NatWest Group

NatWest Group plc
Investor Spotlight: Commercial & Institutional
Wednesday 26th March 2025

Speakers:
Paul Thwaite, NatWest Group Chief Executive Officer
Robert Begbie, CEO Commercial & Institutional
Andy Gray, Managing Director Commercial Mid-Market
Carolina Romero Ramirez, Finance Director Commercial & Institutional Banking
Scott Marcar, Group Chief Information Officer

Moderated by Claire Kane, Director of Investor Relations

Claire Kane: Hello everyone. Great to see so many of you here and also online. This is the first of three in-depth sessions we're hosting this year across the three NatWest businesses: Retail Banking, Private Banking and Commercial & Institutional. And we hope today that you'll get a very good understanding of C&I, its strengths, the opportunities and importantly, how it supports the Group returns.

So before I hand to Paul, just a little bit of housekeeping. If you'd like to download the slides, you can use the QR code on the screen behind me or through the website.

If you'd like to ask a question, you can press the Q&A button online, type your question in. And if you haven't, please could you silence your phones. I will return at the end of the presentations to host the Q&A and I look forward to hearing your questions then.

So thank you and I'll hand over to Paul.

Paul Thwaite: Thanks, Claire. Afternoon, everyone. Thank you for joining us today, whether you're here in the room or you're online. As Claire said, it's the first of three in-depth sessions this year on our three NatWest businesses. We've chosen to start with Commercial & Institutional. It's an important, significant contributor to the bank and it's gone through a significant transformation over the course of the last few years. So we thought it was a good one to start with.

The agenda for the day, I'm going to start with a very brief intro. Robert Begbie, CEO of the Commercial & Institutional business will then give an overview of the whole business. Many of you know Robert, but for those who don't, he previously led our markets business and has also been the Group Treasurer.

Then Andy Gray will go into more depth on our Commercial Mid-Market business. Andy joined the Group from Barclays 15 years ago and has led that business since 2014.

Robert will wrap things up and then they'll be joined on a panel for questions at the end by Scott, our Chief Information Officer, and Carolina, the CFO of the Commercial & Institutional Bank.

But before we dive into that, let me set the context a little bit. 2024 was obviously a pivotal year for the bank. In addition to delivering very strong financial performance, we carried out two directed buybacks which supported a reduction in the Government shareholding from 38% to less than 4% today.

We are attracting new investors and are focused on driving the future growth of the firm, primarily by succeeding with our customers. I've always said, and many of you will have heard me say it before, that we shouldn't underestimate the opportunity we have to build on our strong foundations.

As a bank, we serve over 19 million customers across the three businesses, all have strong market positions, all have strong and attractive returns on equity.

Our retail bank serves around 18 million customers, has a 16% market share of current accounts, and a strong track record of growing share in other segments at attractive returns. For example, we now serve around 20% of the youth segment and we're growing in mortgages and unsecured lending.

We have an award-winning private bank with one of the strongest wealth brands in the country.

And we are, I'm proud to say, the UK's biggest bank for business with a leading Mid-Market franchise, which you'll hear a lot more about today.

With the major restructuring of the bank behind us and a return to full private ownership in near sight, we aim to build an even stronger business in the coming years.

As you know, from our annual results in February, we also spent a fair bit of time in 2024 thinking about our strategy. This entailed the expected in-depth analysis of customers, competitors, markets, industry trends, to really give us a detailed understanding of our position and the opportunities ahead of us.

This work confirmed our view that our three strategic priorities, you'll see them on the slide, are serving us well, and that we must continue to,

1) concentrate on our real strengths, whether that's the scale of our customer base, our robust balance sheet, our national and local presence, and our leading market positions.
2) drive forward our tech transformation to create greater operating leverage. And,

3) change the way we operate so that we are quicker and simpler and more agile. And that really speaks to the performance culture and the customer focus myself and the leadership team are driving in the bank.

Our aim, as we continue to pursue that disciplined growth, the bank-wide simplification, and together with the active balance sheet and risk management, is to generate attractive returns for our shareholders.

We're raising the dividend payout ratio to 50% from this year, as I hope you all know. That really reflects the confidence we have in our capital generation. And we've guided to return on tangible equity in 2025, of 15 to 16%, and are targeting greater than 15% in 2027.

You'll see these strategic priorities reflected across all of our businesses. And today, you'll hear specifically what they mean for Commercial & Institutional Banking.

So with that, I'll hand over to Robert. He'll tell you more.

Robert Begbie: Thank you, Paul, and good afternoon, everyone.

As Paul said, I'm going to give you an overview of our Commercial & Institutional business before handing over to Andy Gray, who'll talk about the Commercial Mid-Market in more detail.

Commercial & Institutional was created in 2022, when we combined Commercial Banking, NatWest Markets, and RBS International into one single franchise. We believed that by bringing those businesses, legal entities, and capabilities together, we could create a franchise that serves the needs of our customers better.

Today, Commercial & Institutional serves around 1.5 million customers, ranging from sole traders and startups, through to Mid-Market customers, through to large corporates and financial institutions. It provides a significant financial contribution to the Group, as well as having scale on both sides of the balance sheet.

In 2024, we delivered 54% of the Group income, and 58% of its operating profit. We ended the year with deposits of £194 billion, representing 45% of group deposits. And we grew lending, excluding government schemes, 9% last year, to £140 billion, about 35% of group lending.

And alongside this lending growth, we have taken a disciplined approach to managing our capital and risk-weighted assets. And as you can see, we have increased our return on equity from 10.9% in 2021 to 17.2% in 2024.

We serve our customers across three businesses, Business Banking, Commercial Mid-Market, and Corporate & Institutional Banking.

Business Banking serves over a million small businesses across the UK, with turnover of up to £700,000. This acts as an entry point to the bank for sole traders, small businesses, and entrepreneurs. Our Business Banking customers are mostly digital first, but they also have access to relationship support when required.

We are the leading bank for UK business startups, and share of around 20%. We have 13 Accelerator Hubs across the UK that help entrepreneurs grow and scale their businesses. These Hubs offer sector expertise and advice, ranging from strategy and business plans to hiring teams and building partnerships.

And to give you just one example, GoJoe, a fitness app that offers companies a way to help their employees keep fit and healthy. Its founders joined our Accelerator Programme, and in their words, as little more than two guys and a PowerPoint presentation. They went on to raise over a million pounds in seed investment and have now completed the second funding round. By helping customers like this, we are both promoting growth in the UK economy and developing our Mid-Market pipeline.

Commercial Mid-Market Banking serves around 100,000 customers, with turnover ranging from £750,000 to £500 million. We are the leading UK bank for those companies, and the leading provider of asset finance through our specialist business, Lombard.

We serve our Mid-Market customers mainly through our relationship-led, extensive relationship manager network, supported by our digital platform, Bankline. We believe our significant presence on the ground, up and down the UK, gives us a key competitive advantage, broadening our reach, and enabling us to develop close relationships with those customers. And we see the Mid-Market as a significant growth opportunity for NatWest, which Andy will touch on later.

Corporate & Institutional Banking serves around 7,000 customers, with turnover of over £500 million. This business focuses on key areas of specialism, where we can best serve our customers' needs. So we provide co-banking services, as well as transaction banking, project infrastructure and leveraged finance, currencies, capital markets, and fixed income. We've made very good progress since we created the franchise almost three years ago and can see clearly the opportunities ahead of us. Not just to grow, but to simplify our operating model, and improve the customer and colleague experience through greater digitalisation.

We are the biggest UK bank for business, and our future plans are completely aligned with the Group's three strategic priorities.

So let's start with disciplined growth. First, we want to build on our leading position for UK startups, and continue to grow our SME business. Second, we are a leading provider of financing for social housing in the Commercial Mid-Market sector. And I've recently updated our ambition to lend to this sector. We're also a leading provider of funding for UK infrastructure and project finance, and plan to build on this position to support expected growth in this sector. We also see an opportunity to grow in trade finance, as we support international trade for UK-connected businesses. This will be accelerated by a new platform, Trade360. And finally, sectors like the innovation economy, such as life sciences and technology, are growing at a faster rate than others. So again, we're building on our strong position by developing specific propositions targeted to support them.

On simplification, we're making a major investment in our digital platform Bankline. This will enable us to create a single shopfront where Mid-Market customers can access a full range of products and services in one place. And Andy will talk more about this later. There's a lot more we can do to automate our customer journeys and harness the use of AI to improve customer and colleague experience. And we continue to simplify our operating model. For example, we recently announced a number of changes to our European footprint.

Our third priority is active capital and risk management. And I'll talk more about this on the following slide.

We have developed a capability to ensure that we allocate capital to the right sectors and customers in order to optimise sustainable returns. And we are managing our capital and risk in four ways. First, by allocating capital strategically with a focus on returns and relationship value. Second, by applying a consistent approach to pricing through greater automation with a focus on risk and return. Third, by enhancing our data to understand track performance over the lifetime of a customer, redeploying capital that is not delivering our targeted returns. And fourth, by actively distributing risk through a range of means, including significant risk transfers, credit risk insurance, and asset sales.

In 2024, the actions of our balance sheet management team resulted in £5.7 billion reduction in risk-weighted assets. This includes four successful significant risk transfers accounting for £3 billion. Now you shouldn't assume that RWA reductions will continue at this rate every year, but we now have the capability to identify and prepare assets for sale and distribution much more systematically. So you can expect us to allocate and continuously recycle capital to areas where we see the best risk reward for returns.

So let's turn now to how we're investing in technology to improve the experience of customers and colleagues, increase productivity, and make us more efficient.

We start from a position where around 83% of Commercial & Institutional customers are digital first, with the convenience of being able to access products and services at any time in any place.

There are three major drivers of our technology delivery in Commercial & Institutional. The first aim is to improve the experience of our customers. Our most significant investment here is Bankline, which will support the customer interactions, allow us to offer a single portal entry point to sign on for customers to access a wide range of products and services. We also want to use data better to deliver greater personalisation for our customers.

Second, we want to become much more agile as an organisation. So we're moving more of our technology into the cloud, enabling us to release new capabilities faster and at scale. We're decommissioning applications that are no longer necessary, and we're rolling out the use of AI. We're already seeing some benefits from this.

To give you examples, we're using AI to summarise phone calls in our CRM system and to automate customer reviews. This reduces the time that relationship managers need to spend on administration. We're deploying AI to clients in our markets business so they can easily search analyst reports and recommendations. And a growing number of our staff use AI internally to increase productivity.

Third, we continue to invest and protect the bank and our customers from fraud, financial crime, and cyber-attacks, as well as to strengthen our pricing, risk management, and capital distribution.

I'll turn now to our three businesses in more detail, starting with Business Banking.

Business Banking is a digital-led business, offering a full range of products, including lending, savings, cards, payments, as well as additional services such as insurance and accounting software.

Business Banking revenue has grown at 15.8% a year over the last three years to £900 million. Its strong deposit base provides the Group with a vital source of funding and liquidity. Borrowing at this end of the market has been more muted, partly as a result of the ongoing government loans taken out during COVID. But there was strong appetite last year with gross new lending increased around 50%.

We've been investing in the digital transformation to improve customer experience and increase efficiency. Last year, 95% of accounts in Business Banking were opened via mobile or online. And loans of up to £100,000 are now available digitally within 24 hours. And whilst the business is mainly digital, customers also benefit from our network of direct relationship manager hubs across the UK.

And we're very proud to have supported 10,000 Business Banking entrepreneurs on our Accelerator Programme, which marks its 10th anniversary this year.

Turning to our future priorities and starting with disciplined growth. Deposits are central to the need of small customers. And we want to grow and fully digitalise our deposit offering, including digital term accounts.

We plan to increase digital lending, making it faster for customers to borrow and by increasing the threshold for 24-hour decisions. And we expect to grow small business lending by broadening our distribution through brokers.

Under simplification, we're improving our digital credit card experience with straight through processing, dynamic credit limits and self-serve capabilities. We're also working to make our communications with customers more personalised with useful prompts and insights.

This part of the business is capital light with a strong deposit base. So we're more focused on risk management and pricing than RWA reduction. We aim for more than 90% of origination to be priced within standard frameworks as manual decision making is replaced by more automation and straight through processing. This will result in greater consistency and ability to adjust pricing dynamically in response to market conditions.

Our Commercial Mid-Market business is broad based, serving a wide range of customers across all regions of the UK through our network of relationship managers as well as our digital channel Bankline.

Revenues have grown at an annual rate of 12.8% between 2021 and 2024 to £3.6 billion with four quarters of consecutive loan growth and a strong deposit base and low cost of risk.

We see the Mid-Market as a major growth opportunity. These businesses are the backbone of the UK economy and we are well-placed to help them grow. The breadth of our regional coverage, depth of local knowledge and strength of our sector expertise gives us clear competitive advantage.

And the Commercial Mid-Market is where we will focus on the innovation economy. As I mentioned earlier, we are a leading provider of social housing funding in the UK and we expect to build on that strength and see significant opportunities in both transition and trade finance.

On simplification, Bankline is our digital platform for Mid-Markets, customers and we've made good progress on our multi-year investment to give them access to our full product range. Andy will expand on this later. And finally, on capital management, we intend to make greater use of significant risk transfers to improve capital velocity in the Mid-Market business.

Moving on now to Corporate & Institutional Banking. We created Corporate & Institutional Banking in 2024 to bring a greater customer focus with single coverage teams, covering large corporates, funds and sponsors and financial institutions.

Within CIB, our Markets Business now focuses on currencies, capital markets and fixed income. Areas that consume less capital and where we know we can compete.

We restructured NatWest Markets between 2020 and 2023 and have broadly halved the risk weighted assets since 2019.

Corporate & Institutional banking has strong specialist capabilities in structured finance, transaction services and trade, funds lending, capital markets, sales and trading and sustainable financing.

Its client base is made up of large organisations trading with and from the UK. And we have a focused international footprint across Western Europe, Asia and the US designed to specifically support the needs of global clients.

The aim is to help domestic UK customers operate internationally and to support international businesses and capital providers who want to access and invest in the UK. In addition to facilitating trade flows, our international footprint also enables us access to international capital markets and risk distribution through our global ecosystem. Let me give you an example.

Take a private credit manager domiciled in the US who wants to set up a fund to invest in the UK. We provide the services they need to set up that fund in Jersey or Luxembourg. Once investor subscriptions are gathered in the fund, we help with services such as cash management to help with liquidity. The subscriptions may arrive in dollars and may be invested in sterling, in which case we could provide FX and potentially interest rate hedging. Then if the fund requires leverage, we also provide debt structuring. And if the client, for example, wants to set up a sustainable fund, we have the full capital markets and advisory business to help them do that.

We have focused our geographical footprint and specialist capabilities in order to provide exactly this type of ecosystem.

Corporate & Institutional Banking has grown revenue 25.3% annually between 2021 and 2024 to £3.5 billion. There's a large and stable deposit base with loans and advances of £66 billion.

Last year, we were recognised as the best UK corporate bank by the Coalition Greenwich Survey and our expertise in key areas is highlighted by the awards you can see here. Last year, we were voted the best UK trade finance provider by Global Finance. We ranked number one in debt capital markets for all UK borrowers in sterling and euros. And we're in the top three for cash management.

Customers also turn to us as a leading provider of climate and sustainable financing and funding, where we provided over £60 billion since July 2021 towards the Group's £100 billion 2025 target. So our strategy here is to focus on targeted growth in our specialisms and to manage our capital effectively to drive returns.

So looking at our future growth priorities, we are a leading provider of UK infrastructure, finance and lending. It's one of our top priorities, especially given the Government's plan for a new 10-year infrastructure strategy.

We also want to support UK businesses and UK economy by enabling more trade, planning to use the new trade platform, Trade360, to increase volumes in trade and working capital solutions. This will help customers to facilitate payments, manage risk and access liquidity to drive growth.

Moving to simplification, we will plan to continue to simplify our operating model and to share capabilities across product verticals so we can remove duplication.

And finally, you can expect Corporate & Institutional to actively manage risk-weighted assets, reallocate capital when it's not meeting return hurdles and continue to scale originate to distribute lending models.

And with that, I'll hand over to Andy to talk in more depth about Commercial Mid-Market.

Andy Gray: Thank you, Robert, and good afternoon.

I'm going to start by talking about the overall market before talking more about our own business.

Last year, we carried out research into the critical role that mid-sized corporates play in the UK economy. In particular, companies with turnover between 25 and 500 million pounds, which is a subset of our overall business.

There are around 13,500 businesses of this size, less than 1% of companies in the UK. Yet they account for 27% of UK business turnover at 1.3 trillion pounds and 28% of gross value added at £420 billion.

These businesses are also growing at a rate higher than the UK economy, so they are vital growth engines. They employ over 7 million people, play an important role in regional economies and are more productive than smaller businesses. They generate nearly double the turnover per employee compared with SMEs.

The Government's modern industrial strategy has identified eight key growth sectors, advanced manufacturing, creative industries, clean energy, defence, digital and technologies, financial services, life sciences, and professional and business services, which will help drive investment.

And in addition, the Government's infrastructure strategy will support the construction and house building sectors as well as the green economy. Our report estimates that 1% growth in this segment could add a further £35 billion of GVA and £115 billion in business turnover by 2030.

So it's against this backdrop that we see a significant opportunity for our Commercial Mid-Market business to drive growth both for the UK economy and the bank.

As the largest commercial bank in the UK, we serve over one in four UK businesses in the Mid-Market segment. This includes a wide range of customers from SMEs with turnover between £750,000 and £2 million all the way up to large regional corporates with turnover of £500 million or more.

As you can see, mid-corporates, the businesses I just spoke about on the previous slide are just one part of this market.

In order to serve such a broad customer base, we need an equally broad range of products covering standard banking products such as lending, savings, cards and overdrafts together with more specialist services such as trade, asset and invoice finance, transaction banking, payments and foreign exchange to help these companies raise funding, manage payments, optimise their balance sheets, trade with other countries and manage risk.

Robert mentioned earlier that we are also a leading provider of asset finance and this video demonstrates how our specialist asset finance arm Lombard is helping customers invest to improve their businesses.

[Westland Nurseries video clip plays]

Peter Taylor: My name's Peter Taylor, I'm General Manager here at Westland Nurseries. We are growers of speciality leaves. We have over 140 different product lines that we grow here in Evesham including micro leaves, edible flowers, speciality tomatoes, sea vegetables and watercress. Our customers range from the top-end Michelin star restaurants down to your gastropub that every village has. Westlands as a business wants to continue to amaze its customers in terms of the produce that we grow. Innovation will be the backbone to that as will automation and being more sustainable. So we're looking to increase production on less energy.

Lombard has helped to facilitate our growth in terms of the assets that we use on our sustainability journey. A number of things we've done in line with that sort of ethos has been the installation of a combined heat and power unit, LED lighting to produce more light with less energy. Further investments include nearly 300 kilowatts of solar panels on the roof of our pack house. That's about sustaining our base load during the summer months when obviously Mother Nature is giving us a lot of energy for free. We are very proud of what we've achieved here at Westlands and what we know we will continue to improve on and achieve in the years to come.

Andy Gray: As you saw, Westlands have worked with Lombard to fund upgrades to their assets so they can grow their produce sustainably. This includes about half a million [pounds] to finance LED lighting which will increase yields by giving the plants more light and reduce the electricity required. 160,000 pounds for solar panels so that when the sun shines and crops need more irrigation and cooling systems, solar panels can meet this demand. And finally, additional funding for a new packing line to improve productivity. Taken together, this will help to halve Westlands carbon emissions, reduce their costs and increase efficiency.

One of our key strengths when it comes to serving the Commercial Mid-Market is our unparalleled presence across the UK.

Our customers are spread across a broad range of sectors with no one sector dominating and our lending portfolio is well diversified. We serve our customers through a network of around 1,000 relationship managers distributed throughout the nations and regions of the UK. This enables us to build deep relationships with strong local knowledge and an understanding of what's happening in key sectors.

A very good illustration of this is M Squared, a commercial landscaping business based in Scotland. They work with building contractors and clients to create and maintain high quality outdoor spaces surrounding their developments. Their founder, Kerr McEwan, was a personal customer of RBS from the age of 15. When he started M Squared in his final year at university, he opened a business account and he went on to join our Accelerator Programme in Business Banking. We have benefited from that as M Squared then grew rapidly, becoming one of the FTSE 1,000 fastest growing companies as well as a Commercial Mid-Market client.

[M Squared video plays]

Kerr McEwan: Banking with RBS commercially for a number of years has been fundamental to our business growth. Being with a bank like RBS, there's all different facets that are all interconnected that are really invaluable to help grow the business. The local sector knowledge is really, really important. Having that local knowledge about what's happening in the industry and the wider business sphere is really important. The strength of relationship with our relationship manager has been critical. The business environment is risky at times and having somebody who understands the risks, understands our business and understands me as an entrepreneur and how we want to grow is really, really important.

Andy Gray: Over time, we have supported M Squared with loans and asset financing. And more recently, the founder also became a customer of Coutts to help plan his family's financial future. So this relationship-led approach helps us develop strong relationships where customers go on to use other parts of the bank. And it complements our digital platform Bankline, giving customers the best of both worlds.

Let me share another example which shows how we are working across the businesses in Commercial & Institutional to help meet customer needs. Zenobe is a leading owner and operator of battery storage in the UK. It was founded in 2017 when they saw an opportunity to ensure a stable electricity supply from renewable wind power. So they started acquiring batteries to capture and store excess energy from wind farms that could be deployed to the grid when demand is high. Zenobe then wanted to help bus companies switch to electric vehicles. But in order to do this, it needed to provide them with capital upfront to buy both the charging infrastructure and the electric buses. It didn't have that capital. So in 2021, we worked with the structured asset finance team in Corporate & Institutional to help Zenobe find a solution.

We did this by advising on and structuring an innovative banking package, which enabled them to raise debt against their contracted cash flows with the bus operators. This gave Zenobe a funding platform, which could then be used to raise additional financing over time as it expands its fleet activities into the UK and Ireland. Since 2021, NatWest has gone on to help Zenobe grow further. In 2023, Corporate & Institutional with a sole financial advisor, introducing additional banks when Zenobe needed to fund the construction of new battery energy storage systems on two sites in Scotland. Then last year, Zenobe approached NatWest to increase an existing capex facility to enable greater energy capacity as construction started on one of those sites.

Zenobe now has around 735 megawatts of grid connected batteries, powering around 25% of the UK's electric buses and is expanding internationally. This is a good example of the way in which capabilities in Corporate & Institutional support the growth of Commercial Mid-Market customers.

Robert spoke earlier about our strategic priorities. So I'm now going to focus in more depth on two areas, our plans for growth and our digital platform Bankline.

Over the next three years, the Commercial Mid-Market business plans to grow in the following ways. We see the UK innovation economy as a key opportunity in sectors such as life sciences, meditech, technology and energy transition.

As you heard from Robert, we're planning to offer these businesses specially tailored products and dedicated coverage.

While we provide a wide range of products, we have particular strengths in certain areas. For example, we are one of the largest funders of the social housing sector with balances of £10.8 billion at the end of last year. We want to continue growing in this sector and aim to provide £7.5 billion in lending between 2024 and 2026.

We also plan to increase the number of trade customers we serve, supported by our new platform Trade360. Trade360 provides customers with a portal that offers a seamless experience across both products and geographies. In particular, we aim to grow trade finance and foreign exchange, drawing on the foreign exchange expertise in our markets business. And we also intend to expand in transition finance and regional infrastructure.

And finally, we continue to innovate to support high growth businesses that have few tangible assets to use as collateral, but are rich in intellectual property. Last year, we became the first UK bank to issue loans using intellectual property as collateral in order to help scale-ups grow. Open Bionics is a good example. Open Bionics develops 3D printed bionic arms for amputees that are lightweight, comfortable and stylish. This even includes hero arms for young children with Disney designs in the style of their favourite superhero. Open Bionics were founded in Bristol about 10 years ago and they needed funding for international expansion.

[Open Bionics video plays]

Damian Axford: Working with NatWest has allowed us to accelerate our growth and expand into new markets. We're a mature start-up that makes prosthetics for children and for adults. We looked at how NatWest could help fund our future growth into the US in particular, but also to the German and UK markets. It's been fantastic that NatWest has been able to loan against our intellectual property portfolio. It's a very unique type of loan and one that's perfect for start-ups like us. Working with the NatWest team has been fantastic. It's been a real collaborative process and they've helped guide us to what now is a highly effective business relationship.

Andy Gray: By supporting Open Bionics, we're both helping them to scale their business overseas and enhancing the UK's reputation as a global leader in innovation.

I'd like to move on now to our digital channel, Bankline, where we are investing 100 million pounds to improve customer and colleague experience. At the end of 2024, Bankline served over 71,000 customers and had over 370,000 users, processing a trillion pounds worth of transactions each month.

In 2023, we launched a multi-year investment programme to transform the customer experience on Bankline. Our aim is to give customers a single point of access to a wide range of products and a much better user experience across both mobile and desktop. We're already starting to see some very positive results from the first year of the programme.

For example, service requests initiated via Bankline increased by 60% between 2023 and 2024 to 461,000.

In March last year, we moved international payments onto Bankline and introduced automated international payment tracking. As a result, nearly 10,000 international payments have been tracked via Bankline since then, rather than through customer services or relationship managers, and there are currently around 900 such requests a month.

We have also integrated our company credit card proposition, ClearSpend, our asset finance arm, Lombard, and NatWest Markets' foreign exchange platform, Agile Markets, into Bankline, and we plan to integrate our trade platform, Trade360, later this year. This will help us to retain customers and reduce friction as they won't need to look elsewhere for services, resulting in higher product penetration and share.

We also plan to complete the transition of Bankline onto cloud-based technology to improve the agility of the platform and transfer the majority of customer journeys to Bankline to enhance customer experience. Our aim is to create a state-of-the-art platform with the best offering in the Commercial Mid-Market.

So, in summary, we are the UK's leading commercial bank with an unrivalled presence on the ground across the UK. We bank more than one in four customers in this faster-growing segment, and we are building on this strong position by investing to deliver the leading customer proposition for the Mid-Market. We have clear plans for growth whilst managing our costs and capital in order to drive returns.

So, thank you very much, and with that, I'll hand back to Robert to wrap up.

Robert Begbie: Thanks, Andy.

So, in conclusion, we have strong foundations from which to grow. We have transformed our business to focus on areas where we can deliver strong returns and to serve customer needs much better through three closely connected businesses.

In Business Banking, we have a leading market share with UK startups as we help them accelerate their growth through our Accelerator Programme.

In Corporate & Institutional, we support the flow of capital in and out of the UK as the partner for large corporates and financial institutions with well-recognised capabilities in key specialisms.

And as you've heard from Andy, we see a significant opportunity in the Mid-Market where companies are growing faster than the UK economy.

We're in a strong position to deliver on this opportunity. We have unrivalled breadth of coverage across the UK, and as Andy's touched on, we offer our customers a relationship model supported by Bankline.

We believe this combination gives us a strong competitive edge.

In short, this is a business with a great deal of potential and with clear priorities to deliver disciplined growth, further simplification, and active capital management in order to drive returns and create greater value for our customers and our shareholders.

Thank you very much. We'll now invite our panel of speakers to join us for questions.

Claire Kane: Thank you, Robert.

As you can see, we have Carolina, our finance director for Commercial, and Scott, our group CIO, joining the panel for questions.

For those online, a reminder, you can ask a question by pressing the Q&A button and typing your question in. And for those in the room, there will be a microphone going around so that everyone online can hear you as well.

And when you ask your question, if you could please give your name and institution.

So, Ben.

Ben Caven-Roberts: Thanks very much. Ben Caven-Roberts from Goldman Sachs.

So I think the first question I'd sort of be interested in is when you're looking at that ambition of disciplined growth, how would you characterise what portion of that is led by effectively industry wallet expansion in the client areas that you're looking at and how much is, relatively speaking, market share gains?

And if it is market share gains, obviously you've given a lot of helpful colour around areas you think you excel in. Would you say there are particular areas you'd call out where you're stronger relative to peers?

Robert Begbie: Let me take that one and then Andy can maybe add a little bit in terms of the more colour on the Mid-Market where we see significant opportunity.

I think, our start point is we should absolutely keep pace with market growth. That's a baseline for us in terms of whether it's lending or deposits or other associated products. In some of the areas that we've talked about, we believe there's further opportunity where our penetration of our customer base in terms of products is not relative to our market share where it could be. So, we start from that point.

I think what we've demonstrated over the last couple of years is that in spite of some of the challenges there's been around the economy and so on, we've continued to grow our business and we see opportunities to continue to do that.

There are obviously key areas as the UK growth agenda rolls out that we feel we're well-placed to lean into around social housing, around UK infrastructure, around trade and so on.

So, I think that we see lots of opportunity ahead of us and just because we are a

	significant player in certain markets, that doesn't mean to say we don't think we can continue to grow our market share.
Andy Gray:	I think just to build on that, clearly we would benefit from faster growth driven by macroeconomic or government policy. We're well-positioned to take advantage from that. We cover all the sectors of the UK economy and we're present in all the regions and countries. So we're also well-positioned to take advantage of those changes. And there are great businesses and great opportunities in some of the less fancied sectors as well. And we continue to see good growth and good revenue from those areas.
Claire Kane:	Ben.
Ben Toms:	Afternoon, thanks for taking my question. Ben Toms from RBC and thank you for the session in general. Earlier on one of the slides, you show your split between NII and non-NII. Just wondering firstly, how you think that split might evolve when the mix evolve over time. And then secondly, you talked about active capital management and SRTs and Mid-Market and exiting lower return relationships in the CIB. Should RWA density in the division fall from here? And you showed up front that RWA is a portion of the Group. Would you expect that number to come down as well over time? Thank you.
Robert Begbie:	Okay, so let me take the mix of our business first and then I'll talk a bit about capital and maybe ask Carolina to come in there with a few numbers. I think on the slide, you'll have seen that both our NII and our non-NII has grown well over the past couple of years. And we're pleased with that growth. We have grown non-NII through both the performance of our markets products, which you've seen over the past couple of years have performed well. But not just that, you would expect as our overall lending grows that lending fees and transaction fees as our business grows, non-NII will grow proportionally. So, I think we're comfortable with that split. It's about two thirds NII versus non-NII. But we see opportunities to grow both of them going forward, partly through some of the growth opportunities that Andy talked about.
Carolina Romero:	Yeah, and just to add to that, we had a good start of 2025 in the first three months, which continued with the trend that we saw, particularly in the second half of 2024, where we benefited from increased volatility in the market. I will caveat that obviously too soon to tell if that trend will continue through 2025. We are still managing uncertainty in geopolitics, in the macroeconomic environment, and we will see how the trend continues. In addition, in our 2024 results, we guided you to consider the impact of the cost of capital actions that is reflected in the non-NII line. So this is specifically for [20]25, which as you saw, we're pleased with the significant progress that we did in terms

of our capital actions in 2024, and the cost is reflected in that non-NII line.

Having said that, and as we alluded to in the presentation, when we consider the impact of our overall capital actions, it's a holistic approach. So it's not just that cost, it's also the relief that we get from an ECL and RWA perspective. And of course, the income that we gain from redeploying that capital into highly generating returns.

Robert Begbie: Maybe just building on that, because Carolina went into the capital management answer a little bit. I mean, yes, we've done a lot in the last 12 months, but we have a track record of managing capital over a long period of time. I mean, what we've done in the markets business between 2020 and 2023. So it's not as if we're at the start point of this, we've been at this for some time.

We definitely have stepped up our capability over the last couple of years, investing not only in the expertise aspect of it, but some of the technologies that we need to deliver those types of transactions and the data to measure customer returns better. So you should expect us to continue to evolve that capability.

When we stand back though, our start point is always, does this make economic sense for us as an organisation, either within the franchise or the business we're looking at? But it has to make economic sense. As Carolina said, we look at where the market demand is, we look at where we're likely to be able to issue an SRT and what the cost of that capital is relative to whether where we can reinvest it either within the franchise or in a different franchise, or there's a better use of capital at a group level for that.

So it's driven by really the economics of that. Now, the underlying market has been incredibly strong, partly driven by the growth in private credit. That's great. It enables us to really look at those books and really drive some incremental capital returns out of that. So that's really the start point. We measure RWA density, but it's not the key driver of how we assess whether to do an SRT or not.

Claire Kane: Brilliant. Chris.

Chris Cant: Thank you. It's Chris Cant from Autonomous. Thank you for the presentation.

I just wanted to follow up on the SRT question and particularly in light of the slide where you mentioned within NatWest markets appetite to expand, originate, to distribute. And I guess it speaks to both the CIB segment, but also the Mid-Markets SRT opportunity. How do you think about pricing business in the context of appetite and ability to do SRT at the back end? So when you're actually writing business, does the fact that you have this in the background as a tool enter into your pricing or is it actually somewhat separate and SRT is more of a kind of a backend capital management tool?

Robert Begbie: The slide I showed, showed that journey from origination right the way through to distribution. I would say work in progress. We've made a lot of progress on that.

Firstly, we need to be considering as we originate going forward where the potential for that distribution would be. Whether we choose ultimately to distribute assets or not, we should at least take on those assets in a way that allows us to have optionality around those going forward. Which that takes time because you've got back books that weren't necessarily all originated that way. So we need to work that through.

You mentioned markets. Markets is just part of this. It goes all the way through into Andy's business as well. So yes, increasingly, we look at it that way. Not that we're going to distribute all our assets, but just that we understand where a potential distribution trade might be at some point in the future if we feel that's economically viable.

To build that into Andy's business, and I'll ask Andy to comment in a moment, we need to build out the technology and the pricing tools that go alongside that to really drive that end-to-end model.

Andy Gray: If I add, or to repeat what Robert has said, in the Commercial Mid-Market, it's about originating in a way that makes distribution relatively easy, possible. I mean, it is a competitive market, so probably competitive forces are the biggest driver of pricing, but we've spent a lot of time and effort to instil really good pricing discipline in the business.

And we take on business that is accretive, so we are happy to hold it because it is making us an acceptable return. If we can then see an SRT that makes economic sense, we'll do that, and that's been a positive market for us in the last 12-18 months.

Chris Cant: I guess that last comment is probably key, so you would not write business you're not comfortable holding 100%?

Andy Gray: So in the Commercial Mid-Market, certainly. We're not originating business that we're assuming that someone will take it off us at a rate that then makes it okay to have originated. We are originating to hold in our business.

Chris Cant: Thank you.

Claire Kane: Andy.

Andrew Coombs: Thank you, it's Andrew Coombs from Citi.

Three questions, but they are all related. So the first is just on the loan growth. You had tremendous loan growth last year, but it was quite uneven in terms of the split. A very heavy weighting towards the large corporate space, a couple of billion in Mid-Market and then flat in Business Banking ex[cluding] the Government repayment. So interested if you think that's going to be a similar trajectory in 2025, or if you think it's going to be more evenly balanced between the three segments.

I'll give you all three, because as I said, they're all kind of related. The second question is, you talked about 20 to 25% market share, and depending on deposits or loans, and pretty much I think every slide was how you're number one here or close to number one. Are there any gaps, anywhere where you think you could do more?

And then the third, and forgive me for asking this one, but as it's topic du jour, defence, how much lending or financing do you do for the defence sector?

Robert Begbie: Okay, let me, why don't I take one and three, and then you can build on it.

So I think, look, we've seen growth in all three businesses last year. I mean, the highest growth rate we had was in Business Banking at 50%. Now, it doesn't show up as much because it's off a lower base and so on. So we're happy with the 50% growth we've seen there with the four quarters of consecutive growth in Andy's Mid-Market business, in a UK economy, which was pretty flat last year. And yes, we grew at the CIB end of the business where transactions tend to be much larger.

So, should you expect that to be similar? Well, at the end of the day, if we see more UK growth, we would feel we have a bigger part to play in that. And that probably leads into growing the Mid-Market, which is where we see some real opportunity. Why don't you pick on that, Andy, and then I'll come back to defence.

Andy Gray: I think in terms of the area, or the gaps, the gaps are less in our kind of lending portfolio. We've got some product gaps that we've worked hard to fix. So, yeah, we would have a lower market share in trade finance, for example.

So we've invested a sizable amount of money and effort in building that capability. In CMM, we grew our FX revenues where that's been a quite heavily competed space. We grew them by about 20% in 2024, as we recaptured flow from customers.

So, the bigger opportunity around market share is in specific product lines in CMM. Innovation economy, we think that's relatively underserved by banks in the UK. So that's probably, to some extent, some de novo opportunity for us. So we'll focus on that.

And then, it's already a big business. You've got £72 billion of drawn assets. There will be opportunities within that as there are structural changes within the market. But yeah, we play in all the geographies and all the sectors.

So yeah, I think we're well positioned to take advantage of opportunity. And we haven't got particular areas of kind of sector weakness that we think we should be addressing.

Robert Begbie: And then just to pick up on defence, I mean, we are already a significant supporter of the defence industry. We don't report it as a segment. It sits with certain customers, it's part of their business, or it flows through Andy's business, through the whole supply chain, front to back with that. We see ourselves playing a part in the increased spend that will go on in the UK in defence.

As you'd expect, we're in good conversations, both at a government level and at a customer level on how we are playing a part in that. But the Chancellor made some further comments around defence earlier today, and we see it as a medium-term growth opportunity.

Claire Kane: Alvaro.

Alvaro Serrano: Thanks, Alvaro Serrano from Morgan Stanley.

Mine's a couple of follow-ups on loans and loan spreads. Credit spreads in the market are quite tight. Can you give us a bit of commentary on when you price these loans, what are the trends in competition you're seeing?

And between the segments of Business Banking, the Mid-Market and Corporate & Institutional, any handholding you can give us in terms of the difference in spreads in these segments? Obviously, there'll be all sorts of products there, but any sense on differential spreads between the segments would be helpful.

Robert Begbie: So why don't I cover off CIB, I'll let you cover off CMM, and we'll make a general point around, I think, Business Banking.

So, we've all seen what's happened to credit spreads generally in the markets over the past probably 18 months. They have tightened considerably. We've benefited from that in a number of ways.

Firstly, there's been a big uptake in terms of customers going into the debt capital markets to raise their financing. So we've lent in, we've supported our customers in doing that, and you've seen that reflected in some of the results we've had through our debt capital markets line, and we'll continue to do that. So as long as we're picking up the business on that side, we're comfortable.

We're pretty disciplined, very disciplined in terms of our pricing execution. So there will be transactions we'll just say not for us because we don't think the price reflects either the risk or if there's any compromise in terms of lending standards or documentation, we'll just walk away from transactions if we don't like the return on them. So at the upper end, that's the way we look at it.

We definitely, we've still seen good growth in the last 12 months, all throughout 2024, even on that side. The flip side is where we benefit, and we talked about it earlier, is where we are doing SRTs and so on, where there's this enormous demand for issuance. We can take advantage of some of the credit spreads that we're able to issue those SRTs at.

Andy Gray: Yeah, , and that pressure at the large end of the market does come down into the Mid-Markets. You know, the mainstream UK banks are well capitalised, have liquidity, they're able to lend. So in what is an okay, but probably slightly quieter than we'd all like demand metric, there's some competition for transactions.

But I think from our perspective, we hold dear to our returns discipline. And yes, there's room for flex sometimes to defend names, and we will defend longstanding names with significant ancillary wallets. But yeah, there's a bit of pressure, but we're not seeing it as a crazy race to the bottom, if that's the question.

And then, as you go down to the bottom end of CMM and Business Banking, you've got a higher broker driven element, which is probably more price sensitive. Yeah, spreads are wider, but that's probably a slightly more responsive to rate market with quite a different competitive base at the bottom end. So again, we monitor it closely, and we can make adjustments if we think that there's still business to be done at slightly lower margin, but yeah, at accretive rates. So we monitor that very actively.

Claire Kane: Thank you. Aman.

Aman Rakkar: Yeah, hi, it's Aman Rakkar from Barclays.

Two questions, please. One on deposits. So I guess your deposit performance in [20]24 did lag your lending performance within the division quite markedly. I think you grew around 8% lending, but your deposit base was flat. So what's going on there? And what does it mean for deposit growth relative to, I think you've primarily talked about the lending opportunity that's available in front of you. Should we think about deposits below?

Then there's a slight follow-on to that question, which is, can you also talk about current accounts? I mean, a lot of the franchise value in your business is around your ability to originate interest-free deposits. I'd say that's like a key part of the investment case at a group level. You've obviously seen that come off. Kind of what's your take on that? Has that churn kind of run its course now, or are you still thinking about a contraction or reduction in current accounts?

Then the second actual question is on costs, actually. So your cost-income ratio has benefited from margin expansion, we all understand. But actually, I'd say that under some measures, cost efficiency has gone backwards in the division. If I look at cost per asset or loans, actually that metric's been going in the wrong direction for a few years now. And I think Paul kind of laid up at the conference last week that he's targeting a pretty significant reduction in the kind of cost-income ratio of the business. Speaking on your behalf there. So you alluded to looking at European peers who've got similar business models that got lower cost-income ratios. Do you think you can get the absolute cost base down, basically, or is this just something that's going to materialise in 2035?

Robert Begbie: So I'll talk about deposits, and then I guess what we call simplification. And Scott, from the technology piece, is definitely a key part of that.

So let me talk about deposits. Without going back into history, we all understood what happened in 2023. Rates went up very quickly, customer behaviour changed, and we, like all banks, saw the impacts of that coming through. What we've seen in the past 12 months is that normalised, stabilised rates have started to come off a bit, and customer behaviour has been probably much more predictable, and certainly in line with what our expectations would be.

We intentionally took a view at the beginning of last year that at the most price-sensitive end of the market, we would manage for value. We didn't need the deposits. The Group didn't need those very expensive deposits, and in many cases, they don't provide a lot of liquidity value either. So we took a very conscious decision that we weren't going to overpay or pay for deposits that had little value, either from a relationship perspective or from a liquidity perspective, and that's the way we've run the book. So the book's been largely flat. I think we have an opportunity to grow deposits over the medium term.

Part of that will be driven by some of the investments we'll make around digitalisation of our deposit proposition, better understanding of data, cohort, pricing, particular customers, flexibility of product, Bankline, all of those things that effectively, I think, give us a better, more sophisticated deposit proposition for our customers.

So I think there's room for us to continue to grow in deposits, but we want to grow the right type of deposits at the right price, and technology will play a part in that. I'll maybe talk a little bit, did you want to comment, no?

Carolina Romero: No, I was just going to say, just in terms of the composition that you mentioned, we see at the end of 2024, we have 33% of our deposits in non-interest bearing, and that percentage has remained stable through 2024. So that's very reassuring in terms of customer behaviour and the pace of migration that we saw in 2023 has stabilised.

Robert Begbie: So maybe pick up on what we would call simplification. I think the Group has, and

I think we have managed our cost base appropriately over the last couple of years and delivered against the targets that we've set against the backdrop of inflation and various other aspects of that.

Do we think there's simplification we can do across the franchise? Absolutely. I mean, we're still two and a half years in. We still have a multitude of different platforms, processes, technology, areas to work through. The more we digitalise our customer journeys, the more that we can do the whole end-to-end digital experience for our colleagues and our customers, the more efficiencies we can drive out the model.

So, we absolutely believe that there's further efficiencies we can do within the franchise, and some of it will be driven by the work that Scott's doing with us.

Scott Marcar: Yeah, I mean, maybe I'll add a few specific things. So, obviously you saw on the slides earlier, when we talked about simplification, there are multiple drivers, customer experience, better agility protection, but obviously operating leverage is a big part of that.

And I think, at the macro bank level, I think we've done a pretty good job actually digitising for our customers. You saw that the 83% digital first in C&I, look at retail, 79% of the retail customers are digital only. So yeah, we have, I think, a fantastic digital shelf for our customers, but actually when you look inside the bank, it still runs pretty analogue, which obviously requires a lot of FTE to drive and so on.

So, we're seeing a lot of, obviously, evolution in technology, as you would expect at the moment, that we think gives us a lot of opportunity to both eliminate manual work, but also then to automate and ultimately augment people with AI and other technologies to help drive that and help drive that digitisation.

If I think about some of the specific challenges we talked about in C&I, we've been through a period of remediation over the last few years. I think, as people know, we were on a journey with financial crime remediation, which came back under into Risk Appetite last year. That was an extensive programme, obviously, very focused on bringing us back to appetite.

There've been a number of investments in our payments infrastructure, which, again, has required some significant investment over the last couple of years. So firstly, there's a strong opportunity on looking at that analogue core, looking at augmenting our colleagues as much as possible to really drive up our leverage. And then the simplification of the underlying technology itself.

We run around 2,500 applications across the bank today. We said last week that, we aim to take out around 600 of those. So, 25% give or take. Actually, 250 of those happen to be in C&I. So I think we've got further opportunities there to kind of simplify the actual technology estate as well. But the short answer is that, yeah, we still think there's a lot of opportunity to drive operating leverage, operating efficiency across the entire estate.

Claire Kane: Thank you. Perlie.

Perlie Mong: Hello, it's Perlie Mong from Bank of America.

So two questions. One is a follow-up on the securitisation point. I guess maybe wider, in wider Europe, one of the themes that we were talking a lot about is

Capital Markets Union. And a lot of that is about increasing balance sheet and capital velocity, and also making better use of, for lack of better phrase, lazy savings. And I guess in the UK, there are some talks about maybe limiting cash ISA as well. So do you think the regulators are on top of that theme, do they want to help make securitisations easier, increase velocity? Because obviously the financing need in the UK is no less than Europe. So first of all, is that a theme that they are thinking about? And secondly, you've just mentioned that you don't originate assuming someone's going to take it off. So even if that were to come through, how much of that would benefit you? So that's the first question.

And secondly, spring statement, we just heard that this afternoon. I guess the OBR reduced forecast near term, probably unsurprisingly, but actually increased it in the outer years. And I guess the drivers is maybe some higher costs in businesses since October budget, but apparently a lot of that is going to be offset by maybe better planning reforms. Is that a theme that you are seeing? Like, is that, you know, from your interactions with customers, is that one of the things that is actually playing out?

Robert Begbie: So let me, maybe I'll touch on the capital piece and Andy you can talk a bit about what your customers are doing and seeing.

We have regular engagement with the regulators on these transactions. They see them before we ever go live with them and they've been supportive of the transactions we've done. I mean, this is just part of an overall way that we manage our balance sheet. So, they're not really driving an agenda here. We're keeping them up to date with what we do and why we do that. And so they fully understand that.

The Capital Markets Union in Europe has been talked about for 20 years. I'm not sure I'll still be on the stage whenever that happens, but look, you know, constructive with the UK regulators, they see all the deals before we do them. They're free to ask questions if they have any specific questions and so that works quite well.

Andy Gray: I guess on customer sentiment and opportunity, yes, there's been a degree of grumpiness in business from some of the Government's announcements. Yeah, business relief and national insurance being probably the two obvious ones. But actually, as people have got on with it, customers are just getting on with it. Yeah, they can see lots of opportunity and there is actually a lot of opportunity.

I've only had a quick glance at what the Chancellor announced earlier, but it looks positive in terms of, you know, what our customers do, access to skills matters, improving the planning system, investing in infrastructure, and that's what it's focused on. So if those things start to come through, that will create a lot of opportunity for UK companies, which they're resilient and they're ambitious.

So I'm reasonably confident that will flow through into economic growth, maybe not in 2025, but lifting up thereafter. And we do try to be a patient long-term through the cycle partner to those businesses.

Claire Kane: Ed.

Ed Firth: Thanks so much. It's Ed Firth here from KBW.

Yeah, I had just a couple of questions, I guess, or three questions. The first one was, in terms of the UK economic outlook, I guess we can all have our own views on that. But to what extent do you see yourself as subject to that or drivers of that? Because I guess with 20% market share, whether you lend or not is obviously going to have a huge impact on what economic growth is going to be. And a lot of your presentation, you're talking about whether or not growth picks up. So to what extent is that something you have to accept or can you actually drive that yourself? And how do you look at that internally?

And I guess related to that, I guess the question I get a lot from a lot of clients is to what extent can your performance diverge from that? I mean, you know, you're 20% share, we can pick out like innovation areas and stuff, but ultimately other than the vagaries of the interest rate cycle, am I right that broadly speaking, you're going to take whatever growth is there in the market as a whole? So I guess that was the first question.

The second question was, one of the most startling numbers I saw in the presentation was in the small business sector, where you take £25 billion of deposits and lend out, I think, just under £3 billion, two and a half billion, something like that, which is quite a startling gap. I don't know what the statistics are like over the last sort of 20 years, but has it always been like that? And to what extent do you think you could actually start to grow that lending? Because it seems to me you're taking an awful lot of money out of the sector, but not putting an awful lot back in would be a top line look at that.

And then the final question was in terms of SRTs, I suppose we're all sort of pushing around on this, but can we just, is it possible just to tell us what, how many RWAs have you effectively taken off balance sheet through SRTs? What do you think is the maximum that you could go to? And I guess the background to that question is clearly if the SRT market dries up, a lot of this is going to come piling back on balance sheet. And therefore that is a risk for a bank investor to be thinking about in terms of how much is off and how much could come back on. Thanks very much.

Robert Begbie: Do you want to do the two of them?

Andy Gray: You can do the tricky capital question.

So in terms of us versus UK macro, clearly we are heavily influenced, particularly in CMM and Business Banking by UK macro. But there's quite a lot we can do in terms of influencing sentiment, giving customer confidence, support. So there's a demand and supply point. Supply isn't the issue, as I touched on earlier.

And we have within CMM over recent years, we've outperformed what we use as the kind of key UK macro indicators when we budget and plan. Not dramatically, with our market share between 20 and 30%, depending on region, sector and product. We're not going to grow at 20% if UK's flatlining.

But we can grow faster and we have grown faster than that because I think our proposition enables us to capture more of the growth than some of our competitors in that context. So I think we are, yes, influencers and subject to it.

We clearly have an important part to play, which we take very seriously, that if we don't do our job well, that does slow down the UK economy. So the basic existence of commercial banks, to move money through space and time is important. And we take that seriously to try and make sure we are supporting good business to achieve their ambitions and growth.

On the Business Banking point, it's quite a different market. So at the bottom end of that, you have quite a lot of challenger fintech organisations. Yes, 60% plus of origination in that space, sub 250,000 pounds is broker driven. So it's a much more fragmented market. And clearly the name, brand, reputation of NatWest means we are probably more attractive as a deposit holder than we are necessarily as a digital lender.

We have invested and have expanded the capability of our digital lending capability up to 100,000 pounds as a digital only journey. James Holian, he runs Business Bank, he's very focused on growing lending through both broker channels and digital channels.

But I think it is a more fragmented market. So we probably will see a lower share relative of lending than we will have deposits in that segment. Tricky SRT question.

Robert Begbie: So I think it was on the slide, but we've done £5.7 billion last year, £3 billion of it was through SRTs, we've done four transactions. I think the point is SRTs, just from those numbers, are only one of a number of different ways that we manage capital.

As we've said, we'll only do it if it's economically attractive to do so. So what does that mean? Well, we have assets that we think could go into an SRT, and then there's the demand on the other side and at what price. So if the market dries up, which it certainly hasn't shown any inclination to do over the past couple of years, then clearly we can't issue into a market where there's no demand. But I think you'd have to see an awful lot of volatility in the market, for us to get to that point in time.

The other part is the more we manage and dynamically allocate our capital, we would expect that we're improving the overall returns of those portfolios and customers over time.

So the availability of assets that we believe it makes economic sense to put into SRTs, you would expect over a period of time, if we keep dealing with underperforming capital, then that will decline over time. So, that's the kind of way we look at SRTs.

But even pre that, and we've talked about some of the other areas we've taken capital actions where we haven't used SRTs in the past. So it is one, it gets a lot of the headlines, but it is just one mechanism by which we can manage our capital.

Claire Kane: Thank you, Guy.

Guy Stebbings: Thank you. It's Guy Stebbings from BNP Paribas Exane.

The first question sort of builds on Ed's first question around demand and risk. And the question that's often raised is whether NatWest is taking enough risk and that seems very sort of pertinent to the commercial franchise in particular. I mean, impairments certainly perform better than I think a lot of people expected and sort of begs the question whether, you know, some revenues were given up with the benefit of hindsight. The sort of response we often get is, you know, moving the needle a little bit on risk appetite really wouldn't change the sort of flow of volumes. I don't know if that's true as you see things today, true as you see them in commercial and across different sort of areas of the business.

Robert Begbie: So let me answer and then Andy can give reflections on the Mid-Market.

We showed the slides, you know, we delivered 17.2% return on equity last year. It's a mix of different aspects of the business, including lending, including deposits, including non-NII and so on.

So, we were comfortable with the returns we were able to generate within our existing risk appetite. There are certain parts of our existing risk appetite where we're not at risk appetite. So there's room to grow within that. Some of them are in Andy's business. You know, in some of the newer areas we're looking at like innovation economy, clearly we need to look at where our risk is, but those are at the margin. They're really not part of the core risk appetite.

So we're comfortable with the returns versus the risk that we take. You know, we want to do more, but we think we can do more even within our existing risk appetite.

Andy Gray: We have a team of sector focused specialists who look at how we're performing and competing in the market. You know, we look if we're losing business, is that because of price return? Is it because of product capability? Is it because of risk? And if it's because of risk, we'll have a look and understand is that risk that we think we should take and we could make sustainable returns by taking that risk and we will change if that's the case. And sometimes we'll look at it and say, actually we think our competitors are wrong on that and we'll stick to our guns and stay there.

So, it's an active dynamic. We work very closely and very well with the second line in that regard as well in terms of very much a collaborative view, debate, discussion around where there's potential constraints on risk appetite.

I'm pretty comfortable that our proposition is to be there with our customers through the cycle and that means a degree of discipline. If you're maxing the leverage out on day one, it's going to be hard to stick with them when things are harder as well. And that's kind of important to us as a business.

Guy Stebbings: Thanks for that. I had a second question if that's all right.

Just around sort of efficiency gains and AI that you referred to some examples before and gave the example of, you know, time being saved on administrative tasks for relationship managers. I don’t suppose you can sort of contextualise that a little bit more for us, you know, how much time is being saved for certain employees and sort of where we are in that journey. Are we going to see a big step change in a year, in two years, in three years’ time? Anything around that would be really helpful.

Andy Gray: Do you want to start macro and I can go micro?

Scott Marcar: Absolutely. So, look, I think the first thing I would say that we're in the middle of one of the fastest technology revolutions that certainly I've seen in my career, and I've been doing this, 30 plus years as all of us, I think on the panel have. Well, maybe not all of us. Three of us on the panel. But I think, but it's happening now. If you just follow the tech market and just seeing how quickly new innovations are coming in, even this year, we obviously saw what happened with Open AI and

GPT, and then obviously, DeepSeek just comes in and boom, , all cards off the table and something's happening again.

So what are we seeing inside the banking industry? And just to give you some context, so roughly speaking today, we have about 750 models across the bank, 150 of them are already AI, 22 of them are Generative AI, to give you kind of a macro view of the world. I think the good thing around banking and financial services is obviously model risk is not something new to us. And whether that's, the discipline around credit risk, market risk, et cetera, are quite transferable from a kind of how do we actually manage this thing effectively and control it and put the right guardrails in place. So we feel that as an industry, actually, we're quite well positioned to take advantage of everything that's going on.

But to answer your kind of direct question, where do we see the real secret sauce here? Now, if I think about customer and customer engagement, I'll give you one or two predictions. One is that we think there'll be a fundamental shift in how customers consume financial services over the next few years. Whether that's through, the evolution of Agentic and how that plays out, whether it's through direct chat channels like Cora that we have, you know, we think there's going to be a fundamental shift in that. And the second prediction is that I think every role, regardless of where you are within a company is going to be augmented in one way, shape, or form by AI.

But just to give you a couple of numbers to give you a sense of where we are today. So as of today we've deployed AI in many areas. If I look at coding, in my world, already today, 26% of our Java code is generated by AI. Which, given we only started looking at six months ago, really, gives you a sense of the pace at which it's moving. When we look at Cora, we had around 80 million Cora conversations last year, which was historically powered by IBM Watson. We rolled out a ChatGPT version of it to a small subset of customers, just to see, relative improvements. We saw a 50% improvement in containment around that, i.e., the amount of times that our chat channel was able to actually serve the customer and fulfil their needs went up 50%. And obviously, that is an area where safety and, we're being quite conservative about how quickly we roll that out, but it's clearly a key area.

Where we can take a little bit more risk internally is where we are using AI to augment our existing staff. So in Andy's world, for example, actually providing AI to our relationship managers to be able to actually track their meetings, figure out things like their specs action, suggested, client activity, et cetera, where we can really use AI to analyse the customer and give the relationship managers much more information on their fingertips, which then they can have that last look and then act upon. That's a very obvious one. We are seeing huge opportunities in giving knowledge out to our workers across the bank. So, things like CoPilot, I'm sure you're using that in your personal lives, we're rolling that out to all staff over the next few months.

We're rolling out Aiden, which is our internal, safety wrapped version of ChatGPT, so that people can actually ask questions of our own internal documents, with information up to confidential. And, ultimately we're going to highly and secret at the moment up to confidential, but in a safe manner, i.e. not putting bank confidential information out into the public domain. But that's now rolling out. So, we're seeing lot of areas where there is very immediate impact. And look, the amount of work that's been eliminated varies task by task, but I would say, every manual process we do today in one way, shape or form would be either be automated or augmented by AI and we will see significant changes in how people work as a result.

Now, what I won't say is that's going to result in X number of savings. I think, making those predictions is very, very difficult because what we've seen in every other digital revolution that we've seen is that whilst a huge amount of work gets digitised, what you also see is a whole set of new opportunities and threats evolve. You know, just think about what's happened in fraud as we've digitised the payments world. The amount of negative interactions we see, that the evolution of that market, unfortunately, is as you know, now the biggest crime in the UK and nearly all of that starts digitally. 80% of fraud originates in social media. You see other things pick up to kind of offset something. So, it's hard to predict exactly how that workforce evolution will play out, but I think we can safely say that all activities, all work will be enhanced in one way, shape or form by AI over the next few years. And I think it's sooner than three or four, certainly.

Claire Kane: Thank you. We probably have time for one last question, maybe two. So, we'll come to you, James, and then Amit.

James Invine: Hi, it's James Invine here from Redburn Atlantic.

I've got two quick ones, please. I mean, maybe just to follow up on the previous two questions. Can you tell us what proportion of loan applications that you refuse, please? And then the second question is we can see that for the division as a whole, you've got a 17% return on equity. Are you able to break that down by the three segments, please?

Robert Begbie: Well, we don't give guidance on returns across the three segments. So, unfortunately, you know, that's not something we disclose.

James Invine: And the rejection rate?

Andy Gray: It varies across the segment. So, I don't have that number off the top of my head. It would vary through the segments in terms of the decline rate. I mean, once you get into the relationship managed business, it's a much lower number than in the automated business. So, we do track it and report it, particularly in Business Banking, because we have to, but I'm afraid I don't know that number off the top of my head. It's not one that's caused us consternation recently, if that's any comfort.

James Invine: Thanks.

Claire Kane: Okay, Amit, take our last question. Thank you.

Amit Goel: Hi, thank you. It's Amit Goel from Mediobanca.

Actually, it is a bit of a follow-up, so I don't know if you will answer this then. But again, it is related to slide 18. So, you give, obviously, the various customer size segments. And I think last time you did the presentation a few years ago, you did give an indicative ROE per segment, and at that time, it looked like what you class now as large SME was by far the most profitable piece, and the other slightly larger customer segments were a bit less profitable. You know, in the slides, it looks like the mid-corporate is the piece which you see the best growth opportunity coming from, or where you see the most growth. So, I'm just kind of curious whether that piece has a better or weaker profitability level right now versus the broader 17.2 divisional profitability. And so, the incremental growth there, is it accretive or dilutive to divisional RoTE?

Thank you.

Robert Begbie: Yeah, I mean, that's not quite the way we look at it. Obviously, we're targeting an overall return for the franchise as a whole. I think what we've tried to reflect is that we believe there is value we are extracting within the franchise in terms of those three customer businesses being far more connected across the piece. You know, where we are strong, which is our Commercial Mid-Market, we believe that we can continue to grow and continue to grow at returns that we will be more than happy to generate in terms of the future trajectory of both the franchise and the Group results.

Andy Gray: And within Commercial Mid-Market, yeah, it's a broad range, and there's quite a range of returns within that based on the ancillary wallet, the capital intensity, et cetera. So, yeah, we seek to deliver growth opportunity, but in an accretive way.

Amit Goel: Thank you.

Claire Kane: Brilliant. Well, thank you all for your questions. We hope you have a better understanding now of the C&I business and its priorities. For those of you in the room, please do join us outside in the reception area for drinks. We can follow up your questions with all of the speakers here, and Katie Murray, our CFO, will also join us.

And for those online, thank you. I know we didn't come to some of your questions, but I think a lot of those were answered in all the questions we had in the room, and we can absolutely follow up with those of you who didn't get a chance to have their specific question answered. But thank you very much, and we look forward to speaking again at Q1 results. Thank you.