



NatWest
Group

NatWest Markets Group 2024 Annual Results

NatWest Markets Group (NWM Group)

Results for the year ended 31 December 2024

Financial review

NWM Group reported a profit for the year ended 31 December 2024 of £63 million compared with a loss of £98 million for the year ended 31 December 2023. Higher income largely reflected stronger performances across the primary business lines. Operating expenses increased in 2024, driven by higher litigation and conduct costs and other operating expenses.

Highlights

Financial performance

- Income of £1,237 million in 2024 was up by £168 million compared with £1,069 million in 2023. The increase was largely driven by stronger performances across the primary business lines, partially offset by FX reserves recycling and lower income from the profit share arrangement with fellow NatWest Group subsidiaries.
- Operating expenses of £1,208 million increased by £66 million compared with £1,142 million in 2023. Litigation and conduct costs of £102 million reflected ongoing progress in closing legacy matters, including any associated conduct remediation activity, and were up by £42 million compared with £60 million in 2023. Other operating expenses of £1,106 million were £24 million higher than £1,082 million in 2023, largely due to increases in staff costs, severance costs, bank levies and other smaller movements, offset by credits recognised in relation to property charges and VAT recoveries.
- Total assets and liabilities increased by £5.3 billion and £4.7 billion to £183.2 billion and £176.2 billion respectively at 31 December 2024, compared with the prior year. Funded assets were up by £6.5 billion, mainly driven by increases in loans to customers, trading assets, cash and balances at central banks and other financial assets, partially offset by a decrease in settlement balances.

Capital and leverage

- Total NWM Plc RWAs were £20.8 billion at 31 December 2024, compared with £22.1 billion at 31 December 2023. The decrease in the year was driven by lower market risk, counterparty credit risk, and a decrease from the annual update to operational risk RWAs; partially offset by an increase in credit risk.
- NWM Plc's Common Equity Tier 1 (CET1) ratio was 18.2% at 31 December 2024, compared with 17.1% at 31 December 2023. The increase in the year was largely driven by the decrease in RWAs.
- Total MREL for NWM Plc at 31 December 2024 was £10.0 billion, or 48.2% of RWAs, compared with £7.6 billion or 34.5% of RWAs at 31 December 2023. The increase in total MREL in 2024 was largely due to the issuance of three new MREL instruments with NatWest Group plc amounting to \$2.15 billion, a new internal AT1 instrument of \$0.75 billion, and two new internal Tier 2 instruments amounting to \$1.16 billion, partially offset by the redemption of an internal €0.95 billion Tier 2 instrument.
- NWM Plc's leverage ratio was 5.5% at 31 December 2024 compared with 5.0% at 31 December 2023. The increase in 2024 reflected higher Tier 1 capital, largely due to the new internal AT1 instrument of \$0.75 billion, partially offset by an increase in leverage exposure.

Liquidity and funding

- NWM Plc's liquidity portfolio increased by £6.3 billion to £21.0 billion at 31 December 2024, compared with £14.7 billion at 31 December 2023, largely driven by funding raised to support banking book growth. The LCR increased to 195% (31 December 2023 - 183%), mainly due to the increase in liquidity portfolio, partially offset by higher outflows. Stressed coverage ratio was 204% at 31 December 2024, compared with 162% at 31 December 2023.
- NWM Plc issued a total of £6.0 billion across a number of public benchmark transactions during 2024, comprised of €3.75 billion, CHF0.18 billion and £0.5 billion of notes under its EMTN programme and \$2.75 billion of notes under its US MTN programme. NWM Plc also raised funding in other formats throughout 2024 including, but not limited to, structured note issuance.
- NWM Plc 2025 funding plan currently anticipates £4-5 billion of public benchmark issuance. On 10 January 2025, NWM Plc issued a total of €1.0 billion of benchmark notes under the EMTN programme.

Outlook ^(1,2)

Medium-term outlook

Metric ⁽³⁾	Estimate
CET1 ratio	~14%
MREL ratio ⁽⁴⁾	~30%
Leverage ratio	~4%

(1) This supersedes all prior guidance.

(2) The guidance, targets, expectations and trends discussed in this section represent management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" section on pages 159 to 176 NatWest Markets Plc 2024 Annual Report and Accounts. These statements constitute forward-looking statements. Refer to 'Forward-looking statements' in this announcement.

(3) All metrics presented relate to NWM Plc.

(4) Includes total regulatory capital, non-eligible capital and downstreamed internal MREL.

Business performance summary

The table below presents an analysis of key lines of NWM Group's income statement. Commentary refers to the table below as well as the consolidated income statement shown on page 5.

	Year ended		Quarter ended		
	31 December 2024	31 December 2023	31 December 2024	30 September 2024	31 December 2023
	£m	£m	£m	£m	£m
Income statement					
Net interest income	432	355	85	110	154
Non-interest income	805	714	218	174	270
Total income	1,237	1,069	303	284	424
Litigation and conduct costs	(102)	(60)	(41)	(23)	(31)
Other operating expenses	(1,106)	(1,082)	(321)	(231)	(283)
Operating expenses	(1,208)	(1,142)	(362)	(254)	(314)
Operating profit/(loss) before impairment releases/losses	29	(73)	(59)	30	110
Impairment releases/(losses)	8	(2)	-	1	(5)
Operating profit/(loss) before tax	37	(75)	(59)	31	105
Tax credit/(charge)	26	(23)	19	(11)	2
Profit/(loss) for the period	63	(98)	(40)	20	107
Income (1)					
Fixed Income	190	153	20	41	16
Currencies	525	496	146	139	145
Capital Markets	666	463	164	171	131
Capital Management Unit & other (2)	(49)	(7)	(11)	(27)	19
Income including shared revenue before OCA	1,332	1,105	319	324	311
Transfer pricing arrangements with fellow NatWest Group subsidiaries (3)	(86)	(33)	(12)	(42)	118
Income excluding OCA	1,246	1,072	307	282	429
Own credit adjustments (OCA)	(9)	(3)	(4)	2	(5)
Total income	1,237	1,069	303	284	424

- (1) Product performance includes gross income earned on a NatWest Group-wide basis, including amounts contributed to other NatWest Group subsidiaries. Income including shared revenue before OCA includes revenue share from other NatWest Group subsidiaries but before revenue share is paid to or contributed to those subsidiaries.
- (2) Capital Management Unit was set up in Q3 2020 to manage capital usage and optimisation across all parts of NatWest Markets, with the income materially relating to legacy positions. In 2024, Other materially relates to FX reserves recycling.
- (3) Transfer pricing arrangements with fellow NatWest Group subsidiaries includes shared revenue paid to or contributed to those subsidiaries and a profit share arrangement with fellow NatWest Group subsidiaries. The profit share arrangement was introduced during Q4 2023 to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, 2023 being the first full year with the Commercial & Institutional segment in place. The profit share is not allocated to individual NatWest Markets product areas.

Year ended 31 December 2024 performance

- Net interest income** largely represents interest income from lending activity and capital hedges, offset by interest expense from the funding costs of the business. The increase of £77 million compared with 2023 largely reflects growth in lending activity.
- Non-interest income** increased by £91 million in 2024, largely driven by stronger performances across the primary business lines reflecting strong customer demand in capital markets and robust trading income, partially offset by FX reserves recycling relating to legacy overseas operations closure activity completed during the year. In addition, the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries of £146 million was £31 million lower than the amount recognised in 2023.
- Operating expenses** were up by £66 million compared with 2023. Litigation and conduct costs reflected ongoing progress in closing legacy matters, including any associated conduct remediation activity, and were up by £42 million compared with 2023. Other operating expenses increased by £24 million compared with 2023, largely due to increases in staff costs, severance costs, bank levies and other smaller movements, offset by credits recognised in 2024 in relation to property charges and VAT recoveries relating to earlier periods.

Q4 2024 performance

- Net interest income** decreased by £25 million compared with Q3 2024, largely due to higher costs from funding of the trading business, and decreased by £69 million compared with Q4 2023, largely due to the impact of one-off items recognised in the comparative period.
- Non-interest income** increased by £44 million compared with Q3 2024, largely due to an increase in the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries and the impact of FX reserves recycling relating to legacy overseas operations closure activity, partially offset by one-off items recognised in the prior quarter. Non-interest income decreased by £52 million compared with Q4 2023, mainly due to the profit share arrangement with fellow NatWest Group subsidiaries under which the 2023 full year amount of £177 million was recognised in Q4 2023, compared with £46 million recognised in the current quarter, in addition to FX reserves recycling in Q4 2024.
- Operating expenses** increased by £108 million compared with Q3 2024 and by £48 million compared with Q4 2023. Litigation and conduct costs reflected ongoing progress on closing legacy matters, including any associated conduct remediation activity, and were up by £18 million compared with Q3 2024 and by £10 million compared with Q4 2023. Other operating expenses increased by £90 million compared with Q3 2024, largely due to VAT recoveries recognised in the prior quarter including from the finalisation of the 2023 VAT annual adjustment, and the annual bank levy. Other operating expenses increased by £38 million compared with Q4 2023, largely due to higher VAT recoveries in the comparative period including from the finalisation of the 2022 annual VAT adjustment, and a number of smaller items.

Business performance summary continued

Balance sheet profile as at 31 December 2024

NWM Group's balance sheet profile is summarised below. Commentary refers to the tables below as well as the consolidated balance sheet on page 6.

Assets			Liabilities		
	2024	2023	2024	2023	
	£bn	£bn	£bn	£bn	
Cash and balances at central banks	16.2	13.8			
Securities	13.9	12.0	10.5	9.8	Short positions
Reverse repos (1)	27.1	23.7	30.6	26.9	Repos (2)
Derivative cash collateral posted (3)	7.3	8.9	12.3	15.1	Derivative cash collateral received (4)
Other trading assets	0.6	0.7	1.1	1.8	Other trading liabilities
Total trading assets	48.9	45.3	54.5	53.6	Total trading liabilities
Loans - amortised cost	19.1	14.2	9.4	9.3	Deposits - amortised cost
Settlement balances	2.0	7.2	1.7	6.6	Settlement balances
Amounts due from holding company and fellow subsidiaries	0.3	1.7	6.8	5.8	Amounts due to holding company and fellow subsidiaries
Other financial assets	17.9	15.7	31.3	23.6	Other financial liabilities
Other assets	0.7	0.7	0.5	0.6	Other liabilities
Funded assets	105.1	98.6	104.2	99.5	Liabilities excluding derivatives
Derivative assets	78.1	79.3	72.0	72.0	Derivative liabilities
Total assets	183.2	177.9	176.2	171.5	Total liabilities
					of which:
			32.5	25.1	wholesale funding (5)
			16.8	9.9	short-term wholesale funding (5)
Net derivative assets	2.4	2.9	3.5	3.6	Net derivative liabilities

(1) Comprises bank reverse repos of £5.9 billion (2023 - £6.3 billion) and customer reverse repos of £21.2 billion (2023 - £17.4 billion).

(2) Comprises bank repos of £7.2 billion (2023 - £4.0 billion) and customer repos of £23.4 billion (2023 - £22.9 billion).

(3) Comprises derivative cash collateral posted relating to banks of £3.6 billion (2023 - £4.3 billion) and customers of £3.7 billion (2023 - £4.6 billion).

(4) Comprises derivative cash collateral received relating to banks of £5.3 billion (2023 - £6.8 billion) and customers of £7.0 billion (2023 - £8.3 billion).

(5) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities.

- **Total assets and liabilities** increased by £5.3 billion and £4.7 billion respectively at 31 December 2024. Funded assets, which exclude derivatives, increased by £6.5 billion, largely driven by higher loans at amortised cost, trading assets, cash and balances at central banks and other financial assets, partially offset by a decrease in settlement balances. Derivative asset fair values were down by £1.2 billion compared with 31 December 2023, and derivative liabilities were unchanged.
- **Cash and balances at central banks** increased by £2.4 billion, mainly driven by funding raised to support planned banking book growth and liquidity requirements.
- **Trading assets** which primarily relate to client-led activity as well as derivative cash collateral posted, were up by £3.6 billion, driven by increases in reverse repos and securities, partially offset by a decrease in derivative cash collateral posted. **Trading liabilities** increased by £0.9 billion, as increases in repos and short positions were largely offset by a decrease in derivative cash collateral received.
- **Loans – amortised cost** increased by £4.9 billion, driven by higher loans to customers reflecting growth in Capital Markets.
- **Settlement balance assets and liabilities** were down by £5.2 billion and £4.9 billion respectively, largely due to comparatively higher levels of customer activity in the period leading up to 31 December 2023.
- **Other financial assets** increased by £2.2 billion mainly driven by an increase in held-to-collect securities purchased to support customer primary issuance.
- **Other financial liabilities** increased by £7.7 billion driven by new issuance in the year to support planned growth in the business, partially offset by maturities. The balance as at 31 December 2024 includes £21.9 billion of medium-term notes issued.
- **Derivative assets and derivative liabilities** were down by £1.2 billion and unchanged respectively, largely reflecting FX rate volatility across major currencies including the strengthening of USD in Q4 2024, and variations in interest rates across different currencies and tenors.

Non-IFRS measures

This document contains a number of non-IFRS measures. For details of the basis of preparation and reconciliations, where applicable, refer to the non-IFRS measures section on page 12.

Capital, liquidity and funding risk

Introduction

NWM Group takes a comprehensive approach to the management of capital, liquidity and funding, underpinned by frameworks, risk appetite and policies, to manage and mitigate capital, liquidity and funding risks. The framework ensures the tools and capability are in place to facilitate the management and mitigation of risk ensuring that NWM Group operates within its regulatory requirements and risk appetite.

Capital, RWAs and leverage

Capital resources, RWAs and leverage based on the PRA transitional arrangements in respect of ECL provisions⁽⁴⁾ for NWM Plc are set out below. Regulatory capital is monitored and reported at legal entity level for large subsidiaries of NatWest Group.

	31 December 2024	30 September 2024	31 December 2023
	%	%	%
Capital adequacy ratios (1,2)			
CET1	18.2	17.3	17.1
Tier 1	24.3	20.6	20.2
Total	27.8	23.6	23.0
Total MREL	48.2	42.4	34.5
Capital (1,2)	£m	£m	£m
CET1	3,779	3,720	3,776
Tier 1	5,067	4,416	4,455
Total	5,779	5,066	5,072
Total MREL (3)	10,038	9,104	7,627
Risk-weighted assets			
Credit risk	8,908	8,252	7,895
Counterparty credit risk	5,797	6,095	6,516
Market risk	5,105	6,127	6,366
Operational risk	1,002	1,002	1,322
Total RWAs	20,812	21,476	22,099

(1) NWM Plc's total capital ratio requirement is 11.5%, comprising the minimum capital requirement of 8%, supplemented with the capital conservation buffer of 2.5% and the institution specific countercyclical buffer (CCyB) of 1%. The minimum CET1 ratio is 8%, including the minimum capital requirement of 4.5%. The CCyB is based on the weighted average of NWM Plc's geographical exposures.

(2) In addition, NWM Plc is subject to Pillar 2A requirements for CET1, AT1 and T2. Refer to the NWM Plc Pillar 3 report for further details on these additional capital requirements.

(3) Includes senior debt instruments issued to NatWest Group plc with a nominal value of £4.3 billion (30 September 2024 - £4.0 billion, 31 December 2023 - £2.6 billion).

(4) The IFRS 9 transitional capital rules in respect to ECL provisions will no longer apply from 1 January 2025.

Leverage

The leverage ratio has been calculated in accordance with the Leverage Ratio (CRR) part of the PRA rulebook.

	31 December 2024	30 September 2024	31 December 2023
Tier 1 capital (£m)	5,067	4,416	4,455
Leverage exposure (£m) (1)	92,859	96,209	89,929
Leverage ratio (%)	5.5	4.6	5.0

(1) Leverage exposure is broadly aligned to the accounting value of on and off-balance sheet exposures albeit subject to specific adjustments for derivatives, securities financing positions and off-balance sheet exposures.

Liquidity and funding

	31 December 2024	30 September 2024	31 December 2023
Liquidity coverage ratio (LCR) (%)	195	163	183
Liquidity portfolio (£bn)	21.0	17.0	14.7
Total wholesale funding (£bn) (1)	32.5	32.2	25.1
Total funding including repo (£bn)	91.4	95.1	82.4

(1) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities.

Consolidated income statement

For the period ended 31 December 2024

	Year ended		Quarter ended		
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	30 September 2024 £m	31 December 2023 £m
Interest receivable	2,720	2,186	665	698	677
Interest payable	(2,288)	(1,831)	(580)	(588)	(523)
Net interest income	432	355	85	110	154
Fees and commissions receivable	476	377	102	120	98
Fees and commissions payable	(213)	(175)	(47)	(55)	(56)
Income from trading activities	585	477	157	199	148
Other operating income	(43)	35	6	(90)	80
Non-interest income	805	714	218	174	270
Total income	1,237	1,069	303	284	424
Staff costs	(452)	(418)	(99)	(112)	(102)
Premises and equipment	(75)	(66)	(20)	(19)	(19)
Other administrative expenses	(671)	(642)	(240)	(120)	(187)
Depreciation and amortisation	(10)	(16)	(3)	(3)	(6)
Operating expenses	(1,208)	(1,142)	(362)	(254)	(314)
Operating profit/(loss) before impairment losses/releases	29	(73)	(59)	30	110
Impairment releases/(losses)	8	(2)	-	1	(5)
Operating profit/(loss) before tax	37	(75)	(59)	31	105
Tax credit/(charge)	26	(23)	19	(11)	2
Profit/(loss) for the period	63	(98)	(40)	20	107
Attributable to:					
Ordinary shareholders	(20)	(168)	(63)	3	89
Paid-in equity holders	73	70	22	17	18
Non-controlling interests	10	-	1	-	-
	63	(98)	(40)	20	107

Consolidated statement of comprehensive income

For the period ended 31 December 2024

	Year ended		Quarter ended		
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	30 September 2024 £m	31 December 2023 £m
Profit/(loss) for the period	63	(98)	(40)	20	107
Items that do not qualify for reclassification					
Remeasurement of retirement benefit schemes	(13)	(113)	(9)	(1)	(111)
Change in fair value of credit in financial liabilities designated at FVTPL	(33)	(39)	(8)	1	(13)
FVOCI financial assets	14	7	1	10	(2)
Tax	23	42	7	(2)	40
	(9)	(103)	(9)	8	(86)
Items that do qualify for reclassification					
FVOCI financial assets	5	5	1	(2)	(1)
Cash flow hedges (1)	(29)	178	(54)	98	226
Currency translation	(14)	(132)	113	(77)	(56)
Tax	16	(48)	16	(20)	(15)
	(22)	3	76	(1)	154
Other comprehensive (loss)/income after tax	(31)	(100)	67	7	68
Total comprehensive income/(loss) for the period	32	(198)	27	27	175
Attributable to:					
Ordinary shareholders	(50)	(268)	5	10	157
Paid-in equity holders	73	70	22	17	18
Non-controlling interests	9	-	-	-	-
	32	(198)	27	27	175

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

Consolidated balance sheet as at 31 December 2024

	31 December 2024 £m	30 September 2024 £m	31 December 2023 £m
Assets			
Cash and balances at central banks	16,229	17,237	13,831
Trading assets	48,883	54,361	45,324
Derivatives	78,105	68,578	79,332
Settlement balances	2,043	11,786	7,227
Loans to banks - amortised cost	1,171	1,445	1,246
Loans to customers - amortised cost	17,921	16,247	12,986
Amounts due from holding companies and fellow subsidiaries	343	606	1,730
Other financial assets	17,850	16,766	15,723
Other assets	621	613	518
Total assets	183,166	187,639	177,917
Liabilities			
Bank deposits	4,565	4,660	2,267
Customer deposits	4,840	6,459	6,998
Amounts due to holding companies and fellow subsidiaries	6,771	6,870	5,802
Settlement balances	1,729	12,064	6,641
Trading liabilities	54,512	58,964	53,623
Derivatives	72,036	61,417	71,981
Other financial liabilities	31,263	30,383	23,574
Other liabilities	521	500	653
Total liabilities	176,237	181,317	171,539
Equity			
Owners' equity	6,929	6,315	6,380
Non-controlling interests	-	7	(2)
Total equity	6,929	6,322	6,378
Total liabilities and equity	183,166	187,639	177,917

Consolidated statement of changes in equity

For the period ended 31 December 2024

	Year ended		Quarter ended		
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	30 September 2024 £m	31 December 2023 £m
Called up share capital - at beginning and end of period	400	400	400	400	400
Share premium account - at beginning and end of period	1,946	1,946	1,946	1,946	1,946
Paid-in equity - at beginning of period	904	904	904	904	904
Issued	592	-	592	-	-
At end of period	1,496	904	1,496	904	904
Merger reserve - at beginning of period	(14)	-	(12)	(13)	-
Additions	-	(14)	-	1	(14)
Amortisation	3	-	1	-	-
At end of period	(11)	(14)	(11)	(12)	(14)
FVOCI reserve - at beginning of period	13	3	26	21	16
Unrealised gains/(losses)	20	11	2	9	(4)
Realised (gains)/losses	(5)	3	(1)	(2)	3
Tax	(3)	(4)	(2)	(2)	(2)
At end of period	25	13	25	26	13
Cash flow hedging reserve - at beginning of period	(164)	(294)	(138)	(216)	(375)
Amount recognised in equity (2)	(299)	(29)	(118)	31	148
Amount transferred from equity to earnings (3)	270	207	64	67	78
Tax	16	(48)	15	(20)	(15)
At end of period	(177)	(164)	(177)	(138)	(164)
Foreign exchange reserve - at beginning of period	100	232	(27)	50	156
Retranslation of net assets	(98)	(143)	91	(123)	(51)
Foreign currency gains/(losses) on hedges of net assets	15	19	(7)	3	4
Recycled to profit or loss on disposal of businesses	70	(8)	30	43	(9)
At end of period	87	100	87	(27)	100
Retained earnings - at beginning of period	3,195	3,374	3,216	3,218	3,189
Profit/(loss) attributable to ordinary shareholders and other equity owners	53	(98)	(41)	20	107
Paid-in equity dividends paid	(73)	(70)	(22)	(17)	(18)
Remeasurement of retirement benefit schemes					
- gross	(13)	(113)	(9)	(1)	(111)
- tax	16	40	1	1	39
Realised gains/(losses) on FVOCI equity shares					
- gross	4	(2)	1	1	(2)
- tax	8	-	8	-	-
Capital contributions (1)	-	115	-	-	-
Changes in fair value of credit in financial liabilities designated at FVTPL					
- gross	(33)	(39)	(8)	1	(13)
- tax	2	6	1	(1)	3
Share-based payments					
- gross	(3)	(14)	7	(5)	5
- tax	10	(4)	10	-	(4)
Merger reserve amortisation	(3)	-	(1)	(1)	-
At end of period	3,163	3,195	3,163	3,216	3,195

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

Consolidated statement of changes in equity

For the period ended 31 December 2024 continued

	Year ended		Quarter ended		
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	30 September 2024 £m	31 December 2023 £m
Owners' equity at end of period	6,929	6,380	6,929	6,315	6,380
Non-controlling interests - at beginning of period	(2)	(2)	7	7	(2)
Currency translation adjustments and other movements	(1)	-	(1)	-	-
Profit attributable to non-controlling interests	10	-	1	-	-
Dividends paid	(7)	-	(7)	-	-
At end of period	-	(2)	-	7	(2)
Total equity at end of period	6,929	6,378	6,929	6,322	6,378
Attributable to:					
Ordinary shareholders	5,433	5,476	5,433	5,411	5,476
Paid-in equity holders	1,496	904	1,496	904	904
Non-controlling interests	-	(2)	-	7	(2)
	6,929	6,378	6,929	6,322	6,378

- (1) During H1 2023, NatWest Markets invoked a claim against the parent, NatWest Group plc, in respect of a legacy (non-trading) matter which was covered by an indemnity agreement. This resulted in a capital contribution.
- (2) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and an increase in swap rates in the year. The portfolio of hedging instruments are predominantly receive fixed swaps.
- (3) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly within loans to banks and customers – amortised cost and balances at central banks.

Consolidated cash flow statement

For the year ended 31 December 2024

	31 December 2024 £m	31 December 2023 £m
Cash flows from operating activities		
Operating profit/(loss) before tax	37	(75)
Adjustments for non-cash items	143	173
Net cash flows from trading activities	180	98
Changes in operating assets and liabilities	(226)	2,617
Net cash flows from operating activities before tax	(46)	2,715
Income taxes (paid)/received	(89)	99
Net cash flows from operating activities	(135)	2,814
Net cash flows from investing activities	(1,333)	(3,251)
Net cash flows from financing activities	1,593	(922)
Effects of exchange rate on cash and cash equivalents	(532)	(526)
Net decrease in cash and cash equivalents	(407)	(1,885)
Cash and cash equivalents at 1 January	24,943	26,828
Cash and cash equivalents at 31 December	24,536	24,943

Notes

1. Presentation of condensed consolidated financial statements

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

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

2. Trading assets and liabilities

Trading assets and liabilities comprise assets and liabilities held at fair value in trading portfolios.

	31 December 2024 £m	31 December 2023 £m
Assets		
Loans		
- Reverse repos	27,127	23,694
- Collateral given	7,333	8,914
- Other loans	545	762
Total loans	35,005	33,370
Securities		
Central and local government		
- UK	2,077	2,729
- US	3,734	2,600
- Other	3,506	3,062
Financial institutions and Corporate	4,561	3,563
Total securities	13,878	11,954
Total	48,883	45,324
Liabilities		
Deposits		
- Repos	30,562	26,902
- Collateral received	12,307	15,062
- Other deposits	895	1,150
Total deposits	43,764	43,114
Debt securities in issue	257	706
Short positions		
Central and local government		
- UK	2,680	1,893
- US	1,677	2,071
- Other	4,755	4,049
Financial institutions and corporate	1,379	1,790
Total short positions	10,491	9,803
Total	54,512	53,623

Notes

3. Other financial liabilities

	31 December 2024 £m	31 December 2023 £m
Customer deposits - designated as at fair value through profit or loss (FVTPL)	1,537	1,259
Debt securities in issue		
- Medium term notes	21,852	17,608
- Commercial paper and certificates of deposit	7,605	4,433
Subordinated liabilities		
- Designated as at FVTPL	234	238
- Amortised cost	35	36
Total	31,263	23,574

4. Amounts due to holding company and fellow subsidiaries

	31 December 2024 £m	31 December 2023 £m
Bank deposits - amortised cost	548	537
Customer deposits - amortised cost	43	55
Settlement balances	-	-
Trading liabilities	613	1,028
Other financial liabilities - subordinated liabilities	1,115	1,022
MREL instruments issued to NatWest Group plc	4,358	3,070
Other liabilities	94	90
Total	6,771	5,802

5. Related parties

UK Government

The UK Government, bodies controlled or jointly controlled by the UK Government and bodies over which it has significant influence are related parties of NWM Group. NWM Group enters into transactions with many of these bodies. NWM Group's other transactions with the UK Government include the payment of taxes, principally UK corporation tax and value added tax; national insurance contributions; local authority rates; and regulatory fees and levies (including the bank levy and FSCS levies).

Bank of England facilities

In the ordinary course of business, NWM Group may from time-to-time access market-wide facilities provided by the Bank of England.

Other related parties

- In their roles as providers of finance, NWM Group companies provide development and other types of capital support to businesses. In some instances, the investment may extend to ownership or control over 20% or more of the voting rights of the investee company.
- In accordance with IAS 24, transactions or balances between NWM Group entities that have been eliminated on consolidation are not reported.
- NWM Group is recharged from other NatWest Group entities, mainly NWB Plc which provides the majority of shared services (including technology) and operational processes.
- The primary financial statements include transactions and balances with its subsidiaries which have been further disclosed in the relevant parent company notes.

Full details of NWM Group's related party transactions for year ended 31 December 2024 are included in NatWest Markets Plc 2024 Annual Report and Accounts.

Notes

6. Litigation and regulatory matters

NWM Plc and certain members of NWM Group are party to various legal proceedings and are involved in, or subject to, various regulatory matters, including as the subject of investigations and other regulatory and governmental action (Matters) in the United Kingdom (UK), the United States (US), the European Union (EU) and other jurisdictions. Note 25 in the NatWest Markets Plc 2024 Annual Report and Accounts, issued on 14 February 2025 and available at [nwm.com](https://www.nwm.com) (Note 25), discusses the Matters in which NWM Group is currently involved and material developments. Other than the Matters discussed in Note 25, no member of NWM Group is or has been involved in governmental, legal, or regulatory proceedings (including those which are pending or threatened) that are expected to be material, individually or in aggregate. Recent developments in the Matters identified in Note 25 that have occurred since the Q3 2024 Interim Management Statement was issued on 25 October 2024, include, but are not limited to, those set out below.

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

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

Foreign exchange litigation

As previously disclosed, two sets of proceedings are ongoing in the Netherlands against NatWest Group plc, NWM Plc and NWM N.V. by Stichting FX Claims on behalf of a number of parties, seeking declarations from the district court in Amsterdam concerning liability for anti-competitive FX market conduct described in decisions of the European Commission (EC) of 16 May 2019 and 2 December 2021, along with unspecified damages. In January 2025, a third summons was served by Stichting FX Claims on NatWest Group plc, NWM Plc and NWM N.V., on behalf of a new group of parties. The claimant seeks similar declarations from the district court in Amsterdam to those being sought in the previously disclosed claims, along with unspecified damages.

Regulatory matters

US investigations relating to fixed-income securities

In December 2021, NWM Plc pled guilty in the United States District Court for the District of Connecticut to one count of wire fraud and one count of securities fraud in connection with historical spoofing conduct by former employees in US Treasuries markets between January 2008 and May 2014 and, separately, during approximately three months in 2018. The 2018 trading occurred during the term of a non-prosecution agreement (NPA) between NWMSI and the United States Attorney's Office for the District of Connecticut (USAO CT), under which non-prosecution was conditioned on NWMSI and affiliated companies not engaging in criminal conduct during the term of the NPA. The relevant trading in 2018 was conducted by two NWM traders in Singapore and breached that NPA. The plea agreement reached with the US Department of Justice (DOJ) and the USAO CT resolved both the spoofing conduct and the breach of the NPA.

As required by the resolution and sentence imposed by the court, NWM Plc is subject to a probationary period, which was extended to end concurrently with the conclusion of the independent monitorship, which is also required under the plea agreement. The term of the independent monitorship and the ongoing implementation of recommendations made by it is currently scheduled to conclude in December 2025 but may be extended by agreement with the DOJ. In addition, NWM Plc has committed to compliance programme reviews and improvements and agreed to reporting and co-operation obligations.

In the event that NWM Plc does not meet its obligations to the DOJ, this may lead to adverse consequences such as increased costs from any extension of monitorship and/or the period of the probation, findings that NWM Plc violated its probation term, and possible re-sentencing, amongst other consequences. Other material adverse collateral consequences may occur as a result of this matter, as further described in the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on pages 172 to 173 of the NatWest Markets Plc 2024 Annual Report and Accounts.

7. Post balance sheet events

Other than as disclosed in the accounts, there have been no other significant events between 31 December 2024 and the date of approval of these accounts which would require a change to or additional disclosure.

Non-IFRS financial measures

NWM Group prepares its financial statements in accordance with IFRS as issued by the IASB which constitutes a body of generally accepted accounting principles (GAAP). This document contains a number of adjusted or alternative performance measures, also known as non-GAAP or non-IFRS performance measures. These measures are adjusted for certain items which management believe are not representative of the underlying performance of the business and which distort period-on-period comparison. These non-IFRS measures are not measures within the scope of IFRS and are not a substitute for IFRS measures. These measures include:

- Management analysis of operating expenses shows litigation and conduct costs on a separate line. These amounts are included within staff costs and other administrative expenses in the statutory analysis. Other operating expenses excludes litigation and conduct costs which are more volatile and may distort comparisons with prior periods.
- Funded assets are defined as total assets less derivative assets. This measure allows review of balance sheet trends exclusive of the volatility associated with derivative fair values.
- Management view of income by business including shared revenue and before own credit adjustments. This measure is used to show underlying income generation in NatWest Markets excluding the impact of own credit adjustments.
- Revenue share refers to income generated by NatWest Markets products from customers that have their primary relationship with other NatWest Group subsidiaries, a proportion of which is shared between NatWest Markets and those subsidiaries.
- Transfer Pricing arrangements with fellow NatWest Group subsidiaries includes revenue share and a profit share arrangement with fellow NatWest Group subsidiaries. The profit share arrangement was introduced during 2023 to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, 2023 being the first full year with the Commercial & Institutional segment in place. The profit share is not allocated to individual NatWest Markets product areas.
- Own credit adjustments are applied to positions where it is believed that the counterparties would consider NWM Group's creditworthiness when pricing trades. The fair value of certain issued debt securities, including structured notes, is adjusted to reflect the changes in own credit spreads and the resulting gain or loss recognised in income.

Operating expenses analysis – management view

	Year ended			31 December 2023		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	27	425	452	12	406	418
Premises and equipment	-	75	75	-	66	66
Other administrative expenses	75	596	671	48	594	642
Depreciation and amortisation	-	10	10	-	16	16
Total	102	1,106	1,208	60	1,082	1,142

	Quarter ended		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	5	94	99
Premises and equipment	-	20	20
Other administrative expenses	36	204	240
Depreciation and amortisation	-	3	3
Total	41	321	362

	Quarter ended		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	8	104	112
Premises and equipment	-	19	19
Other administrative expenses	15	105	120
Depreciation and amortisation	-	3	3
Total	23	231	254

	Quarter ended		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	4	98	102
Premises and equipment	-	19	19
Other administrative expenses	27	160	187
Depreciation and amortisation	-	6	6
Total	31	283	314

Statement of directors' responsibilities

The responsibility statement below has been prepared in connection with NWM Group's full Annual Report and Accounts for the year ended 31 December 2024.

We, the directors listed below, confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with UK adopted International Accounting Standards, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and IFRS as adopted European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of NWM Plc and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and Report of the directors (incorporating the Financial review) include a fair review of the development and performance of the business and the position of NWM Plc, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Anne Simpson
Non-executive director

Jonathan Peberdy
Chief Executive Officer

Simon Lowe
Chief Financial Officer

13 February 2025

Board of directors

Chair
Frank Dangeard

Executive directors
Jonathan Peberdy
Simon Lowe

Non-executive directors
Tamsin Rowe
Anne Simpson
Sabrina Wilson

Presentation of information

NatWest Markets Plc ('NWM Plc') is a wholly owned subsidiary of NatWest Group plc or 'the ultimate holding company'. The NatWest Markets Group ('NWM Group') or 'we' comprises NWM Plc and its subsidiary and associated undertakings. The term 'NatWest Group' comprises NatWest Group plc and its subsidiaries.

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

Statutory results

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2024 will be filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

Contact

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NatWest Group Investor Relations

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Forward-looking statements

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and ESG targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, impairment loss rates, balance sheet reduction, including the reduction of RWAs, CET1 ratio (and key drivers of the CET1 ratio, including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as climate and sustainability-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, climate and sustainable funding and financing and financed emissions.

Limitations inherent to forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and ESG targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, impairment loss rates, balance sheet reduction, including the reduction of RWAs, CET1 ratio (and key drivers of the CET1 ratio, including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as climate and sustainability-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, climate and sustainable funding and financing and financed emissions.

Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document. These factors include, but are not limited to, those set forth in the risk factors and the other uncertainties described in NatWest Markets Plc's Annual Report and its other public filings. The principal risks and uncertainties that could adversely affect NWM Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to: economic and political risk (including in respect of: economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, and geopolitical developments; changes in interest rates and foreign currency exchange rates; and HM Treasury's ownership of NatWest Group plc); business change and execution risk (including in respect of: NatWest Group's strategy and NatWest Group's creation of its Commercial & Institutional franchise (of which NWM Group forms part) and the transfer of NatWest Group's Western European corporate portfolio); financial resilience risk (including in respect of: NWM Group's ability to meet targets, generate returns or implement its strategy effectively; prudential regulatory requirements for capital and MREL; NWM Group's reliance on access to capital markets directly or indirectly through its parent (NatWest Group); capital, funding and liquidity risk; reductions in the credit ratings; the competitive environment; the requirements of regulatory stress tests; counterparty and borrower risk; model risk; sensitivity to accounting policies, judgments, estimates and assumptions (and the economic, climate, competitive and other forward looking information affecting those judgments, estimates and assumptions); changes in applicable accounting standards; the adequacy of NatWest Group's resolution plans; and the application of UK statutory stabilisation or resolution powers to NatWest Group); climate and sustainability risk (including in respect of: risks relating to climate change and sustainability-related risks; both the execution and reputational risk relating to NatWest Group's climate change-related strategy, ambitions, targets and transition plan; climate and sustainability-related data and model risk; increasing levels of climate, environmental, human rights and other sustainability-related laws, regulation and oversight; climate, environmental, human rights and other sustainability-related litigation, enforcement proceedings, investigations and conduct risk); operational and IT resilience risk (including in respect of: operational risks (including reliance on third party suppliers); cyberattacks; the accuracy and effective use of data; attracting, retaining and developing senior management and skilled personnel; complex IT systems; NWM Group's risk management framework; and NWM Group's reputational risk); and legal, regulatory and conduct risk (including in respect of: the impact of substantial regulation and oversight; the outcome of legal, regulatory and governmental actions and investigations as well as remedial undertakings; and changes in tax legislation or failure to generate future taxable profits).

Forward-looking statements continued

Climate and sustainability-related disclosures

Climate and sustainability-related disclosures in this document are not measures within the scope of International Financial Reporting Standards ('IFRS'), use a greater number and level of judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities, than our reporting of historical financial information in accordance with IFRS. These judgments, assumptions and estimates are highly likely to change materially over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, our climate risk analysis, our ambition to be net zero across our financed emissions, assets under management and operational value chain by 2050 and, the implementation of our climate transition plan, remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. The process we have adopted to define, gather and report data on our performance on climate and sustainability-related measures is not subject to the formal processes adopted for financial reporting in accordance with IFRS and there are currently limited industry standards or globally recognised established practices for measuring and defining climate and sustainability-related metrics. As a result, we expect that certain climate and sustainability-related disclosures made in this document are likely to be amended, updated, recalculated or restated in the future. Please also refer to the cautionary statement in the section entitled 'Climate and sustainability-related and other forward-looking statements and metrics' of the NatWest Group 2024 Sustainability Disclosures Report published by NatWest Group plc for the consolidated group, including NatWest Markets Plc.

Cautionary statement regarding Non-IFRS financial measures and APMs

NWM Group prepares its financial statements in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). This document may contain financial measures and ratios not specifically defined under GAAP or IFRS ('Non-IFRS') and/or alternative performance measures ('APMs') as defined in European Securities and Markets Authority ('ESMA') guidelines. Non-IFRS measures and APMs are adjusted for notable and other defined items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. Non-IFRS measures provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. Any Non-IFRS measures and/or APMs included in this document, are not measures within the scope of IFRS, are based on a number of assumptions that are subject to uncertainties and change, and are not a substitute for IFRS measures.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or a solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Legal Entity Identifier: RR3QWICWWIPCS8A4S074