
# Financial review

## In this section

# Group Chief Financial Officer's review

'We have delivered a strong performance in 2024 with a RoTE of 17.5% and income excluding notable items exceeding our guidance at £14.6 billion. We remain focused on cost discipline and have achieved our cost target to be broadly stable, excluding the impact of increased bank levies and costs in relation to a retail share offering. Levels of default remain stable at low levels. We have strong growth in net lending and customer deposits across our businesses and the CET1 ratio was within our targeted range at 13.6%.'

## Financial performance

Total income decreased by 0.3% to £14.7 billion compared with 2023 largely due to foreign exchange recycling gains in 2023. Total income excluding notable items of £14.6 billion was 2.2% higher than the prior year principally reflecting deposit margin expansion, lending growth and strong customer activity in capital markets partially offset by the impact of the deposit balance mix shift from non-interest bearing to interest bearing balances. Full year 2024 NIM of 2.13% was 1 basis point higher than 2023 primarily due to deposit margin expansion and higher deposit balances partially offset with asset margin compression and the impact of the deposit balance mix shift from non-interest bearing to interest bearing balances.

Total operating expenses were £153 million higher than 2023. Other operating expenses were £213 million (2.8%) higher, or excluding a £102 million increase in bank levies and £24 million of costs in relation to a retail share offering, were 1.1% higher and in line with our guidance. The increase was principally driven by higher staff costs due to inflation and severance costs partially offset by savings from the ongoing simplification of our business and lower costs in relation to our withdrawal from the Republic of Ireland.

FTE[(1)] reduced by 3% to c.59,200 in the year principally reflecting the transformation of our Retail Banking business and our withdrawal from the Republic of Ireland.

A net impairment charge of £359 million, or 9 basis points of gross customer loans, with stable levels of default across the portfolio. Compared with 2023, our ECL provision decreased by £0.2 billion to £3.4 billion and our ECL coverage ratio has decreased from 0.93% to 0.83%. We retain post model adjustments of £0.3 billion related to economic uncertainty, or 8.7% of total impairment provisions. Whilst we are comfortable with the strong credit performance of our book, we continue to assess this position regularly.

As a result, we are pleased to report an attributable profit for 2024 of £4.5 billion, with earnings per share of 53.5 pence and a RoTE of 17.5%, the profit for the year includes a deferred tax asset benefit of £232 million, before UK Group and loss relief adjustments which are partially offset by the current tax charge.

Net loans to customers excluding central items increased by £12.9 billion in the year largely reflecting £10.0 billion of growth in Commercial & Institutional due to an increase in term loan facilities and growth in Corporate & Institutions, net of £2.0 billion of UK Government scheme repayments; and a £3.2 billion increase in Retail Banking, including £2.2 billion in respect of the Metro Bank mortgage portfolio acquisition.

Up to 31 December 2024 we have provided £93.4 billion against our target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A- and B-rated residential properties between 1 January 2023 and the end of 2025. During 2024 we provided £31.5 billion climate and sustainable funding and financing, which included £3.5 billion in lending for EPC A- and B-rated residential properties.

Customer deposits excluding central items increased by £12.2 billion during 2024 to £431.3 billion principally reflecting £6.8 billion growth in Retail Banking, as an increase in savings was partly offset by a reduction in current account balances, and a £4.7 billion increase in Private Banking due to savings balances partially offset by a reduction in current account and term balances. Commercial & Institutional balances increased £0.7 billion over the year primarily reflecting growth within Commercial Mid-market partially offset by a reduction in Corporate & Institutions. Term balances have remained broadly stable throughout 2024 and compared to the end of 2023 at 16% of the book.

TNAV per share increased by 37 pence in the year to 329 pence primarily reflecting the attributable profit for the period partially offset by the impact of distributions.

The CET1 ratio of 13.6% was 20 basis points higher than 2023 principally reflecting the attributable profit, c.240 basis points partially offset by distributions deducted from capital of c.220 basis points.

RWAs increased by £0.2 billion during 2024 to £183.2 billion principally reflecting lending growth, the annual update to operational risk and £0.9 billion in relation to the Metro Bank mortgage portfolio partially offset by RWA management reduction of £6.8 billion.

**Katie Murray**
Group Chief Financial Officer

(1) Full Time Equivalent is permanent and fixed-term contract resource directly employed by NatWest Group; excludes Managed Service Workers and other contractors. Each full-time employee is one FTE, with part-time employees recorded based on hours worked.

# Financial summary

| | Year ended or as at | | |
|---|---|---|---|
| | 2024 | 2023 | Variance |
| **Performance key metrics and ratios** | | | |
| Total income | **£14,703m** | £14,752m | (0.3%) |
| Notable items within total income (1) | **£55m** | £413m | nm |
| Total income excluding notable items (1) | **£14,648m** | £14,339m | 2.2% |
| Net interest margin (1) | **2.13%** | 2.12% | 1bps |
| Average interest earning assets (1) | **£529bn** | £521bn | 1.5% |
| Cost:income ratio (excl. litigation and conduct) (1) | **53.4%** | 51.8% | 1.6% |
| Loan impairment rate (1) | **9bps** | 15bps | (6bps) |
| Profit attributable to ordinary shareholders | **£4,519m** | £4,394m | 2.8% |
| Total earnings per share attributable to ordinary shareholders – basic | **53.5p** | 47.9p | 5.6p |
| Return on tangible equity (RoTE) (1) | **17.5%** | 17.8% | (0.3%) |
| Climate and sustainable funding and financing (2) | **£31.5bn** | £29.3bn | 7.5% |
| **Balance sheet** | | | |
| Total assets | **£708.0bn** | £692.7bn | 2.2% |
| Loans to customers – amortised cost | **£400.3bn** | £381.4bn | 5.0% |
| Loans to customers excluding central items (1,3) | **£368.5bn** | £355.6bn | 3.6% |
| Loans to customers and banks – amortised cost and FVOCI | **£410.2bn** | £392.0bn | 4.6% |
| Total impairment provisions (4) | **£3.4bn** | £3.6bn | (5.6%) |
| Expected credit loss (ECL) coverage ratio | **0.83%** | 0.93% | (10bps) |
| Assets under management and administration (AUMA) (1) | **£48.9bn** | £40.8bn | 19.9% |
| Customer deposits | **£433.5bn** | £431.4bn | 0.5% |
| Customer deposits excluding central items (1,3) | **£431.3bn** | £419.1bn | 2.9% |

| | Year ended or as at | | |
|---|---|---|---|
| | 2024 | 2023 | Variance |
| **Liquidity and funding** | | | |
| Liquidity coverage ratio (LCR) | **150%** | 144% | 6% |
| Liquidity portfolio | **£222bn** | £223bn | (0.4%) |
| Net stable funding ratio (NSFR) | **137%** | 133% | 4% |
| Loan:deposit ratio (excl repos and reverse repos) (1) | **85%** | 84% | 1% |
| Total wholesale funding | **£86bn** | £80bn | 7.5% |
| Short-term wholesale funding | **£33bn** | £28bn | 17.9% |
| **Capital and leverage** | | | |
| Common Equity Tier 1 (CET1) ratio (5) | **13.6%** | 13.4% | 20bps |
| Total capital ratio (5) | **19.7%** | 18.4% | 130bps |
| Pro forma CET1 ratio (excl. foreseeable items) (6) | **14.3%** | 14.2% | 10bps |
| Risk-weighted assets (RWAs) | **£183.2bn** | £183.0bn | 0.1% |
| UK leverage ratio | **5.0%** | 5.0% | - |
| Tangible net asset value (TNAV) per ordinary share (1,7) | **329p** | 292p | 37p |
| Number of ordinary shares in issue (millions) (7) | **8,043** | 8,792 | (8.5%) |

(1) Refer to the Non-IFRS financial measures section for details of the basis of preparation and reconciliation of non-IFRS financial measures and performance metrics.
(2) NatWest Group uses its climate and sustainable funding and financing inclusion (CSFFI) criteria to determine the assets, activities and companies that are eligible to be included within its climate and sustainable funding and financing target. This includes both provision of committed (on and off-balance sheet) funding and financing, including provision of services for underwriting issuances and private placements. Climate and sustainable funding and financing, as defined in our CSFFI criteria, represents only a relatively small proportion of our overall funding and financing.
(3) Central items includes treasury repo activity and Ulster Bank Republic of Ireland.
(4) Includes £0.1 billion relating to off-balance sheet exposures (31 December 2023 – £0.1 billion).
(5) Refer to the Capital, liquidity and funding risk section for details of the basis of preparation.
(6) The pro forma CET1 ratio at 31 December 2024 excludes foreseeable item of £1,249 million for ordinary dividends. (31 December 2023 excludes foreseeable items of £1,538 million: £1,013 million for ordinary dividends and £525 million other foreseeable charges).
(7) The number of ordinary shares in issue excludes own shares held.

Financial summary continued

## Income – continuing operations

| | 2024 £m | 2023 £m | Variance £m | Variance % |
|---|---|---|---|---|
| Interest receivable (1) | **25,187** | 21,026 | 4,161 | 19.8 |
| Interest payable (1) | **(13,912)** | (9,977) | (3,935) | 39.4 |
| Net interest income | **11,275** | 11,049 | 226 | 2.0 |
| | | | | |
| Net fees and commissions | **2,467** | 2,330 | 137 | 5.9 |
| Income from trading activities | **825** | 794 | 31 | 3.9 |
| Other operating income | **136** | 579 | (443) | (76.5) |
| Non-interest income | **3,428** | 3,703 | (275) | (7.4) |
| Total income | **14,703** | 14,752 | (49) | (0.3) |
| | | | | |
| Total income excluding notable items | **14,648** | 14,339 | 309 | 2.2 |

| Notable items within total income | 2024 £m | 2023 £m |
|---|---|---|
| Commercial & Institutional | | |
| Own credit adjustments (OCA) | **(9)** | (2) |
| Tax interest on prior periods | **-** | 3 |
| Central items & other | | |
| Liquidity Asset Bond sale losses | **-** | (43) |
| Share of associate gains/(losses) for Business Growth Fund | **21** | (4) |
| Property strategy update | **-** | (69) |
| Interest and foreign exchange management derivatives not in hedge accounting relationships | **150** | 79 |
| Foreign exchange recycling (losses)/gains | **(76)** | 484 |
| Tax interest on prior periods | **(31)** | (35) |
| | **55** | 413 |

nm = not meaningful

(1) Interest receivable and interest payable on trading assets and liabilities are included in income from trading activities.

- Total income decreased by 0.3% to £14,703 million compared with 2023. Total income excluding notable items was £14,648 million, or 2.2%, higher than 2023 driven by deposit margin expansion, lending growth and strong customer activity in capital markets partially offset by the impact of the deposit balance mix shift from non-interest bearing to interest bearing balances.
- Net interest margin (NIM) of 2.13% was 1 basis point higher than 2023 primarily due to deposit margin expansion and higher deposit balances partially offset with asset margin compression and the impact of the deposit balance mix shift from non-interest bearing to interest bearing balances.
- Interest receivable was materially above the prior year reflecting the impact of a higher rate environment. The increase in interest payable reflects the offsetting impact of the pass-through of the rate increases on interest-bearing deposit balances and the migration of balances from non-interest bearing to interest-bearing and term deposits.
- Net interest income was £226 million higher than 2023 benefitting from deposit margin expansion partially offset by the change in deposit mix from non-interest bearing to interest bearing and lower deposit balances.
- Net fees and commissions increased £137 million to £2,467 million compared with 2023, largely due to higher lending and financing fees in relation to volume growth and higher payment services fees within Commercial & Institutional, and higher AUMA balances driving an increase in investment fee income coupled with higher Banking, Lending and AUMA transactional fees within Private Banking.
- Income from trading activities of £825 million increased £31 million, or 3.9% primarily due to strong customer activity in markets trading and capital markets underwriting income in Commercial & Institutional, partially offset with movements due to foreign exchange risk management derivatives not in hedge accounting relationships and Treasury volatility.
- Other operating income was £443 million lower for the year principally reflecting foreign exchange recycling gains in 2023 not repeated in 2024.

Financial summary continued

## Operating expenses – continuing operations

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| | £m | £m | £m | % |
| Staff expenses | **3,997** | 3,839 | 158 | 4.1 |
| Premises and equipment | **1,211** | 1,153 | 58 | 5.0 |
| Other administrative expenses | **1,588** | 1,715 | (127) | (7.4) |
| Depreciation and amortisation | **1,058** | 934 | 124 | 13.3 |
| Other operating expenses | **7,854** | 7,641 | 213 | 2.8 |
| Litigation and conduct costs | **295** | 355 | (60) | (16.9) |
| Operating expenses | **8,149** | 7,996 | 153 | 1.9 |

- Staff expenses were £158 million, or 4.1%, higher than 2023 primarily due to wage inflation and planned redundancy costs, including the closure of operations in Poland, partially offset by customer journey simplification, automation, and resource management.
- Premises and equipment costs of £1,211 million were £58 million higher than 2023 primarily due to property provisions and technology contract costs, offset by lower utilities costs and a smaller property footprint.
- Other administrative expenses decreased £127 million in 2024 driven by a reduction in managed services costs, lower costs due to our continued withdrawal from the Republic of Ireland offset by an increase in bank levies and £24 million of costs in relation to a retail share offering.
- Depreciation and amortisation of £1,058 million was £124 million higher than 2023 due to the continued pivot towards future technology-led transformation activity.
- Litigation and conduct costs of £295 million represent the net impact of a number of remediation and litigation matters concluding, including the US Department of Justice independent monitoring costs and existing customer redress programme costs paid during the year. Refer to Note 20 and 25 to the consolidated financial statements for additional information on other litigation and conduct matters.

## Tax – continuing operations

| | 2024 | 2023 |
|---|---|---|
| | £m | £m |
| Tax charge | **(1,465)** | (1,434) |
| UK corporation tax rate | **25.0%** | 23.5% |
| Effective tax rate | **23.7%** | 23.2% |

A tax charge of £1,465 million for the year ended 31 December 2024 arises rather than the expected charge of £1,549 million based on the UK corporation tax rate of 25%. The lower tax charge primarily reflects tax credits for the re-recognition of previously impaired deferred tax assets on brought forward tax losses in the UK and the Netherlands. These have been partially offset by the UK banking surcharge and various other non-tax deductible expenses. Refer to Note 7 to the consolidated financial statements for further details.

## Impairments – continuing operations

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| | £m | £m | £m | % |
| Loans - amortised cost and FVOCI | **410,225** | 392,040 | 18,185 | 4.6 |
| ECL provisions | **3,425** | 3,645 | (220) | (6.0) |
| ECL provisions coverage ratio | **0.83%** | 0.93% | (0.10%) | (10.8) |
| Impairment (releases)/losses | | | | |
| ECL charge (1) | **359** | 578 | (219) | (37.9) |
| Amounts written off | **654** | 319 | 335 | 105.0 |

(1) The table above summarises loans and related credit impairment measured on an IFRS 9 basis. Refer to Credit Risk – Banking activities in the Risk and capital management section for further details.

Compared with 2023, our ECL provision decreased by £0.2 billion to £3.4 billion and our ECL coverage ratio has decreased from 0.93% to 0.83%. Amounts written off increased by £335 million to £654 million and we retain post model adjustments of £0.3 billion related to economic uncertainty, or 8.7% of total impairment provisions.

A net impairment charge of £359 million, or 9 basis points of gross customer loans, primarily reflects continued stable levels of default across the portfolio.

## Profit for the year

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| | £m | £m | £m | % |
| Operating profit before tax | **6,195** | 6,178 | 17 | 0.3 |
| Tax charge | **(1,465)** | (1,434) | (31) | 2.2 |
| Profit from continuing operations | **4,730** | 4,744 | (14) | (0.3) |
| Profit/(loss) from discontinued operations, net of tax | **81** | (112) | 193 | 172.3 |
| Profit for the year | **4,811** | 4,632 | 179 | 3.9 |
| Attributable to: | | | | |
| Ordinary shareholders | **4,519** | 4,394 | 125 | 2.8 |
| Paid-in equity holders | **283** | 242 | 41 | 16.9 |
| Non-controlling interests | **9** | (4) | 13 | nm |

nm = not meaningful

Attributable profit to ordinary shareholders of £4,519 million was £125 million, or 2.8%, higher than 2023 primarily due to a lower impairment charge partially offset by higher costs largely attributable to inflationary pressures.

## Summary consolidated balance sheet as at 31 December 2024

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| | £m | £m | £m | % |
| **Assets** | | | | |
| Cash and balances at central banks | **92,994** | 104,262 | (11,268) | (11) |
| Trading assets | **48,917** | 45,551 | 3,366 | 7 |
| Derivatives | **78,406** | 78,904 | (498) | (1) |
| Settlement balances | **2,085** | 7,231 | (5,146) | (71) |
| Loans to banks - amortised cost | **6,030** | 6,914 | (884) | (13) |
| Loans to customers - amortised cost | **400,326** | 381,433 | 18,893 | 5 |
| Other financial assets | **63,243** | 51,102 | 12,141 | 24 |
| Other assets (including intangible assets) | **15,984** | 17,276 | (1,292) | (7) |
| Total assets | **707,985** | 692,673 | 15,312 | 2 |
| **Liabilities** | | | | |
| Bank deposits | **31,452** | 22,190 | 9,262 | 42 |
| Customer deposits | **433,490** | 431,377 | 2,113 | 0 |
| Settlement balances | **1,729** | 6,645 | (4,916) | (74) |
| Trading liabilities | **54,714** | 53,636 | 1,078 | 2 |
| Derivatives | **72,082** | 72,395 | (313) | (0) |
| Other financial liabilities | **61,087** | 55,089 | 5,998 | 11 |
| Subordinated liabilities | **6,136** | 5,714 | 422 | 7 |
| Notes in circulation | **3,316** | 3,237 | 79 | 2 |
| Other liabilities | **4,601** | 5,202 | (601) | (12) |
| Total liabilities | **668,607** | 655,485 | 13,122 | 2 |
| Total equity | **39,378** | 37,188 | 2,190 | 6 |
| Total liabilities and equity | **707,985** | 692,673 | 15,312 | 2 |
| Tangible net asset value per ordinary share (1) | **329p** | 292p | 37p | 13% |

(1) Tangible net asset value per ordinary share is tangible equity divided by the number of ordinary shares.

- Total assets of £708.0 billion as at 31 December 2024 increased by £15.3 billion, 2%, compared with 31 December 2023. This was primarily driven by increases in loans to customers and other financial assets partially offset by a decrease in cash and balances at central banks and settlement balances.
- Cash and balances at central banks decreased by £11.3 billion mainly due to on-going liquidity management and direct share buybacks partially offset by net customer funding surplus.
- Other financial assets increased by £12.1 billion mainly as a result of net bonds activity of £6.6 billion and an increase in Commercial & Institutional, £4.8 billion, mainly driven by trading strategy to purchase new bonds and treasury bills.
- Derivative assets decreased by £0.5 billion, 1%, to £78.4 billion and liabilities decreased by £0.3 billion to £72.1 billion. These movements were driven by a net decrease in exchange rate and interest rate trading books largely reflecting exchange rate volatility across major currencies including the strengthening of USD in Q4 2024, and variations in interest rates across different currencies and tenors.
- Total loans to customers increased by £18.9 billion to £400.3 billion, primarily reflecting £10.0 billion growth in Commercial & Institutional attributable to strong funds lending, term loan facility lending and supply chain financing and a £5.9 billion increase in Treasury mainly due to higher reverse repos and a £3.2 billion increase in Retail Banking largely driven by the Metro Bank mortgage book acquisition and growth in the credit cards business.
- Total loans to banks decreased by £0.9 billion, 13%, to £6.0 billion due to lower Commercial & Institutional nostro balances and the reclassification of the cash ratio deposit to cash and balances at central banks, partially offset by an increase in reverse repos.
- Customer deposits increased by £2.1 billion reflecting £6.8 billion growth in Retail Banking's share of a growing deposits and savings market, partially offset by lower current accounts, £4.7 billion increase in Private Banking and £0.7 billion in Commercial & Institutional partially offset by a £10.3 billion decrease in customer facing repos and matured deposits.
- Bank deposits increased by £9.3 billion mainly due to higher repo activity.
- Other financial liabilities, which includes customer deposits at fair value through profit and loss and debt securities in issue, increased by £6.0 billion, to £61.1 billion.
- Subordinated liabilities have increased by £0.4 billion, 7%, to £6.1 billion due to new issuances partially offset by redemptions.
- Other liabilities decreased by £0.6 billion, 12%, to £4.6 billion mainly due to lower financial guarantees and provision utilisations.
- Total equity increased by £2.2 billion, 6%, to £39.4 billion, driven by higher profit for the year of £4.8 billion offset by dividends paid of £1.8 billion and shares repurchased in the year of £2.2 billion.

# Segment performance

## Segmental summary income statements

| 2024 | Retail Banking £m | Private Banking £m | Commercial & Institutional £m | Central items & other £m | Total NatWest Group £m |
|---|---|---|---|---|---|
| Continuing operations | | | | | |
| Net interest income | 5,233 | 645 | 5,339 | 58 | 11,275 |
| Own credit adjustments | - | - | (9) | - | (9) |
| Other non-interest income | 417 | 324 | 2,627 | 69 | 3,437 |
| Total income | 5,650 | 969 | 7,957 | 127 | 14,703 |
| Direct expenses | (777) | (255) | (1,537) | (5,285) | (7,854) |
| Indirect expenses | (2,050) | (458) | (2,581) | 5,089 | - |
| Other operating expenses | (2,827) | (713) | (4,118) | (196) | (7,854) |
| Litigation and conduct costs | (110) | (3) | (156) | (26) | (295) |
| Operating expenses | (2,937) | (716) | (4,274) | (222) | (8,149) |
| Operating profit/(loss) before impairment losses/releases | 2,713 | 253 | 3,683 | (95) | 6,554 |
| Impairment (losses)/releases | (282) | 11 | (98) | 10 | (359) |
| Operating profit/(loss) | 2,431 | 264 | 3,585 | (85) | 6,195 |
| Total income excluding notable items | 5,650 | 969 | 7,966 | 63 | 14,648 |
| | | | | | |
| Return on tangible equity (1) | na | na | na | na | 17.5% |
| Return on equity (1,2) | 19.9% | 14.2% | 17.2% | nm | na |
| Cost:income ratio (excl. litigation and conduct) (1) | 50.0% | 73.6% | 51.8% | nm | 53.4% |
| Customer deposits (£bn) | 194.8 | 42.4 | 194.1 | 2.2 | 433.5 |
| Average interest earning assets (£bn) | 222.0 | 26.9 | 246.8 | nm | 529.3 |
| Net interest margin (1) | 2.36% | 2.40% | 2.16% | nm | 2.13% |
| Third party asset rate (1) | 4.02% | 5.05% | 6.64% | nm | nm |
| Third party customer funding rate (1) | (2.05%) | (3.13%) | (1.90%) | nm | nm |

nm = not meaningful, na = not applicable.
For the notes to this table, refer to the following page.

Segment performance continued

# Segmental summary income statements continued

| 2023 | Retail Banking £m | Private Banking £m | Commercial & Institutional £m | Central items & other £m | Total NatWest Group £m |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Net interest income | 5,496 | 710 | 5,044 | (201) | 11,049 |
| Own credit adjustments | - | - | (2) | - | (2) |
| Other non-interest income | 435 | 280 | 2,379 | 611 | 3,705 |
| Total income | 5,931 | 990 | 7,421 | 410 | 14,752 |
| Direct expenses | (815) | (255) | (1,510) | (5,061) | (7,641) |
| Indirect expenses | (1,896) | (421) | (2,357) | 4,674 | - |
| Other operating expenses | (2,711) | (676) | (3,867) | (387) | (7,641) |
| Litigation and conduct costs | (117) | (9) | (224) | (5) | (355) |
| Operating expenses | (2,828) | (685) | (4,091) | (392) | (7,996) |
| Operating profit before impairment losses | 3,103 | 305 | 3,330 | 18 | 6,756 |
| Impairment losses | (465) | (14) | (94) | (5) | (578) |
| Operating profit | 2,638 | 291 | 3,236 | 13 | 6,178 |
| Total income excluding notable items | 5,931 | 990 | 7,420 | (2) | 14,339 |
| | | | | | |
| Return on tangible equity (1) | na | na | na | na | 17.8% |
| Return on equity (1,2) | 23.8% | 14.8% | 15.4% | nm | na |
| Cost:income ratio (excl. litigation and conduct) (1) | 45.7% | 68.3% | 52.1% | nm | 51.8% |
| Customer deposits (£bn) | 188.0 | 37.7 | 193.4 | 12.3 | 431.4 |
| Average interest earning assets (£bn) | 222.2 | 27.1 | 244.4 | nm | 520.6 |
| Net interest margin (1) | 2.47% | 2.62% | 2.06% | nm | 2.12% |
| Third party asset rate (1) | 3.23% | 4.54% | 6.15% | nm | nm |
| Third party customer funding rate (1) | (1.42%) | (2.17%) | (1.40%) | nm | nm |

nm = not meaningful, na = not applicable.

(1) Refer to the Non-IFRS financial measures section for details of the basis of preparation and reconciliation of non-IFRS financial measures and performance metrics.
(2) NatWest Group's CET1 target is in the range of 13-14% but for the purposes of computing segmental return on equity (ROE), to better reflect the differential drivers of capital usage, segmental operating profit or loss adjusted for preference share dividends and tax, is divided by average notional tangible equity allocated at different rates of 13.4% for Retail Banking (2023 – 13.5%), 11.2% for Private Banking (2023 – 11.5%), and 13.8% for Commercial & Institutional (2023 – 14%), of the period average of segmental risk-weighted assets equivalents (RWAe) incorporating the effect of capital deductions.
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Segment performance continued

# Retail Banking

| Income statement | 2024 £m | 2023 £m | Variance £m | Variance % |
|---|---|---|---|---|
| Net interest income | **5,233** | 5,496 | (263) | (4.8%) |
| Non-interest income | **417** | 435 | (18) | (4.1%) |
| Total income | **5,650** | 5,931 | (281) | (4.7%) |
| Other operating expenses | **(2,827)** | (2,711) | (116) | 4.3% |
| Litigation and conduct costs | **(110)** | (117) | 7 | (6.0%) |
| Operating expenses | **(2,937)** | (2,828) | (109) | 3.9% |
| Impairment losses | **(282)** | (465) | 183 | (39.4%) |
| Operating profit | **2,431** | 2,638 | (207) | (7.8%) |

| Performance ratios (1) | 2024 | 2023 | Variance |
|---|---|---|---|
| Return on equity | **19.9%** | 23.8% | (3.9%) |
| Net interest margin | **2.36%** | 2.47% | (0.11%) |
| Cost:income ratio (excl. litigation and conduct) | **50.0%** | 45.7% | 4.3% |
| Loan impairment rate | **13bps** | 22bps | (9bps) |

During 2024, Retail Banking delivered a return on equity of 19.9% and operating profit of £2.4 billion, with positive income and net interest margin momentum from the benefit of higher product structural hedge margins, partly offset by the impact of interest rate cuts during 2024. We supported customers with unsecured lending growth of £1.1 billion, or 7.9%, driven by our credit card proposition, and increased mortgage lending of £1.9 billion, or 1.0%, reflecting the acquisition of the Metro Bank mortgage portfolio and positive underlying growth in the second half of the year reflecting improved market conditions and increased demand.

Retail Banking provided £3.3 billion of climate and sustainable funding and financing in 2024 from lending on properties with an EPC rating of A or B.

- Total income was £281 million, or 4.7%, lower compared with 2023 reflecting asset margin compression, impact of the deposit balance mix shift from non-interest bearing to interest bearing balances, partly offset by benefit of higher product structural hedge margins.
- Net interest margin was 11 basis points lower than 2023 largely reflecting the factors noted above.
- Non-interest income of £417 million was £18 million, or 4.1%, lower than 2023 reflecting the impact of supplier inflation, partially offset by re-pricing activity.
- Other operating expenses were £116 million, or 4.3%, higher than 2023 reflecting the Bank of England Levy, higher severance and other non-staff costs, partially offset by a 9.8% reduction in headcount.
- An impairment charge of £282 million, compared with a £465 million charge in 2023, largely reflecting good book benefits, including post model adjustment releases, model updates and the impact of IFRS 9 multiple economic scenarios (MES) updates.

| Capital and balance sheet | 2024 £bn | 2023 £bn | Variance £bn | Variance % |
|---|---|---|---|---|
| Loans to customers (amortised cost) | | | | |
| - personal advances | **8.1** | 8.1 | - | - |
| - mortgages | **195.0** | 193.1 | 1.9 | 1.0% |
| - cards | **7.0** | 5.9 | 1.1 | 18.6% |
| Total loans to customers (amortised cost) | **210.1** | 207.1 | 3.0 | 1.4% |
| Loan impairment provisions (2) | **(1.7)** | (1.9) | 0.2 | (10.5%) |
| Net loans to customers (amortised cost) | **208.4** | 205.2 | 3.2 | 1.6% |
| | | | | |
| Total assets | **232.8** | 228.7 | 4.1 | 1.8% |
| Customer deposits | **194.8** | 188.0 | 6.8 | 3.6% |
| Risk-weighted assets | **65.5** | 61.6 | 3.9 | 6.3% |

(1) Refer to the Non-IFRS financial measures section for details of basis of preparation and reconciliation of non-IFRS financial measures and performance metrics.
(2) Excludes off-balance sheet ECL of £0.1 billion.

- Net loans to customers increased by £3.2 billion, or 1.6%, in 2024 driven by £1.9 billion higher mortgage balances including £2.2 billion related to the Metro Bank mortgage portfolio. Cards balances increased by £1.1 billion, or 18.6%, in 2024 and personal advances were in line with 2023.
- Customer deposits increased by £6.8 billion, or 3.6%, in 2024 reflecting growth in savings partly offset by a reduction in current account balances.
- RWAs increased by £3.9 billion, or 6.3%, in 2024 primarily due to book movements including the impact of the Metro Bank mortgage portfolio acquisition.

Segment performance continued

## Private Banking

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| **Income statement** | **£m** | £m | £m | % |
| Net interest income | **645** | 710 | (65) | (9.2%) |
| Non-interest income | **324** | 280 | 44 | 15.7% |
| **Total income** | **969** | 990 | (21) | (2.1%) |
| Other operating expenses | **(713)** | (676) | (37) | 5.5% |
| Litigation and conduct costs | **(3)** | (9) | 6 | (66.7%) |
| Operating expenses | **(716)** | (685) | (31) | 4.5% |
| Impairment releases/(losses) | **11** | (14) | 25 | (178.6%) |
| **Operating profit** | **264** | 291 | (27) | (9.3%) |

| **Performance ratios (1)** | | | |
|---|---|---|---|
| Return on equity | **14.2%** | 14.8% | (0.6%) |
| Net interest margin | **2.40%** | 2.62% | (0.22%) |
| Cost:income ratio (excl. litigation and conduct) | **73.6%** | 68.3% | 5.3% |
| Loan impairment rate | **(6bps)** | 8bps | (14bps) |
| AUMA net flows (£bn) (1) | **3.2** | 1.9 | 1.3 |

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| **Capital and balance sheet** | **£bn** | £bn | £bn | % |
| Loans to customers (amortised cost) | | | | |
| - personal | **1.7** | 1.8 | (0.1) | (5.6%) |
| - mortgages | **12.0** | 12.3 | (0.3) | (2.4%) |
| - other | **4.6** | 4.5 | 0.1 | 2.2% |
| Total loans to customers (amortised cost) | **18.3** | 18.6 | (0.3) | (1.6%) |
| Loan impairment provisions | **(0.1)** | (0.1) | - | - |
| Net loans to customers (amortised cost) | **18.2** | 18.5 | (0.3) | (1.6%) |
| | | | | |
| Total assets | **28.6** | 26.9 | 1.7 | 6.3% |
| Assets under management (AUMs) (1) | **37.0** | 31.7 | 5.3 | 16.7% |
| Assets under administration (AUAs) (1) | **11.9** | 9.1 | 2.8 | 30.8% |
| Assets under management and administration (AUMA) (1) | **48.9** | 40.8 | 8.1 | 19.9% |
| Customer deposits | **42.4** | 37.7 | 4.7 | 12.5% |
| Loan:deposit ratio (excl. repos and reverse repos) (1) | **43%** | 49% | (6%) | (12.2%) |
| Risk-weighted assets | **11.0** | 11.2 | (0.2) | (1.8%) |

(1) Refer to the Non-IFRS financial measures section for details of basis of preparation and reconciliation of non-IFRS financial measures and performance metrics.

In 2024, Private Banking delivered an operating profit of £264 million and return on equity of 14.2%. We have continued to see strong customer engagement across our propositions, and this has resulted in an increase in AUMA balances of 19.9% in 2024 and strong deposit growth of 12.5%.

Private Banking provided £0.4 billion of climate and sustainable funding and financing in 2024, principally in relation to mortgages on residential properties with an EPC rating of A or B and wholesale transactions.

- Total income was £21 million, or 2.1% lower, than 2023 primarily reflecting the impact of deposit balance mix shift from non-interest bearing to interest bearing balances, which has been partly offset by income from higher deposit balances, deposit margin expansion and an increase in investment fee income from higher AUMA balances.
- Net interest margin was 22 basis points lower than 2023 largely reflecting the impact of deposit balance mix shift from non-interest bearing to interest bearing balances, partly offset by higher deposit balances and deposit margin expansion.
- Non-interest income of £324 million was £44 million, or 15.7%, higher than 2023 principally due to AUMA income growth of 12.7% from £237 million to £267 million which reflects higher AUMA balances.
- Other operating expenses were £37 million, or 5.5%, higher than 2023 primarily reflecting the Bank of England Levy, higher severance costs and higher investment spend.
- An impairment release of £11 million, compared with an £14 million charge in 2023, reflects higher good book releases, including benefits from post model adjustments, with Stage 3 charges remaining at low levels.
- Net loans to customers reduced £0.3 billion, or 1.6%, in 2024 largely driven by higher mortgage repayments offsetting gross new lending, and lower personal lending.
- Customer deposits increased by £4.7 billion, or 12.5%, in 2024 reflecting growth in instant access savings, including transitory inflows in Q4 2024, partly offset by a reduction in current account and term balances.
- AUMA of £48.9 billion increased by £8.1 billion in 2024 reflecting AUM net flows of £2.2 billion driven by strong client engagement, £0.6 billion AUA net flows, £0.4 billion Cushon net flows, and £4.8 billion of positive market movements.

# Commercial & Institutional

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Income statement | £m | £m | £m | % |
| Net interest income | **5,339** | 5,044 | 295 | 5.8% |
| Non-interest income | **2,618** | 2,377 | 241 | 10.1% |
| Total income | **7,957** | 7,421 | 536 | 7.2% |
| Other operating expenses | **(4,118)** | (3,867) | (251) | 6.5% |
| Litigation and conduct costs | **(156)** | (224) | 68 | (30.4%) |
| Operating expenses | **(4,274)** | (4,091) | (183) | 4.5% |
| Impairment losses | **(98)** | (94) | (4) | 4.3% |
| Operating profit | **3,585** | 3,236 | 349 | 10.8% |

| Performance ratios (1) | 2024 | 2023 | Variance |
|---|---|---|---|
| Return on equity | **17.2%** | 15.4% | 1.8% |
| Net interest margin | **2.16%** | 2.06% | 0.10% |
| Cost:income ratio (excl. litigation and conduct) | **51.8%** | 52.1% | (0.3%) |
| Loan impairment rate | **7bps** | 7bps | - |

| | 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Capital and balance sheet | £bn | £bn | £bn | % |
| Loans to customers (amortised cost) | | | | |
| - Business Banking | **3.6** | 4.5 | (0.9) | (20.0%) |
| - Commercial Mid-market | **74.0** | 71.5 | 2.5 | 3.5% |
| - Corporate & Institutions | **65.8** | 57.4 | 8.4 | 14.6% |
| Total loans to customers (amortised cost) | **143.4** | 133.4 | 10.0 | 7.5% |
| Loan impairment provisions | **(1.5)** | (1.5) | - | - |
| Net loans to customers (amortised cost) | **141.9** | 131.9 | 10.0 | 7.6% |
| Total assets | **398.7** | 385.0 | 13.7 | 3.6% |
| Funded assets | **321.6** | 306.9 | 14.7 | 4.8% |
| Customer deposits | **194.1** | 193.4 | 0.7 | 0.4% |
| Loan:deposit ratio (excl. repos and reverse repos) (1) | **72%** | 68% | 4% | 5.9% |
| Risk-weighted assets | **104.7** | 107.4 | (2.7) | (2.5%) |

(1) Refer to the Non-IFRS financial measures section for details of basis of preparation and reconciliation of non-IFRS financial measures and performance metrics.

During 2024, Commercial & Institutional continued to support customers with an increase in lending of 7.6% and delivered a strong performance in income and operating profit supporting a return on equity of 17.2%, an increase from 15.4% in 2023. We continued to see good client demand for lending and net interest margin expansion supporting overall improved profitability.

Commercial & Institutional provided £27.8 billion of climate and sustainable funding and financing in 2024 to support customers investing in the transition to net zero.

- Total income was £536 million, or 7.2%, higher than 2023 principally reflecting deposit margin expansion, customer lending growth and strong customer activity in capital markets underwriting and markets trading income.
- Net interest margin was 10 basis points higher than 2023 largely reflecting deposit margin expansion.
- Non-interest income was £241 million, or 10.1%, higher than 2023 principally driven by strong customer activity in markets trading and capital markets underwriting income, higher lending and financing fees in relation to volume growth and higher payment services fees.
- Other operating expenses were £251 million, or 6.5%, higher than 2023 reflecting the impact of inflationary increases in staff costs, continued investment in the business, introduction of the new Bank of England Levy and an increase in severance costs.
- An impairment charge of £98 million in 2024, compared with a £94 million charge in 2023, reflecting higher Stage 3 charges due to a small number of large counterparties partially offset by larger good book releases, including post model adjustments.

- Net loans to customers increased by £10.0 billion, or 7.6%, in 2024 principally due to growth within Corporate & Institutions and an increase in term loan facilities within Commercial Mid-market, partly offset by UK Government scheme repayments of £2.0 billion.
- Customer deposits increased by £0.7 billion, or 0.4%, in 2024 reflecting growth within Commercial Mid-market, partially offset by a reduction in Corporate & Institutions.
- RWAs decreased by £2.7 billion, or 2.5%, compared with 2023 primarily due to continued RWA management activity of £5.7 billion and risk parameter improvements, partly offset by increased operational risk and lending growth.

# Central items & other

| Income statement - continuing operations | 2024 £m | 2023 £m | Variance £m | Variance % |
|---|---|---|---|---|
| Total income | **127** | 410 | (283) | (69.0%) |
| Operating expenses | **(222)** | (392) | 170 | (43.4%) |
| *of which: Other operating expenses* | **(196)** | (387) | 191 | (49.4%) |
| *of which: Ulster Bank RoI direct expenses* | **(83)** | (275) | 192 | (69.8%) |
| Impairment releases/(losses) | **10** | (5) | 15 | nm |
| Operating (loss)/profit | **(85)** | 13 | (98) | nm |

– Total income was £283 million lower than 2023 primarily reflecting notable items including foreign exchange recycling gains in 2023 partially offset with higher gains on interest and foreign exchange risk management derivatives not in hedge accounting relationships, higher business growth fund gains, lower losses on liquidity asset bond sales and losses associated with property lease terminations in 2023.
– Other operating expenses were £191 million, or 49.4%, lower than 2023 principally reflecting the reduction in cost due to our withdrawal of operations from the Republic of Ireland.

| Capital and balance sheet | 2024 £bn | 2023 £bn | Variance £bn | Variance % |
|---|---|---|---|---|
| Net loans to customers (amortised cost) | **31.8** | 25.8 | 6.0 | 23.3% |
| Customer deposits | **2.2** | 12.3 | (10.1) | (82.1%) |
| RWAs | **2.0** | 2.8 | (0.8) | (28.6%) |

– Net loans to customers increased by £6.0 billion, or 23.3%, driven by reverse repo activity in Treasury.
– Customer deposits of £2.2 billion decreased by £10.1 billion in 2024 reflecting repo activity in Treasury.

# Summary financial statements

## Summary consolidated income statement

For the year ended 31 December 2024

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Net interest income | **11,275** | 11,049 | 9,842 |
| Non-interest income | **3,428** | 3,703 | 3,314 |
| Total income | **14,703** | 14,752 | 13,156 |
| Operating expenses | **(8,149)** | (7,996) | (7,687) |
| Profit before impairment losses | **6,554** | 6,756 | 5,469 |
| Impairment losses | **(359)** | (578) | (337) |
| Operating profit before tax | **6,195** | 6,178 | 5,132 |
| Tax charge | **(1,465)** | (1,434) | (1,275) |
| Profit from continuing operations | **4,730** | 4,744 | 3,857 |
| Profit/(loss) from discontinued operations, net of tax | **81** | (112) | (262) |
| Profit for the year | **4,811** | 4,632 | 3,595 |
| Attributable to: | | | |
| Ordinary shareholders | **4,519** | 4,394 | 3,340 |
| Paid-in equity holders | **283** | 242 | 249 |
| Non-controlling interests | **9** | (4) | 6 |
| | **4,811** | 4,632 | 3,595 |

## Summary consolidated balance sheet

As at 31 December 2024

| | 2024 £m | 2023 £m | 2022 £m |
|---|---|---|---|
| Cash and balances at central banks | **92,994** | 104,262 | 144,832 |
| Trading assets | **48,917** | 45,551 | 45,577 |
| Derivatives | **78,406** | 78,904 | 99,545 |
| Settlement balances | **2,085** | 7,231 | 2,572 |
| Loans to banks and customers - amortised cost | **406,356** | 388,347 | 373,479 |
| Other financial assets | **63,243** | 51,102 | 30,895 |
| Other and intangible assets | **15,984** | 17,276 | 23,153 |
| Total assets | **707,985** | 692,673 | 720,053 |
| | | | |
| Deposits | **464,942** | 453,567 | 470,759 |
| Trading liabilities | **54,714** | 53,636 | 52,808 |
| Settlement balances, derivatives, other financial liabilities and subordinated liabilities | **141,034** | 139,843 | 151,426 |
| Other liabilities | **4,601** | 5,202 | 5,346 |
| Owners' equity | **39,350** | 37,157 | 36,488 |
| Notes in circulation | **3,316** | 3,237 | 3,218 |
| Non-controlling interests | **28** | 31 | 8 |
| Total liabilities and equity | **707,985** | 692,673 | 720,053 |

NatWest Group's financial statements are prepared in accordance with UK adopted International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).