion in the year. Expected credit loss (ECL) coverage ratio decreased from 0.88% to 0.81%.

Robust balance sheet with strong capital levels

Total assets increased by £8.8 billion to £424.3 billion. This was primarily driven by an increase in loans to customers and a £7.6 billion increase in other financial assets, driven by liquidity risk management activities, principally net bond activity. This was partially offset by a reduction in cash and balances at central banks.

Loans to customers increased by £13.5 billion to £332.0 billion primarily driven by an increase in reverse repo activities, growth in the Retail Banking business as a result of the acquisition of a Metro Bank mortgage portfolio, and commercial term loan facilities.

Customer deposits increased by £4.5 billion to £318.3 billion driven by growth in savings balances combined with a deposit mix shift as customers move toward interest bearing accounts. This was partially offset by a reduction in repo balances as a result of market conditions.

The Common Equity Tier 1 (CET1) ratio decreased 20 basis points to 11.4% due to a £2.8 billion increase in risk-weighted assets (RWAs) partially offset by a £0.1 billion increase in CET1 capital. The CET1 capital increase was primarily driven by attributable profit, partially offset by interim and foreseeable dividends.

Total RWAs increased by £2.8 billion to £124.5 billion mainly reflecting:

- an increase in credit risk RWAs of £1.2 billion, primarily driven by a £0.9 billion Metro Bank mortgage portfolio acquisition, increased lending and an uplift in internal ratings based (IRB) temporary model adjustment in Retail Banking and an increase driven by drawdowns and new facilities within Commercial & Institutional. These increases were partially offset by active RWA management and improved risk metrics.
- an increase in operational risk RWAs of £1.6 billion following the annual recalculation

Summary consolidated income statement for the year ended 31 December 2024

| | Retail Banking | Private Banking | Commercial & Institutional | Central items & other | 2024 | 2023 | Variance | |
|---|-------------------|--------------------|-------------------------------|--------------------------|---------|---------|----------|------|
| | £m | £m | £m | £m | £m | £m | £m | % |
| Net interest income | 4,472 | 619 | 3,342 | (225) | 8,208 | 8,023 | 185 | 2 |
| Non-interest income | 412 | 319 | 1,446 | 1,588 | 3,765 | 4,063 | (298) | (7) |
| Total income | 4,884 | 938 | 4,788 | 1,363 | 11,973 | 12,086 | (113) | (1) |
| Operating expenses | (2,445) | (700) | (2,346) | (1,472) | (6,963) | (6,793) | (170) | 3 |
| Profit/(loss) before impairment losses/releases | 2,439 | 238 | 2,442 | (109) | 5,010 | 5,293 | (283) | (5) |
| Impairment (losses)/releases | (250) | 11 | (117) | 9 | (347) | (504) | 157 | (31) |
| Operating profit/(loss) before tax | 2,189 | 249 | 2,325 | (100) | 4,663 | 4,789 | (126) | (3) |
| Tax charge | | | | | (1,238) | (1,280) | 42 | (3) |
| Profit for the year | | | | | 3,425 | 3,509 | (84) | (2) |

Key metrics and ratios

| | 2024 | 2023 |
|-----------------------------|----------|----------|
| Cost:income ratio (1) | 58.2% | 56.2% |
| Loan impairment rate (2) | 10bps | 15bps |
| CET1 ratio (3) | 11.4% | 11.6% |
| Leverage ratio (4) | 4.4% | 4.5% |
| Risk-weighted assets (RWAs) | £124.5bn | £121.7bn |
| Loan:deposit ratio (5) | 98% | 97% |

(1) Cost:income ratio is total operating expenses divided by total income.

(2) Loan impairment rate is the loan impairment charge divided by gross customer loans.

(3) CET1 ratio is CET1 capital divided by RWAs.

(4) Leverage ratio is Tier 1 capital divided by total exposure.

(5) Loan:deposit ratio is total loans divided by total deposits.

NWB Group reported a profit of £3,425 million compared with £3,509 million in 2023. This was driven by increased operating expenses of £170 million and a £113 million decrease in total income, partially offset by a decrease in net impairment losses of £157 million.

Total income decreased by £113 million, or 1%, to £11,973 million, primarily reflecting a decrease in non-interest income.

Net interest income increased by £185 million, or 2%, to £8,208 million primarily reflecting lending growth, the higher rate environment and an increase in net bond activity. This was partially offset by increased interest payable on customer deposits, due to balance growth combined with a mix shift from non-interest bearing to interest bearing products.

Non-interest income decreased by £298 million, or 7%, to £3,765 million, primarily driven by other operating income, partially offset by an increase in net fees and commissions.

Net fees and commissions increased by £65 million, or 4%, to £1,734 million, driven by increased commercial lending and financing fees, and higher Assets Under Management and Administration (AUMA) balances driving an increase in investment income.

Other operating income reduced by £363 million, or 15%, to £2,031 million primarily reflecting:

- £234 million decrease primarily due to a gain on redemption of own debt in 2023;
- £184 million decrease on gains from economic hedging derivatives, combined with a £44 million decrease on gains from hedge ineffectiveness;
- £64 million lower intercompany income due from fellow NatWest subsidiaries, partially offset by;
- £101 million increase due to gains on the sale of assets, primarily due to a loss on disposal of property during 2023.

Operating expenses increased by £170 million, or 3%, to £6,963 million reflecting:

- an increase in staff costs of £192 million primarily as a result of planned restructuring costs, including the closure of operations in Poland and staff share scheme awards, partially offset by a reduction in temporary staff costs;
- an increase in depreciation and amortisation costs of £110 million mainly due to continued investment in technology;
- an increase in premises and equipment costs of £60 million due to an increase in technology contract costs and property provisions, partially offset by lower utility costs and a smaller property footprint, partially offset by;
- a decrease in other administrative costs of £192 million, primarily driven by a reduction in conduct costs, managed services costs and a lower profit share arrangement with fellow NatWest Group subsidiaries, partially offset by the new Bank of England Levy.

Net impairment losses of £347 million reduced year on year reflecting good book releases, post model adjustment releases and the MES update. Total impairment provisions decreased by £0.1 billion to £2.7 billion in the year. ECL coverage ratio decreased from 0.88% to 0.81%.

Summary consolidated balance sheet as at 31 December 2024

| | 2024 | 2023 | Variance | |
|--|----------------|----------------|--------------|----------|
| | £m | £m | £m | % |
| Assets | | | | |
| Cash and balances at central banks | 35,095 | 48,259 | (13,164) | (27) |
| Derivatives | 2,874 | 3,184 | (310) | (10) |
| Loans to banks – amortised cost | 3,426 | 3,355 | 71 | 2 |
| Loans to customers – amortised cost | 332,013 | 318,466 | 13,547 | 4 |
| Amounts due from holding companies and fellow subsidiaries | 3,736 | 2,311 | 1,425 | 62 |
| Other financial assets | 39,571 | 31,944 | 7,627 | 24 |
| Other assets | 7,594 | 7,949 | (355) | (4) |
| Total assets | 424,309 | 415,468 | 8,841 | 2 |
| Liabilities | | | | |
| Bank deposits | 24,780 | 18,052 | 6,728 | 37 |
| Customer deposits | 318,290 | 313,752 | 4,538 | 1 |
| Amounts due to holding companies and fellow subsidiaries | 47,724 | 47,252 | 472 | 1 |
| Derivatives | 1,177 | 1,718 | (541) | (31) |
| Other financial liabilities | 4,999 | 9,011 | (4,012) | (45) |
| Subordinated liabilities | 122 | 122 | - | - |
| Notes in circulation | 935 | 806 | 129 | 16 |
| Other liabilities | 3,164 | 3,325 | (161) | (5) |
| Total liabilities | 401,191 | 394,038 | 7,153 | 2 |
| Total equity | 23,118 | 21,430 | 1,688 | 8 |
| Total liabilities and equity | 424,309 | 415,468 | 8,841 | 2 |

Total assets increased by £8.8 billion to £424.3 billion as at 31 December 2024.

Cash and balances at central banks decreased by £13.2 billion to £35.1 billion, primarily reflecting outflows as a result of net bond activity as part of liquidity risk management.

Loans to banks – amortised cost remained broadly stable at £3.4 billion, primarily reflecting increases in reverse repos offset by the reclassification of the cash ratio deposit to cash and balances at central banks.

Loans to customers – amortised cost increased by £13.5 billion to £332.0 billion, driven by a £6.2 billion increase in reverse repos, an increase in commercial term loan facilities and a £3.6 billion increase in Retail Banking mortgage portfolios, mainly driven by the £2.2 billion acquisition of a Metro Bank mortgage portfolio.

Amounts due from holding companies and fellow subsidiaries increased by £1.4 billion to £3.7 billion primarily due to balances with fellow subsidiaries of NWH Group.

Other financial assets increased by £7.6 billion to £39.6 billion, primarily reflecting £38.1 billion of bond purchases, partially offset by bond disposals and maturities of £31.5 billion.

Bank deposits increased by £6.7 billion to £24.8 billion, driven primarily by an increase in repo balances.

Customer deposits increased by £4.5 billion to £318.3 billion, primarily due to a growth in savings balances including a mix shift as customers move to interest bearing products, partially offset by a £9.6 billion reduction in repo balances.

Derivative liabilities decreased by £0.5 billion to £1.2 billion, driven by favourable rate movements on interest rate swaps.

Other financial liabilities decreased by £4.0 billion to £5.0 billion, mainly driven by lower short-term funding, due to the current market environment, and bond maturities.

Total equity increased by £1.7 billion to £23.1 billion. The increase mainly reflects profit for the year of £3.4 billion, a £0.8 billion increase in paid-in equity and a £0.3 billion reduction in cash flow hedging reserves, partially offset by £2.5 billion of ordinary dividends paid to NatWest Group plc.

Consolidated income statement

For the year ended 31 December 2024

| | 2024 £m | 2023 £m |
|--|----------------|----------------|
| Interest receivable | 18,100 | 14,764 |
| Interest payable | (9,892) | (6,741) |
| Net interest income | 8,208 | 8,023 |
| Fees and commissions receivable | 2,276 | 2,177 |
| Fees and commissions payable | (542) | (508) |
| Other operating income | 2,031 | 2,394 |
| Non-interest income | 3,765 | 4,063 |
| Total income | 11,973 | 12,086 |
| Staff costs | (3,301) | (3,109) |
| Premises and equipment | (1,099) | (1,039) |
| Other administrative expenses | (1,576) | (1,768) |
| Depreciation and amortisation | (987) | (877) |
| Operating expenses | (6,963) | (6,793) |
| Profit before impairment losses | 5,010 | 5,293 |
| Impairment losses | (347) | (504) |
| Operating profit before tax | 4,663 | 4,789 |
| Tax charge | (1,238) | (1,280) |
| Profit for the year | 3,425 | 3,509 |
| Attributable to: | | |
| Ordinary shareholders | 3,237 | 3,368 |
| Paid-in equity holders | 194 | 142 |
| Non-controlling interests | (6) | (1) |
| | 3,425 | 3,509 |

Consolidated statement of comprehensive income

For the year ended 31 December 2024

| | 2024 £m | 2023 £m |
|---|--------------|--------------|
| Profit for the year | 3,425 | 3,509 |
| Items that do not qualify for reclassification | | |
| Remeasurement of retirement benefit schemes | (150) | (147) |
| Tax | 39 | 40 |
| | (111) | (107) |
| Items that do qualify for reclassification | | |
| FVOCI financial assets | (28) | 43 |
| Cash flow hedges (1) | 405 | (290) |
| Currency translation | (18) | (17) |
| Tax | (107) | 73 |
| | 252 | (191) |
| Other comprehensive income/(loss) after tax | 141 | (298) |
| Total comprehensive income for the year | 3,566 | 3,211 |
| Attributable to: | | |
| Ordinary shareholders | 3,377 | 3,070 |
| Paid-in equity holders | 194 | 142 |
| Non-controlling interests | (5) | (1) |
| | 3,566 | 3,211 |

(1) Refer to footnotes 2 and 3 of the Consolidated statement in changes in equity.

Balance sheet

As at 31 December 2024

| | NWB Group | | NWB Plc | |
|--|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £m | £m | £m | £m |
| Assets | | | | |
| Cash and balances at central banks | 35,095 | 48,259 | 35,083 | 48,238 |
| Derivatives | 2,874 | 3,184 | 2,892 | 3,213 |
| Loans to banks - amortised cost | 3,426 | 3,355 | 3,148 | 3,043 |
| Loans to customers - amortised cost | 332,013 | 318,466 | 297,548 | 284,314 |
| Amounts due from holding companies and fellow subsidiaries | 3,736 | 2,311 | 36,383 | 33,499 |
| Securities subject to repurchase agreements | 8,984 | 6,469 | 8,984 | 6,469 |
| Other financial assets excluding securities subject to repurchase agreements | 30,587 | 25,475 | 29,814 | 24,623 |
| Other financial assets | 39,571 | 31,944 | 38,798 | 31,092 |
| Investment in group undertakings | - | - | 2,520 | 2,615 |
| Other assets | 7,594 | 7,949 | 5,503 | 5,735 |
| Total assets | 424,309 | 415,468 | 421,875 | 411,749 |
| Liabilities | | | | |
| Bank deposits | 24,780 | 18,052 | 24,778 | 18,052 |
| Customer deposits | 318,290 | 313,752 | 275,972 | 276,202 |
| Amounts due to holding companies and fellow subsidiaries | 47,724 | 47,252 | 90,925 | 84,174 |
| Derivatives | 1,177 | 1,718 | 1,323 | 2,014 |
| Other financial liabilities | 4,999 | 9,011 | 3,824 | 8,147 |
| Subordinated liabilities | 122 | 122 | 119 | 119 |
| Notes in circulation | 935 | 806 | 935 | 806 |
| Other liabilities | 3,164 | 3,325 | 2,390 | 2,534 |
| Total liabilities | 401,191 | 394,038 | 400,266 | 392,048 |
| Owners' equity | 23,093 | 21,395 | 21,609 | 19,701 |
| Non-controlling interests | 25 | 35 | - | - |
| Total equity | 23,118 | 21,430 | 21,609 | 19,701 |
| Total liabilities and equity | 424,309 | 415,468 | 421,875 | 411,749 |

Owners' equity of NWB Plc as at 31 December 2024 includes the profit for the year of £3,613 million (2023 - £3,625).

Statement of changes in equity

For the year ended 31 December 2024

| | NWB Group | | NWB Plc | |
|--|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £m | £m | £m | £m |
| Called-up share capital - at 1 January and 31 December | 1,678 | 1,678 | 1,678 | 1,678 |
| Paid-in equity - at 1 January | 2,518 | 2,518 | 2,518 | 2,518 |
| Issued | 799 | - | 799 | - |
| At 31 December | 3,317 | 2,518 | 3,317 | 2,518 |
| Share premium account - at 1 January and 31 December | 2,225 | 2,225 | 2,225 | 2,225 |
| Merger reserve - at 1 January | 28 | 77 | - | (2) |
| Amortisation | (18) | (49) | - | 2 |
| At 31 December | 10 | 28 | - | - |
| FVOCI reserve - at 1 January | (41) | (76) | (52) | (76) |
| Unrealised losses | (46) | - | (52) | (11) |
| Realised losses | 18 | 43 | 32 | 43 |
| Tax | 6 | (8) | 6 | (8) |
| At 31 December | (63) | (41) | (66) | (52) |
| Cash flow hedging reserve - at 1 January | (600) | (391) | (601) | (393) |
| Amount recognised in equity (2) | 119 | (180) | 125 | (180) |
| Amount transferred from equity to earnings (3) | 286 | (110) | 283 | (109) |
| Tax | (113) | 81 | (114) | 81 |
| At 31 December | (308) | (600) | (307) | (601) |
| Foreign exchange reserve - at 1 January | (104) | (87) | (18) | (18) |
| Retranslation of net assets | (44) | (31) | (28) | (12) |
| Foreign currency gains on hedges of net assets | 25 | 14 | 16 | 12 |
| At 31 December | (123) | (104) | (30) | (18) |
| Capital redemption reserve - at 1 January and 31 December | 820 | 820 | 820 | 820 |
| Retained earnings - at 1 January | 14,871 | 13,302 | 13,131 | 11,491 |
| Profit attributable to ordinary shareholders and other equity owners | 3,431 | 3,510 | 3,613 | 3,625 |
| Paid-in equity dividends paid | (194) | (142) | (194) | (142) |
| Ordinary dividends paid | (2,516) | (1,738) | (2,516) | (1,738) |
| Remeasurement of the retirement benefit schemes | | | | |
| - gross | (150) | (147) | (139) | (139) |
| - tax | 39 | 40 | 39 | 39 |
| Shares issued under employee share schemes | | | | |
| - gross | 16 | - | 16 | - |
| - tax | 6 | - | 6 | - |
| Share-based payments | | | | |
| - gross | (5) | 10 | (5) | 10 |
| - tax | 21 | (13) | 21 | (13) |
| Amortisation of merger reserve | 18 | 49 | - | (2) |
| At 31 December | 15,537 | 14,871 | 13,972 | 13,131 |

For the notes to this table refer to the following page.

Statement of changes in equity for the year ended 31 December 2024 continued

| | NWB Group | | NWB Plc | |
|--|---------------|------------|---------------|------------|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| Owners' equity at 31 December | 23,093 | 21,395 | 21,609 | 19,701 |
| Non-controlling interests - at 1 January | 35 | 10 | - | - |
| Currency translation adjustments and other movements | 1 | - | - | - |
| Loss attributable to non-controlling interests | (6) | (1) | - | - |
| Dividends paid | (5) | (5) | - | - |
| Acquisition of subsidiary | - | 31 | - | - |
| At 31 December | 25 | 35 | - | - |
| Total equity at 31 December | 23,118 | 21,430 | 21,609 | 19,701 |
| Attributable to: | | | | |
| Ordinary shareholders | 19,776 | 18,877 | 18,292 | 17,183 |
| Paid-in equity holders | 3,317 | 2,518 | 3,317 | 2,518 |
| Non-controlling interests | 25 | 35 | - | - |
| | 23,118 | 21,430 | 21,609 | 19,701 |

- (1) The total distributable reserves for NWB Plc is £13,569 million (2023 – £12,460 million). Refer to Note 22 to the financial statements of the NatWest Bank Plc 2024 Annual Report and Accounts for additional information.
- (2) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and a decrease in swap rates compared to previous periods.
- (3) As referred to in Note 12 to the financial statements of the NatWest Bank Plc 2024 Annual Report and Accounts, the amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised cost, balances at central banks and customer deposits.

Cash flow statement

For the year ended 31 December 2024

| | NWB Group | | NWB Plc | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| Cash flows from operating activities | | | | |
| Operating profit before tax | 4,663 | 4,789 | 4,680 | 4,705 |
| Adjustments for: | | | | |
| Non-cash and other items | 2,174 | 1,329 | 1,424 | 396 |
| Changes in operating assets and liabilities | (5,981) | (10,132) | (7,007) | (8,999) |
| Income taxes paid | (1,186) | (780) | (993) | (484) |
| Net cash flows from operating activities (1,2) | (330) | (4,794) | (1,896) | (4,382) |
| Cash flows from investing activities | | | | |
| Sale and maturity of other financial assets | 34,959 | 18,254 | 33,860 | 17,887 |
| Purchase of other financial assets | (42,561) | (35,090) | (41,551) | (34,249) |
| Income received on other financial assets | 798 | 450 | 768 | 435 |
| Net movement in business interests and intangible assets | (2,883) | (724) | (2,861) | (1,188) |
| Dividends received from subsidiaries | - | - | 553 | 617 |
| Sale of property, plant and equipment | 183 | 92 | 101 | 34 |
| Purchase of property, plant and equipment | (452) | (787) | (252) | (544) |
| Net cash flows from investing activities | (9,956) | (17,805) | (9,382) | (17,008) |
| Cash flows from financing activities | | | | |
| Issue of paid-in equity | 799 | - | 799 | - |
| Issue of subordinated liabilities | 600 | 1,263 | 600 | 1,263 |
| Redemption of subordinated liabilities | (579) | (539) | (579) | (539) |
| Interest paid on subordinated liabilities | (184) | (145) | (159) | (120) |
| Issue of MRELS | 1,187 | 441 | 927 | 441 |
| Maturity and redemption of MRELS | (1,190) | (157) | (930) | (107) |
| Interest paid on MRELS | (247) | (293) | (215) | (261) |
| Dividends paid | (2,715) | (1,885) | (2,710) | (1,880) |
| Net cash flows from financing activities | (2,329) | (1,315) | (2,267) | (1,203) |
| Effects of exchange rate changes on cash and cash equivalents | (256) | (403) | (259) | (397) |
| Net decrease in cash and cash equivalents | (12,871) | (24,317) | (13,804) | (22,990) |
| Cash and cash equivalents at 1 January | 52,001 | 76,318 | 52,482 | 75,472 |
| Cash and cash equivalents at 31 December | 39,130 | 52,001 | 38,678 | 52,482 |

- (1) NWB Group includes interest received of £17,968 million (2023 - £14,320 million) and interest paid of £9,807 million (2023 - £6,043 million), and NWB Plc includes interest received of £17,094 million (2023 - £13,338 million) and interest paid of £9,581 million (2023 - £6,259 million).
- (2) The total cash outflow for leases for NWB Group was £78 million (2023 - £100 million) and for NWB Plc £66 million (2023 - £89 million). This included payment of principal for NWB Group of £63 million (2023 - £84 million) and NWB Plc of £58 million (2022 - £76 million). These amounts are included in the operating activities in cash flow statement.

Notes to the financial statements

1 Presentation of condensed consolidated financial statements

The condensed consolidated financial statements should be read in conjunction with NatWest Bank Plc 2024 Annual Report and Accounts. The critical and material accounting policies are the same as those applied in the consolidated financial statements.

The directors have prepared the condensed consolidated financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date they are approved.

2 Operating expenses

| | 2024 | 2023 |
|---------------------------------------|-------|-------|
| | £m | £m |
| Wages, salaries and other staff costs | 2,598 | 2,407 |
| Temporary and contract costs | 125 | 163 |
| Social security costs | 306 | 289 |
| Pension costs | 272 | 250 |
| - defined benefit schemes | 80 | 89 |
| - defined contribution schemes | 192 | 161 |
| Staff costs | 3,301 | 3,109 |
| Premises and equipment | 1,099 | 1,039 |
| Depreciation and amortisation (1) | 987 | 877 |
| Other administrative expenses (2) | 1,576 | 1,768 |
| Administrative expenses | 3,662 | 3,684 |
| | 6,963 | 6,793 |

(1) Includes depreciation on right of use assets of £84 million (2023 - £86 million).

(2) Includes redress and litigation costs. Further details are provided in Note 21 to the financial statements of the NatWest Bank Plc 2024 Annual Reports and Accounts.

3 Segmental analysis

Reportable operating segments

NWB Plc is organised into the following reportable segments: Retail Banking, Private Banking, Commercial & Institutional and Central items & other.

Retail Banking serves personal customers in the UK and includes Ulster Bank customers in Northern Ireland.

Private Banking serves UK-connected high-net-worth individuals and their business interests.

Commercial & Institutional consists of customer businesses reported under Business Banking, Commercial Mid-market and Corporate & Institutions, supporting our customers across the full non-personal customer lifecycle, both domestically and internationally.

Central items & other includes corporate functions such as treasury, finance, risk management, compliance, legal, communications and human resources. NWB Plc is the main service provider of shared services and treasury activities for NatWest Group. The services are mainly provided to NWH Group, however, in certain instances where permitted, services are also provided to the wider NatWest Group including the non ring-fenced business.

| | Retail Banking £m | Private Banking £m | Commercial & Institutional £m | Central items & other £m | Total £m |
|-------------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------------|-------------|
| 2024 | | | | | |
| Net interest income | 4,472 | 619 | 3,342 | (225) | 8,208 |
| Net fees and commissions | 313 | 285 | 1,132 | 4 | 1,734 |
| Other operating income | 99 | 34 | 314 | 1,584 | 2,031 |
| Total income | 4,884 | 938 | 4,788 | 1,363 | 11,973 |
| Depreciation and amortisation | (1) | (1) | (117) | (868) | (987) |
| Other operating expenses | (2,444) | (699) | (2,229) | (604) | (5,976) |
| Impairment (losses)/releases | (250) | 11 | (117) | 9 | (347) |
| Operating profit/(loss) | 2,189 | 249 | 2,325 | (100) | 4,663 |

| | | | | | |
|-------------------------------|---------|-------|---------|-------|---------|
| 2023 | | | | | |
| Net interest income | 4,595 | 709 | 2,955 | (236) | 8,023 |
| Net fees and commissions | 327 | 245 | 1,096 | 1 | 1,669 |
| Other operating income | 109 | 31 | 314 | 1,940 | 2,394 |
| Total income | 5,031 | 985 | 4,365 | 1,705 | 12,086 |
| Depreciation and amortisation | - | - | (124) | (753) | (877) |
| Other operating expenses | (2,311) | (615) | (2,191) | (799) | (5,916) |
| Impairment (losses)/releases | (410) | (13) | (82) | 1 | (504) |
| Operating profit | 2,310 | 357 | 1,968 | 154 | 4,789 |

Total revenue ⁽¹⁾

| | Retail Banking £m | Private Banking £m | Commercial & Institutional £m | Central items & other £m | Total £m |
|------------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------------|-------------|
| 2024 | | | | | |
| External | 8,215 | 1,256 | 7,037 | 5,899 | 22,407 |
| Inter-segment ⁽²⁾ | 100 | 1,529 | (1,369) | (260) | - |
| Total | 8,315 | 2,785 | 5,668 | 5,639 | 22,407 |

| | | | | | |
|------------------------------|-------|-------|---------|-------|--------|
| 2023 | | | | | |
| External | 6,565 | 1,156 | 6,440 | 5,174 | 19,335 |
| Inter-segment ⁽²⁾ | (187) | 998 | (1,558) | 747 | - |
| Total | 6,378 | 2,154 | 4,882 | 5,921 | 19,335 |

Total income

| | Retail Banking £m | Private Banking £m | Commercial & Institutional £m | Central items & other £m | Total £m |
|------------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------------|-------------|
| 2024 | | | | | |
| External | 4,725 | 6 | 4,477 | 2,765 | 11,973 |
| Inter-segment ⁽²⁾ | 159 | 932 | 311 | (1,402) | - |
| Total | 4,884 | 938 | 4,788 | 1,363 | 11,973 |

| | | | | | |
|------------------------------|-------|-----|-------|---------|--------|
| 2023 | | | | | |
| External | 4,172 | 324 | 4,652 | 2,938 | 12,086 |
| Inter-segment ⁽²⁾ | 859 | 661 | (287) | (1,233) | - |
| Total | 5,031 | 985 | 4,365 | 1,705 | 12,086 |

(1) Total revenue comprises interest receivable, fees and commissions receivable and other operating income.

(2) Revenue and income from transactions between segments of the group are now reported as inter-segment in both the current and comparative information.

3 Segmental analysis continued

Analysis of net fees and commissions

| | Retail Banking | Private Banking | Commercial & Institutional | Central items & other | Total |
|---|-------------------|--------------------|-------------------------------|--------------------------|--------------|
| | £m | £m | £m | £m | £m |
| 2024 | | | | | |
| Fees and commissions receivable | | | | | |
| - Payment services | 261 | 37 | 538 | - | 836 |
| - Credit and debit card fees | 327 | 13 | 199 | 4 | 543 |
| - Lending and financing | 16 | 5 | 512 | - | 533 |
| - Brokerage | 27 | 9 | - | - | 36 |
| - Investment management, trustee and fiduciary services | 2 | 230 | 1 | - | 233 |
| - Underwriting fees | - | - | - | - | - |
| - Other | 8 | 11 | 70 | 6 | 95 |
| Total | 641 | 305 | 1,320 | 10 | 2,276 |
| Fees and commissions payable | (328) | (20) | (188) | (6) | (542) |
| Net fees and commissions | 313 | 285 | 1,132 | 4 | 1,734 |

| | | | | | |
|---|--------------|-------------|--------------|-------------|--------------|
| 2023 | | | | | |
| Fees and commissions receivable | | | | | |
| - Payment services | 263 | 32 | 518 | - | 813 |
| - Credit and debit card fees | 323 | 13 | 197 | - | 533 |
| - Lending and financing | 12 | 5 | 489 | - | 506 |
| - Brokerage | 27 | 6 | - | - | 33 |
| - Investment management, trustee and fiduciary services | 2 | 205 | - | - | 207 |
| - Underwriting fees | - | - | 1 | - | 1 |
| - Other | 4 | 5 | 60 | 15 | 84 |
| Total | 631 | 266 | 1,265 | 15 | 2,177 |
| Fees and commissions payable | (304) | (21) | (169) | (14) | (508) |
| Net fees and commissions | 327 | 245 | 1,096 | 1 | 1,669 |

| | Retail Banking | Private Banking | Commercial & Institutional | Central items & other | Total |
|--------------------|-------------------|--------------------|-------------------------------|--------------------------|----------------|
| | £m | £m | £m | £m | £m |
| 2024 | | | | | |
| Assets | 199,579 | 18,916 | 92,653 | 113,161 | 424,309 |
| Liabilities | 159,989 | 42,603 | 127,878 | 70,721 | 401,191 |

| | | | | | |
|--------------------|----------------|---------------|----------------|----------------|----------------|
| 2023 | | | | | |
| Assets | 194,488 | 19,284 | 89,783 | 111,913 | 415,468 |
| Liabilities | 154,083 | 37,816 | 123,084 | 79,055 | 394,038 |

4 Tax

| | 2024 £m | 2023 £m |
|---|----------------|----------------|
| Current tax | | |
| Charge for the year | (1,078) | (1,108) |
| Under provision in respect of prior years | (117) | (63) |
| | (1,195) | (1,171) |
| Deferred tax | | |
| Charge for the year | (255) | (220) |
| Increase in the carrying value of deferred tax assets in respect of UK losses | 203 | 137 |
| Over/(under) provision in respect of prior years | 9 | (26) |
| Tax charge for the year | (1,238) | (1,280) |

Current tax for the year ended 31 December 2024 is based on rates of 25% for the standard rate of UK corporation tax and 3% for the UK banking surcharge.

The actual tax charge differs from the expected tax charge, computed by applying the standard rate of UK corporation tax of 25% (2023 – 23.5%), as follows:

| | 2024 £m | 2023 £m |
|---|----------------|----------------|
| Expected tax charge | (1,166) | (1,125) |
| Losses and temporary differences in period where no deferred tax asset recognised | (2) | (1) |
| Foreign profits and losses taxed at other rates | (5) | (8) |
| Items not allowed for tax: | | |
| - losses on disposals and write-downs | (2) | - |
| - UK bank levy | (20) | (19) |
| - regulatory and legal actions | (16) | - |
| - other disallowable items | (36) | (32) |
| Non-taxable items | 3 | 15 |
| Taxable foreign exchange movements | - | (1) |
| Increase in the carrying value of deferred tax assets in respect of: | | |
| - UK losses (2) | 203 | 137 |
| Banking surcharge | (131) | (190) |
| Tax on paid in equity dividends | 42 | 33 |
| Adjustments in respect of prior years (1) (2) | (108) | (89) |
| Actual tax charge | (1,238) | (1,280) |

(1) Prior year tax adjustments incorporate refinements to tax computations made on submission and agreement with the tax authorities and adjustments to provisions in respect of uncertain tax positions.

(2) Includes a net £61 million benefit from UK group relief and loss relief claims at higher tax rates (refer to the Deferred Tax section of the NatWest Bank Plc 2024 Annual Report and Accounts for details of the recent changes in UK tax rates).

Judgement: Tax contingencies

NWB Group's corporate income tax charge and its provisions for corporate income taxes necessarily involve a significant degree of estimation and judgement. The tax treatment of some transactions is uncertain and tax computations are yet to be agreed with the relevant tax authorities. NWB Group recognises anticipated tax liabilities based on all available evidence and, where appropriate, in the light of external advice. Any difference between the final outcome and the amounts provided will affect current and deferred income tax assets and charges in the period when the matter is resolved.

For accounting policy information refer to Accounting policies 2.1 and 3.7 in the NatWest Bank Plc 2024 Annual Report and Accounts.

5 Loan impairment provisions

Loan exposure and impairment metrics

The table below summarises loans and related credit impairment measures within the scope of ECL framework.

| | NWB Group | | NWB Plc | |
|-------------------------------------|-------------|-------------|-------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2024 | 2023 | 2024 | 2023 |
| | £m | £m | £m | £m |
| Loans - amortised cost | | | | |
| Stage 1 | 298,209 | 288,772 | 268,368 | 258,188 |
| Stage 2 | 35,517 | 31,727 | 31,101 | 28,008 |
| Stage 3 | 4,798 | 4,405 | 4,112 | 4,003 |
| Inter-group (1) | 3,130 | 1,809 | 34,942 | 32,200 |
| Total | 341,654 | 326,713 | 338,523 | 322,400 |
| ECL provisions (2) | | | | |
| Stage 1 | 482 | 566 | 442 | 521 |
| Stage 2 | 667 | 794 | 624 | 746 |
| Stage 3 | 1,599 | 1,512 | 1,482 | 1,416 |
| Inter-group | 2 | 1 | 39 | 41 |
| | 2,750 | 2,873 | 2,587 | 2,724 |
| ECL provision coverage (3) | | | | |
| Stage 1 (%) | 0.16 | 0.20 | 0.16 | 0.20 |
| Stage 2 (%) | 1.88 | 2.50 | 2.01 | 2.66 |
| Stage 3 (%) | 33.33 | 34.32 | 36.04 | 35.37 |
| Inter-group (%) | 0.07 | 0.06 | 0.11 | 0.13 |
| | 0.81 | 0.88 | 0.84 | 0.92 |
| Impairment (releases)/losses | | | | |
| ECL (release)/charge (4) | | | | |
| Stage 1 | (355) | (319) | (335) | (302) |
| Stage 2 | 325 | 529 | 316 | 516 |
| Stage 3 | 376 | 297 | 356 | 276 |
| Third party | 346 | 507 | 337 | 490 |
| Inter-group | 1 | (3) | (3) | (7) |
| | 347 | 504 | 334 | 483 |
| Amounts written-off | 549 | 235 | 536 | 218 |

(1) NWB Group's intercompany assets are classified in Stage 1.

(2) Includes £4 million (2023 – £8 million) related to assets classified as FVOCI.

(3) ECL provisions coverage is calculated as ECL provisions divided by loans – amortised cost and FVOCI. It is calculated on loans and total ECL provisions, including ECL for other (non-loan) assets and unutilised exposure. Some segments with a high proportion of debt securities or unutilised exposure may result in a not meaningful coverage ratio.

(4) Includes a £10 million release (2023 – £10 million charge) related to other financial assets, of which a £4 million release (2023 – £6 million charge) related to assets classified as FVOCI, and includes a £3 million release (2023 – £2 million release) related to contingent liabilities.

(5) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to Financial instruments within the scope of the IFRS 9 ECL framework in the NatWest Bank Plc Annual report and Accounts for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totalling £34.6 billion (2023 – £47.8 billion) and debt securities of £39.1 billion (2023 – £31.5 billion).

5 Loan impairment provisions continued

Credit risk enhancement and mitigation

For information on credit risk enhancement and mitigation held as security, refer to Risk and capital management – credit risk enhancement and mitigation section of the NatWest Bank Plc 2024 Annual Report and Accounts.

Critical accounting policy: Loan impairment provisions

Accounting policy 2.3 sets out how the expected loss approach is applied. At 31 December 2024, impairment provisions amounted to £2,750 million (2023 - £2,873 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan was advanced. Such evidence includes changes in the credit rating of a borrower, the failure to make payments in accordance with the loan agreement, significant reduction in the value of any security, breach of limits or covenants, and observable data about relevant macroeconomic measures.

The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

The measurement of credit impairment under the IFRS expected loss model depends on management's assessment of any potential deterioration in the creditworthiness of the borrower, its modelling of expected performance and the application of economic forecasts. All three elements require judgements that are potentially significant to the estimate of impairment losses. For further information and sensitivity analysis, refer to Risk and capital management – measurement uncertainty and ECL sensitivity analysis section.

IFRS 9 ECL model design principles

Refer to Credit risk – IFRS 9 ECL model design principles section of the NatWest Bank Plc 2024 Annual Report and Accounts for further details.

Approach for multiple economic scenarios (MES)

The base scenario plays a greater part in the calculation of ECL than the approach to MES. Refer to Credit risk – economic loss drivers – probability weightings of scenarios section of the NatWest Bank Plc 2024 Annual Report and Accounts for further details.

6 Provisions for liabilities and charges

| | NWB Group | | | | |
|---|------------------------------------|----------------|--|-----------------|-------------|
| | Redress and other litigation £m | Property £m | Financial commitments and guarantees £m | Other (1) £m | Total £m |
| Provisions for liabilities and charges | | | | | |
| At 1 January 2024 | 247 | 64 | 56 | 89 | 456 |
| Expected credit losses impairment release | - | - | (17) | - | (17) |
| Currency translation and other movements | 1 | - | - | - | 1 |
| Charge to income statement | 117 | 36 | - | 256 | 409 |
| Release to income statement | (23) | (27) | - | (42) | (92) |
| Provisions utilised | (87) | (14) | - | (179) | (280) |
| At 31 December 2024 | 255 | 59 | 39 | 124 | 477 |

| | NWB Plc | | | | |
|---|------------------------------------|----------------|--|-----------------|-------------|
| | Redress and other litigation £m | Property £m | Financial commitments and guarantees £m | Other (1) £m | Total £m |
| Provisions for liabilities and charges | | | | | |
| At 1 January 2024 | 241 | 63 | 54 | 66 | 424 |
| Expected credit losses impairment release | - | - | (16) | - | (16) |
| Currency translation and other movements | 2 | - | - | - | 2 |
| Charge to income statement | 112 | 35 | - | 234 | 381 |
| Release to income statement | (21) | (27) | - | (39) | (87) |
| Provisions utilised | (85) | (14) | - | (162) | (261) |
| At 31 December 2024 | 249 | 57 | 38 | 99 | 443 |

(1) Other materially comprises provisions relating to restructuring costs.

Provisions are liabilities of uncertain timing or amount and are recognised when there is a present obligation as a result of a past event, the outflow of economic benefit is probable and the outflow can be estimated reliably. Any difference between the final outcome and the amounts provided will affect the reported results in the period when the matter is resolved.

For accounting policy information refer to Accounting policy Note 3.12 in the NatWest Bank Plc 2024 Annual Report and Accounts.

7 Memorandum items

Contingent liabilities and commitments

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2024. Although NWB Group is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of NWB Group's expectation of future losses.

| | NWB Group | | NWB Plc | |
|--|---------------|---------------|---------------|---------------|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| Contingent liabilities and commitments | | | | |
| Guarantees | 1,748 | 1,359 | 1,729 | 1,339 |
| Other contingent liabilities | 1,142 | 1,173 | 1,097 | 1,127 |
| Standby facilities, credit lines and other commitments | 93,758 | 85,304 | 82,965 | 75,333 |
| Total | 96,648 | 87,836 | 85,791 | 77,799 |

Trustee and other fiduciary activities

In its capacity as trustee or other fiduciary role, NWB Group may hold or place assets on behalf of individuals, trusts, companies, pension schemes and others. The assets and their income are not included in NWB Group's financial statements. NWB Group earned fee income of £231 million (2023 - £205 million) from these activities.

The Financial Services Compensation Scheme

The Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort for customers of authorised financial services firms, pays compensation if a firm is unable to meet its obligations. The FSCS funds compensation for customers by raising management expenses levies and compensation levies on the industry. In relation to protected deposits, each deposit-taking institution contributes towards these levies in proportion to their share of total protected deposits on 31 December of the year preceding the scheme year (which runs from 1 April to 31 March), subject to annual maxima set by the Prudential Regulation Authority. In addition, the FSCS has the power to raise levies on a firm that has ceased to participate in the scheme and is in the process of ceasing to be authorised for the costs that it would have been liable to pay had the FSCS made a levy in the financial year it ceased to be a participant in the scheme.

Litigation and regulatory matters

NWB Plc and its subsidiary and associated undertakings ('NWB Group') are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the United Kingdom (UK), the United States (US), the European Union (EU) and other jurisdictions.

NWB Group recognises a provision for a liability in relation to these Matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

In many of the Matters, it is not possible to determine whether any loss is probable, or to estimate reliably the amount of any loss, either as a direct consequence of the relevant proceedings and regulatory matters or as a result of adverse impacts or restrictions on NWB Group's reputation, businesses and operations. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and document production exercises and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the probability of a liability, if any, arising can reasonably be estimated in respect of any Matter. NWB Group cannot predict if, how, or when such claims will be resolved or what the eventual settlement, damages, fine, penalty or other relief, if any, may be, particularly for Matters that are at an early stage in their development or where claimants seek substantial or indeterminate damages.

There are situations where NWB Group may pursue an approach that in some instances leads to a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, or in order to take account of the risks inherent in defending or contesting Matters, even for those for which NWB Group believes it has credible defences and should prevail on the merits. The uncertainties inherent in all Matters affect the amount and timing of any potential economic outflows for both Matters with respect to which provisions have been established and other contingent liabilities in respect of any such Matter.

It is not practicable to provide an aggregate estimate of potential liability for our Matters as a class of contingent liabilities.

The future economic outflow in respect of any Matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NWB Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised. NWB Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWB Group will be necessary, in amounts that are expected to be substantial in some instances. Refer to Note 21 of the NatWest Bank Plc 2024 Annual Report and Accounts for information on material provisions.

Matters which are, or could be, material, either individually or in aggregate, having regard to NWB Group, considered as a whole, in which NWB Group is currently involved are set out below. We have provided information on the procedural history of certain Matters, where we believe appropriate, to aid the understanding of the Matter.

For a discussion of certain risks associated with NWB Group's litigation and regulatory matters (including the Matters), see the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on page 186 of the NatWest Bank Plc 2024 Annual Report and Accounts.

7 Memorandum items continued

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

In August 2020, a complaint was filed in the United States District Court for the Northern District of California by several United States retail borrowers against the USD ICE LIBOR panel banks and their affiliates (including NatWest Group plc, NatWest Markets Plc, NatWest Markets Securities Inc. and NWB Plc), alleging (i) that the very process of setting USD ICE LIBOR amounts to illegal price-fixing; and (ii) that banks in the United States have illegally agreed to use LIBOR as a component of price in variable retail loans. In September 2022, the district court dismissed the complaint. In December 2024, the United States Court of Appeals for the Ninth Circuit affirmed the district court's decision.

Offshoring VAT assessments

HMRC, as part of an industry-wide review, issued protective tax assessments in 2018 against NatWest Group plc totalling £143 million relating to unpaid VAT in respect of the UK branches of two NatWest Group companies registered in India for the period from 1 January 2014 until 31 December 2017 inclusive. NatWest Group formally requested reconsideration by HMRC of their assessments, and this process was completed in November 2020. HMRC upheld their original decision and, as a result, NatWest Group plc lodged an appeal with the Tax Tribunal and an application for judicial review with the High Court of Justice of England and Wales, both in December 2020. In order to lodge the appeal with the Tax Tribunal, NatWest Group plc was required to pay amounts totalling £153 million (including statutory interest) to HMRC in December 2020 and May 2022. The appeal and the application for judicial review have both been stayed pending further discussion with HMRC in relation to a separate case involving another bank. The amount of £153 million continues to be recognised as an asset that NatWest Group plc expects to recover. Since 1 January 2018, NatWest Group plc has paid VAT on intra-group supplies from the India-registered NatWest Group companies.

Regulatory matters

NWB Group's financial condition can be affected by the actions of various governmental and regulatory authorities in the UK, the US, the EU and elsewhere. NWB Group and/or NatWest Group have engaged, and will continue to engage, in discussions with relevant governmental and regulatory authorities, including in the UK, the US, the EU and elsewhere, on an ongoing and regular basis, and in response to informal and formal inquiries or investigations, regarding operational, systems and control evaluations and issues including those related to compliance with applicable laws and regulations, including consumer protection, investment advice, business conduct, competition/anti-trust, VAT recovery, anti-bribery, anti-money laundering and sanctions regimes.

NWB Group expects government and regulatory intervention in financial services to be high for the foreseeable future, including increased scrutiny from competition and other regulators in the retail and SME business sectors.

Any matters discussed or identified during such discussions and inquiries may result in, among other things, further inquiry or investigation, other action being taken by governmental and regulatory authorities, increased costs being incurred by NWB Group, remediation of systems and controls, public or private censure, restriction of NWB Group's business activities and/or fines. Any of the events or circumstances mentioned in this paragraph or below could have a material adverse effect on NWB Group, its business, authorisations and licences, reputation, results of operations or the price of securities issued by it, or lead to material additional provisions being taken.

NWB Group is co-operating fully with the matters described below.

Investment advice review

In October 2019, the FCA notified NatWest Group of its intention to appoint a Skilled Person under section 166 of the Financial Services and Markets Act 2000 to conduct a review of whether NatWest Group's past business review of investment advice provided during 2010 to 2015 was subject to appropriate governance and accountability and led to appropriate customer outcomes. The Skilled Person's review has concluded and, after discussion with the FCA, NatWest Group is undertaking additional review / remediation work.

8 Related parties

UK Government

The UK Government's shareholding in NatWest Group plc is managed by UK Government Investments Limited, a company wholly owned by the UK Government. At 31 December 2024 HM Treasury's holding in NatWest Group plc's ordinary shares was 9.99% (31 December 2023 - 37.97%). As a result, the UK Government through HM Treasury is no longer the controlling shareholder of NatWest Group plc as per UK listing rules. The UK Government and UK Government-controlled bodies remain related parties of the NatWest Group.

NWB Group enters into transactions with many of these bodies. Transactions include the payment of: taxes, principally UK corporation tax Note 4 and value added tax; national insurance contributions; local authority rates; and regulatory fees and levies; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

Bank of England facilities

NWB Group may participate in a number of schemes operated by the Bank of England in the normal course of business.

In March 2024 Bank of England Levy replaced the Cash Ratio Deposit scheme. Members of NatWest Group that are UK authorised institutions are required to pay the levy having eligible liabilities greater than £600 million. They also have access to Bank of England reserve accounts: sterling current accounts that earn interest at the Bank of England Base rate.

NWB Plc guarantees certain liabilities of NWH Group to the Bank of England.

Other related party

- In accordance with IAS 24, transactions or balances between NWB Group entities that have been eliminated on consolidation are not reported.
- The primary financial statements include transactions and balances with its subsidiaries which have been further disclosed in the relevant parent company notes.

Associates, joint ventures and equity investments

In their roles as providers of finance, NWB Group companies provide development and other types of capital support to businesses. These investments are made in the normal course of business. To further strategic partnerships, NWB Group may seek to invest in third parties or allow third parties to hold a minority interest in a subsidiary of NatWest Group. We disclose as related parties for associates and joint ventures and where equity interest are over 10%. Ongoing business transactions with these entities are on normal commercial terms.

At 31 December 2024 NWB Group held investment in associates and joint ventures amounting to £1 million (2023 - £4 million). For the year ended 31 December 2024 NWB Group's share of losses of associates was £2 million (2023 - £3 million). At 31 December 2024 there were £1 million balances within customer deposits (2023 - £2 million) relating to associates and joint ventures.

Post employment benefits

NatWest Group recharges NatWest Group Pension Fund with the cost of pension management services incurred by it.

Holding companies and fellow subsidiaries

Transactions NWB Group enters with its holding companies and fellow subsidiaries also meet the definition of related party transactions. The table below discloses transactions between NWB Group and subsidiaries of NatWest Group.

| | 2024 | | | 2023 | | |
|-----------------------------------|-----------------|---------------------|---------|-----------------|---------------------|---------|
| | Holding company | Fellow subsidiaries | Total | Holding company | Fellow subsidiaries | Total |
| | £m | £m | £m | £m | £m | £m |
| Interest receivable | 2 | 95 | 97 | - | 133 | 133 |
| Interest payable | (713) | (1,768) | (2,481) | (674) | (1,588) | (2,262) |
| Fees and commissions receivable | - | 74 | 74 | - | 62 | 62 |
| Fees and commissions payable | - | (78) | (78) | - | (71) | (71) |
| Other operating income (1) | 37 | 1,441 | 1,478 | 11 | 1,532 | 1,543 |
| Other administration expenses (2) | - | (128) | (128) | - | (156) | (156) |
| Impairment (losses)/releases | (1) | - | (1) | 3 | - | 3 |
| | (675) | (364) | (1,039) | (660) | (88) | (748) |

(1) Includes internal service recharges of £1,478 million (2023 - £1,542 million).

(2) Other operating expense relates to a new profit share arrangement with a fellow NatWest Group subsidiary that commenced in 2024. The profit share arrangement was introduced during the year to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, 2024 being the first full year with the Commercial & Institutional segment in place.

9 Date of approval

The annual results for the year ended 31 December 2024 were approved by the board of directors on 13 February 2025.

10 Post balance sheet events

There have been no significant events between 31 December 2024 and the date of approval of these accounts which would require a change to or additional disclosure in the accounts.

Statement of directors' responsibilities

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on pages 87 to 97 of the NatWest Bank Plc 2024 Annual Report and Accounts.

The directors are responsible for the preparation of the Annual Report and Accounts. The directors are required to prepare Group financial statements, and as permitted by the Companies Act 2006 have elected to prepare company financial statements, for each financial year in accordance with UK adopted International Accounting Standards. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows of NWB Group and NWB Plc. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of NWB Group and to enable them to ensure that the Annual Report and Accounts complies with the Companies Act 2006. They are also responsible for safeguarding the assets of NWB Plc and NWB Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report (incorporating the Financial review) includes a fair review of the development and performance of the business and the position of the Bank and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Richard Haythornthwaite
Chair

John-Paul Thwaite
Chief Executive Officer

Katie Murray
Chief Financial Officer

13 February 2025

Board of directors

Chair

Richard Haythornthwaite

Executive directors

John-Paul Thwaite
Katie Murray

Non-executive directors

Francesca Barnes
Ian Cormack
Roisin Donnelly
Patrick Flynn
Geeta Gopalan
Yasmin Jetha
Stuart Lewis
Mark Rennison
Mark Seligman
Gillian Whitehead
Lena Wilson

Forward-looking statements

Cautionary statement regarding forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWB Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and climate and sustainability related targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NWB Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'target', 'goal', 'objective', 'may', 'outlook', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document may include forward-looking statements relating, but not limited to: NWB Group's economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NatWest Group's strategy, its climate and sustainability related ambitions and targets, its access to adequate sources of liquidity and funding, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, and general economic and political conditions, exposure to third party risk, operational risk, compliance and conduct risk, cyber, data and IT risk, financial crime risk, key person risk, credit rating risk, model risk, reputational risk, and the impact of climate related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or the NWB Group's actual results are discussed in the NWB Plc's 2024 Annual Report and Accounts. The forward-looking statements contained in this document speak only as of the date of this document and NWB Plc 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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