

Q4 2023 consensus financial estimates

NatWest Group Investor Relations

08 February 2024



NatWest
Group

NatWest Group – Q4 2023 consensus financial estimates (Average)

Models as at 08 February 2024



	Quarter		Full year				
	Q3'23	Q4'23E	2022	2023E	2024E	2025E	2026E
Analysts included in consensus	15		16	16	16	8	
NatWest Group							
Group income statement, £m							
Net interest income	2,685	2,594	9,842	11,006	10,407	10,805	11,214
Non-interest income	803	787	3,314	3,594	3,358	3,440	3,526
Total income	3,488	3,381	13,156	14,600	13,765	14,245	14,740
Other operating expenses	(1,793)	(2,017)	(7,302)	(7,614)	(7,706)	(7,836)	(8,025)
Litigation and conduct	(134)	(104)	(385)	(342)	(269)	(248)	(228)
Operating expenses	(1,927)	(2,121)	(7,687)	(7,957)	(7,975)	(8,084)	(8,252)
Operating profit before impairment losses	1,561	1,260	5,469	6,644	5,790	6,161	6,488
Impairment losses	(229)	(242)	(337)	(692)	(1,110)	(1,074)	(1,109)
Operating profit/(loss) before tax	1,332	1,018	5,132	5,952	4,680	5,087	5,379
Tax (charge)/credit	(378)	(288)	(1,275)	(1,729)	(1,326)	(1,433)	(1,527)
Profit/(loss) for the period for continuing operations	954	730	3,857	4,223	3,354	3,654	3,852
Profit/(loss) from discontinued operations, net of tax	(30)	(11)	(262)	(150)	(2)	(1)	0
Profit/(loss) for the period	924	719	3,595	4,073	3,353	3,654	3,852
Attributable to:							
Ordinary shareholders	866	652	3,340	3,827	3,103	3,401	3,598
Other owners	61	64	249	246	248	250	251
Non-controlling interests	(3)	3	6	0	2	2	4
Notable items							
Notable items in income	(26)	(4)	95	316	17	(2)	0
Net interest income notable items	0	0	(41)	0	0	0	0
Non-interest income notable items	(26)	(4)	136	316	17	(2)	0
Memo: Net interest income excluding notable items	2,685	2,594	9,883	11,006	10,407	10,805	11,214
Memo: Non-interest income excluding notable items	829	791	3,178	3,278	3,341	3,442	3,526
Memo: Total income excluding all notable items	3,514	3,385	13,061	14,284	13,748	14,247	14,740
Notable items in expenses	0	0	0	0	0	0	0
Memo: Ulster direct costs	(43)	(84)	(433)	(288)	(92)	(45)	(33)

	Quarter		Full year				
	Q3'23	Q4'23E	2022	2023E	2024E	2025E	2026E
Analysts included in consensus	15		16	16	16	8	
Group balance sheet and capital, £bn							
Net loans to customers (amortised cost)	377.3	375.8	366.3	376.1	382.8	391.6	400.3
Bank average interest-earning assets (AIEAs) excl LAB	362.8	363.5	345.2	362.2	367.9	375.6	386.4
Total assets	717.1	713.1	720.1	712.5	721.3	731.7	742.6
Customer deposits	435.9	433.0	450.3	433.2	435.8	441.1	442.4
<i>Customer deposits across the 3 business segments*</i>	423.5	422.5	432.9	422.5	425.0	430.7	431.8
Risk-weighted assets	181.6	184.4	176.1	184.4	190.1	199.2	204.4
Tangible equity	24.0	24.6	25.5	24.6	25.5	26.9	28.1
Average tangible equity (denominator for RoTE)	23.5	24.3	27.1	24.7	25.1	26.3	27.7
Number of ordinary shares in issue (m) - period end	8,871	8,731	9,659	8,729	8,241	7,853	7,779
Number of ordinary shares in issue (m) - average	8,814	8,793	9,872	9,141	8,448	8,018	7,942
Key metrics and ratios							
Group net interest margin	2.05%	1.97%	1.81%	2.10%	1.96%	2.01%	2.06%
Bank net interest margin	2.94%	2.83%	2.85%	3.04%	2.83%	2.88%	2.90%
Cost:income ratio	51.4%	59.7%	55.5%	52.2%	56.0%	55.0%	54.4%
Loan impairment rate	0.24%	0.25%	0.09%	0.18%	0.29%	0.28%	0.28%
Return on tangible equity	14.7%	10.5%	12.3%	15.5%	12.4%	13.0%	13.2%
Earnings/(loss) per ordinary share (p)	9.8p	7.4p	33.8p	41.9p	36.7p	42.4p	45.3p
Ordinary DPS (p)	--	11.3p	13.5p	16.8p	15.7p	17.6p	18.3p
Special DPS (p)	--	--	16.8p	--	--	--	--
Total DPS (p)	--	11.3p	30.3p	16.8p	15.7p	17.6p	18.3p
On-market buybacks (£m)	--	120	800	721	257	230	249
Directed buy-backs (£m)	--	--	1,212	1,259	924	701	668
Total buy-backs (£m)	--	120	2,012	1,981	1,181	931	917
Tangible net asset value (TNAV) per ordinary share (p)	271p	281p	264p	282p	309p	343p	361p
Common Equity Tier 1 (CET1) ratio - transitional basis	13.5%	13.4%	14.2%	13.4%	13.3%	13.2%	13.5%
Interest rate expectations							
UK base rate (end of period)	5.25%	5.15%	3.50%	5.02%	4.40%	3.79%	3.20%
UK base rate (average for the period)	5.16%	5.15%	1.47%	4.63%	4.89%	4.09%	3.28%

*Customer deposits across the 3 businesses reflect Retail Banking, Private Banking and Commercial and Institutional deposits. Group customer deposits also include Ulster Bank Rol and Treasury.

NatWest Group – Q4 2023 consensus financial estimates (High & Low)

Models as at 08 February 2024



	Full year											
	2023E			2024E			2025E			2026E		
Analysts included in consensus	16			16			16			8		
NatWest Group	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High
Group income statement, £m												
Net interest income	10,951	11,006	11,050	10,048	10,407	10,889	10,079	10,805	11,395	10,052	11,214	12,409
Non-interest income	3,514	3,594	3,638	3,252	3,358	3,504	3,304	3,440	3,585	3,439	3,526	3,661
Total income	14,527	14,600	14,664	13,359	13,765	14,284	13,594	14,245	14,812	13,625	14,740	15,848
Other operating expenses	(7,708)	(7,614)	(7,555)	(7,928)	(7,706)	(7,502)	(7,998)	(7,836)	(7,526)	(8,233)	(8,025)	(7,600)
Litigation and conduct	(382)	(342)	(300)	(340)	(269)	(100)	(300)	(248)	(100)	(300)	(228)	(50)
Operating expenses	(8,090)	(7,957)	(7,880)	(8,252)	(7,975)	(7,752)	(8,268)	(8,084)	(7,776)	(8,498)	(8,252)	(7,850)
Operating profit before impairment losses	6,483	6,644	6,774	5,261	5,790	6,271	5,512	6,161	6,854	5,587	6,488	7,365
Impairment losses	(767)	(692)	(617)	(1,949)	(1,110)	(696)	(1,314)	(1,074)	(911)	(1,353)	(1,109)	(937)
Operating profit/(loss) before tax	5,786	5,952	6,107	3,762	4,680	5,200	4,440	5,087	5,762	4,650	5,379	6,302
Tax (charge)/credit	(1,801)	(1,729)	(1,664)	(1,461)	(1,326)	(1,115)	(1,616)	(1,433)	(1,166)	(1,802)	(1,527)	(1,163)
Profit/(loss) for the period for continuing operations	4,113	4,223	4,353	2,647	3,354	3,798	3,215	3,654	4,222	3,486	3,852	4,500
Profit/(loss) from discontinued operations, net of tax	(188)	(150)	(138)	(10)	(2)	0	(6)	(1)	0	0	0	0
Profit/(loss) for the period	3,932	4,073	4,191	2,647	3,353	3,788	3,215	3,654	4,222	3,486	3,852	4,500
Attributable to:												
Ordinary shareholders	3,685	3,827	3,944	2,405	3,103	3,548	2,945	3,401	3,982	3,208	3,598	4,250
Other owners	240	246	255	230	248	271	230	250	281	243	251	272
Non-controlling interests	(5)	0	6	(4)	2	12	(4)	2	12	(3)	4	12
Notable items												
Notable items in income	264	316	344	(65)	17	288	(25)	(2)	0	0	0	0
Net interest income notable items	0	0	0	0	0	0	0	0	0	0	0	0
Non-interest income notable items	264	316	344	(65)	17	288	(25)	(2)	0	0	0	0
Memo: Net interest income excluding notable items	10,951	11,006	11,050	10,048	10,407	10,889	10,079	10,805	11,395	10,052	11,214	12,409
Memo: Non-interest income excluding notable items	3,170	3,278	3,320	3,173	3,341	3,504	3,304	3,442	3,585	3,439	3,526	3,661
Memo: Total income excluding all notable items	14,202	14,284	14,346	13,359	13,748	14,284	13,594	14,247	14,812	13,625	14,740	15,848
Notable items in expenses	0	0	0	0	0	0	0	0	0	0	0	0
Memo: Ulster direct costs	(300)	(288)	(206)	(200)	(92)	(50)	(100)	(45)	0	(50)	(33)	0

NatWest Group – Q4 2023 consensus financial estimates (High & Low)

Models as at 08 February 2024



Analysts included in consensus	2023E			2024E			2025E			2026E		
	16			16			16			8		
	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High
Group balance sheet and capital, £bn												
Net loans to customers (amortised cost)	372.1	376.1	379.3	374.3	382.8	391.0	380.7	391.6	404.9	391.1	400.3	405.5
Bank average interest-earning assets (AIEAs) excl LAB	361.6	362.2	362.6	358.9	367.9	375.4	358.5	375.6	387.1	378.9	386.4	393.3
Total assets	690.3	712.5	727.3	695.9	721.3	742.8	695.1	731.7	753.7	705.5	742.6	762.7
Customer deposits	425.0	433.2	438.9	423.4	435.8	444.4	419.2	441.1	455.6	412.9	442.4	454.6
<i>Customer deposits across the 3 business segments*</i>	418.7	422.5	425.0	415.6	425.0	432.0	410.0	430.7	445.7	404.6	431.8	445.6
Risk-weighted assets	182.0	184.4	187.1	185.1	190.1	195.7	195.1	199.2	202.2	199.2	204.4	209.0
Tangible equity	23.9	24.6	25.4	24.5	25.5	26.6	25.3	26.9	28.1	26.3	28.1	29.8
Average tangible equity (denominator for RoTE)	23.9	24.7	25.4	24.2	25.1	25.8	24.9	26.3	27.4	24.9	27.7	29.8
Number of ordinary shares in issue (m) - period end	8,598	8,729	8,871	7,951	8,241	8,453	7,283	7,853	8,451	7,330	7,779	8,173
Number of ordinary shares in issue (m) - average	9,022	9,141	9,215	8,126	8,448	8,588	7,444	8,018	8,409	7,532	7,942	8,312
Key metrics and ratios												
Group net interest margin	1.96%	2.10%	2.13%	1.80%	1.96%	2.07%	1.72%	2.01%	2.22%	1.68%	2.06%	2.43%
Bank net interest margin	3.03%	3.04%	3.05%	2.75%	2.83%	2.97%	2.65%	2.88%	3.02%	2.59%	2.90%	3.21%
Cost:income ratio	51.6%	52.2%	52.9%	53.7%	56.0%	58.6%	52.0%	55.0%	58.0%	52.0%	54.4%	57.5%
Loan impairment rate	0.17%	0.18%	0.21%	0.18%	0.29%	0.52%	0.23%	0.28%	0.34%	0.23%	0.28%	0.34%
Return on tangible equity	14.8%	15.5%	16.4%	10.3%	12.4%	13.8%	11.1%	13.0%	14.6%	10.8%	13.2%	15.4%
Earnings/(loss) per ordinary share (p)	40.3p	41.9p	43.1p	28.0p	36.7p	42.8p	35.0p	42.4p	51.5p	38.6p	45.3p	56.4p
Ordinary DPS (p)	15.0p	16.8p	19.2p	13.0p	15.7p	18.1p	15.0p	17.6p	21.2p	16.0p	18.3p	22.0p
Special DPS (p)	--	--	--	--	--	--	--	--	--	--	--	--
Total DPS (p)	15.0p	16.8p	19.2p	13.0p	15.7p	18.1p	15.0p	17.6p	21.2p	16.0p	18.3p	22.0p
On-market buybacks (£m)	481	721	2,560	--	257	1,200	--	230	1,300	0	249	1,493
Directed buy-backs (£m)	1,252	1,259	1,270	679	924	1,200	--	701	1,200	0	668	1,000
Tangible net asset value (TNAV) per ordinary share (p)	274p	282p	291p	295p	309p	322p	319p	343p	373p	348p	361p	389p
Common Equity Tier 1 (CET1) ratio - transitional basis	13.0%	13.4%	13.7%	13.0%	13.3%	13.6%	12.8%	13.2%	13.6%	13.2%	13.5%	14.0%
Interest rate expectations												
UK base rate (end of period)	3.75%	5.02%	5.25%	3.75%	4.40%	5.00%	2.50%	3.79%	5.00%	2.50%	3.20%	4.00%
UK base rate (average for the period)	4.20%	4.63%	5.00%	4.50%	4.89%	5.10%	3.35%	4.09%	5.00%	2.50%	3.28%	4.00%

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