

National Westminster Bank Plc

2023 Annual Results



NatWest
Group

Financial review

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Presentation of information

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

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

Description of business

National Westminster Bank Plc ('NWB Plc', which wholly owns Coutts & Company) is a principal entity under NatWest Holdings Limited ('NWH Ltd'), together with The Royal Bank of Scotland plc ('RBS plc'). In 2022 Ulster Bank Ireland DAC ('UBIDAC') was also a principal entity under NWH Ltd. The term 'NWB Group' refers to NWB Plc and its subsidiary and associated undertakings.

Principal activities and operating segments

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

The reportable operating segments are as follows:

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

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

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

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

Performance overview

Strong financial performance

NWB Group profit for the year was £3,509 million compared with £3,689 million in 2022, driven by additional operating expenses and net impairment losses, partially offset by increased income.

Total income increased by £343 million to £12,086 million, primarily reflecting the beneficial impact from base rate rises and lending growth, partially offset by higher funding costs.

Operating expenses increased by £505 million to £6,793 million, reflecting higher staff costs as a result of increased pay awards to support our colleagues with cost of living challenges combined with an increase in restructuring costs, an increase in other administrative costs primarily driven by a new profit share arrangement with a fellow NatWest Group subsidiary, and an increase in depreciation and amortisation costs.

Net impairment losses of £504 million principally reflects increased economic uncertainty. Defaults remain stable and at low levels across the portfolio. Total impairment provisions increased by £0.3 billion to £2.9 billion in the year. Expected credit loss (ECL) coverage ratio increased from 0.84% to 0.88%.

Robust balance sheet with strong capital levels

Total assets increased by £6.0 billion to £415.5 billion at 31 December 2023. This was primarily driven by increases in other financial assets, as a result of bond activity, and loans to customers, partially offset by a decrease in cash and balances at central banks resulting from business segment net funding outflows due to overall market liquidity contraction.

Loans to customers increased by £16.8 billion to £318.5 billion primarily driven by growth in Retail Banking mortgage business, an increase in commercial lending and Treasury reverse repo activity.

Customer deposits decreased by £8.9 billion to £313.8 billion primarily reflecting higher outflows and overall market liquidity contraction.

The Common Equity Tier 1 (CET1) ratio increased 30 basis points over the period due to a £1.4 billion increase in CET1 capital, driven by attributable profit, partially offset by interim and foreseeable dividends. This is partially offset by a £9.3 billion increase in RWAs.

Total risk-weighted assets (RWAs) increased by £9.3 billion mainly reflecting an increase in credit risk RWAs of £7.8 billion, primarily driven by an increase in internal ratings based (IRB) Temporary Model Adjustments as well as increased exposures in Retail Banking and Commercial & Institutional, and an increase following the annual operational risk RWA recalculation.

Summary consolidated income statement for the year ended 31 December 2023

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	2023	2022	Variance	
	£m	£m	£m	£m	£m	£m	£m	%
Net interest income	4,595	709	2,955	(236)	8,023	7,532	491	7
Non-interest income	436	276	1,410	1,941	4,063	4,211	(148)	(4)
Total income	5,031	985	4,365	1,705	12,086	11,743	343	3
Operating expenses	(2,311)	(615)	(2,315)	(1,552)	(6,793)	(6,288)	(505)	8
Profit before impairment losses/releases	2,720	370	2,050	153	5,293	5,455	(162)	(3)
Impairment (losses)/releases	(410)	(13)	(82)	1	(504)	(341)	(163)	48
Operating profit before tax	2,310	357	1,968	154	4,789	5,114	(325)	(6)
Tax charge					(1,280)	(1,425)	145	(10)
Profit for the year					3,509	3,689	(180)	(5)

Key metrics and ratios

	2023	2022
Cost:income ratio (1)	56.2%	53.5%
Loan impairment rate (2)	15bps	11bps
CET1 ratio (3)	11.6%	11.3%
Leverage ratio (4)	4.5%	4.4%
Risk weighted assets (RWAs)	£121.7bn	£112.4bn
Loan:deposit ratio (5)	97%	90%

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

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

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

(4) Leverage ratio is Tier 1 capital divided by total exposure. This is in accordance with changes to the UK's leverage ratio framework, refer to page 62 of the NatWest Bank Plc 2023 Annual Report and Accounts for further details.

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

NWB Group reported a profit of £3,509 million compared with £3,689 million in 2022, driven by increased operating expenses of £505 million and impairment losses of £163 million, partially offset by an increase in total income of £343 million.

Total income increased by £343 million, or 3%, to £12,086 million, primarily reflecting increases in net interest income.

Net interest income increased by £491 million, or 7%, to £8,023 million, primarily reflecting beneficial impact from base rate rises and lending growth partially offset by higher funding costs.

Non-interest income decreased by £148 million, or 4%, to £4,063 million, primarily driven by other operating income, partially offset by an increase in net fees and commissions.

Net fees and commissions increased by £43 million, or 3%, to £1,669 million, largely within Commercial & Institutional, driven by increased lending fees and card volumes coupled with higher payment services income.

Other operating income reduced by £191 million, or 7%, to £2,394 million primarily reflecting:

- £309 million lower income from hedging activities, including reduced gains on economic hedging derivatives, due to interest rate rises, reflecting interest rate volatility across all currencies. This is partially offset by a £3 million increase as a result of hedge ineffectiveness; and
- an £80 million prior year non-recurring profit from insurance liabilities included within other income; partially offset by
- a £234 million gain on redemption of own debt.

Operating expenses increased by £505 million, or 8%, to £6,793 million reflecting:

- an increase in staff costs of £213 million primarily as a result of increased pay awards to support our colleagues with cost of living challenges combined with an increase in restructuring costs;
- an increase in other administrative costs of £138 million primarily driven by a new profit share arrangement with a fellow NatWest Group subsidiary; and
- an increase in depreciation and amortisation costs of £109 million primarily as a result of intangible and fixed asset additions and a property impairment in 2023.

Net impairment losses of £504 million principally reflects increased economic uncertainty. Defaults remain stable and at low levels across the portfolio. Total impairment provisions increased by £0.3 billion to £2.9 billion in the year. ECL coverage ratio increased from 0.84% to 0.88%.

Summary consolidated balance sheet as at 31 December 2023

	2023	2022	Variance	
	£m	£m	£m	%
Assets				
Cash and balances at central banks	48,259	73,065	(24,806)	(34)
Derivatives	3,184	4,407	(1,223)	(28)
Loans to banks - amortised cost	3,355	3,197	158	5
Loans to customers - amortised cost	318,466	301,684	16,782	6
Amounts due from holding companies and fellow subsidiaries	2,311	4,903	(2,592)	(53)
Other financial assets	31,944	14,546	17,398	120
Other assets	7,949	7,667	282	4
Total assets	415,468	409,469	5,999	1
Liabilities				
Bank deposits	18,052	16,060	1,992	12
Customer deposits	313,752	322,614	(8,862)	(3)
Amounts due to holding companies and fellow subsidiaries	47,252	38,771	8,481	22
Derivatives	1,718	2,088	(370)	(18)
Other financial liabilities	9,011	5,384	3,627	67
Subordinated liabilities	122	197	(75)	(38)
Notes in circulation	806	809	(3)	-
Other liabilities	3,325	3,470	(145)	(4)
Total liabilities	394,038	389,393	4,645	1
Total equity	21,430	20,076	1,354	7
Total liabilities and equity	415,468	409,469	5,999	1

Total assets increased by £6.0 billion to £415.5 billion at 31 December 2023.

Cash and balances at central banks decreased by £24.8 billion to £48.3 billion, reflecting:

- £19.5 billion decrease due to net bond purchases, disposal and maturity combined with net repo and collateral activity;
- £10.7 billion decrease due to business segment net funding outflows; partially offset by
- £4.0 billion increase due to the funding of a subsidiary undertaking being transferred from NWB Plc to RBS plc; and
- £1.6 billion increase in debt capital market activity.

Loans to banks – amortised cost increased by £0.2 billion to £3.4 billion, as a result of an increase in non-sterling lending and treasury activities offset by a reduction in sterling activities.

Loans to customers increased by £16.8 billion to £318.5 billion, reflecting:

- £7.2 billion growth in mortgage business;
- £6.7 billion increase as a result of treasury reverse repo activity;
- £1.8 billion net increase in commercial lending, primarily due to an increase in term loan facilities, partly offset by UK Government scheme repayments; and
- £0.4 billion increase in credit card balances due to business initiatives.

Amounts due from holding companies and fellow subsidiaries decreased by £2.6 billion to £2.3 billion primarily due to reduced balances with fellow subsidiaries of NWH Group.

Other financial assets increased by £17.4 billion to £31.9 billion, primarily reflecting £36.8 billion of bond purchases, partially offset by bond disposals of £12.3 billion and maturities of £8.5 billion.

Bank deposits increased by £2.0 billion to £18.1 billion, driven primarily by an increase in repo balances.

Customer deposits decreased by £8.9 billion to £313.8 billion, driven primarily by higher outflows from business current account balances, overall market liquidity contraction and a reduction in savings, demand and non-interest bearing deposits, as a result of a change in customer behaviour, partly offset by an increase in repo balances.

Amounts due to holding companies and fellow subsidiaries increased by £8.5 billion to £47.3 billion, primarily due to increased balances with RBS plc, NWH Ltd and other fellow subsidiaries of NatWest Group, partially offset by a net reduction in balances with NatWest Group plc.

Derivative liabilities decreased by £0.4 billion to £1.7 billion, driven by an adverse movement within the liquidity portfolio due to float rate decreases and foreign exchange swap movements.

Other financial liabilities increased by £3.6 billion to £9.0 billion, driven by short term issuances as a result of the current market environment and increasing rates during the year.

Total equity increased by £1.4 billion to £21.4 billion. The increase reflects attributable profit for 2023 of £3.4 billion, partially offset by dividends paid to NWH Ltd and an increase in the cash flow hedging reserves due to interest rate rises.

Consolidated income statement

For the year ended 31 December 2023

	2023 £m	2022 £m
Interest receivable	14,764	9,159
Interest payable	(6,741)	(1,627)
Net interest income	8,023	7,532
Fees and commissions receivable	2,177	2,119
Fees and commissions payable	(508)	(493)
Other operating income	2,394	2,585
Non-interest income	4,063	4,211
Total income	12,086	11,743
Staff costs	(3,109)	(2,896)
Premises and equipment	(1,039)	(994)
Other administrative expenses	(1,768)	(1,630)
Depreciation and amortisation	(877)	(768)
Operating expenses	(6,793)	(6,288)
Profit before impairment losses	5,293	5,455
Impairment losses	(504)	(341)
Operating profit before tax	4,789	5,114
Tax charge	(1,280)	(1,425)
Profit for the year	3,509	3,689
Attributable to:		
Ordinary shareholders	3,368	3,564
Paid-in equity holders	142	120
Non-controlling interests	(1)	5
	3,509	3,689

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 £m	2022 £m
Profit for the year	3,509	3,689
Items that do not qualify for reclassification		
Remeasurement of retirement benefit schemes	(147)	(556)
Tax	40	146
	(107)	(410)
Items that do qualify for reclassification		
FVOCI financial assets	43	(392)
Cash flow hedges (1)	(290)	(542)
Currency translation	(17)	(2)
Tax	73	276
	(191)	(660)
Other comprehensive loss after tax	(298)	(1,070)
Total comprehensive income for the year	3,211	2,619
Attributable to:		
Ordinary shareholders	3,070	2,494
Paid-in equity holders	142	120
Non-controlling interests	(1)	5
	3,211	2,619

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

Balance sheet

As at 31 December 2023

	NWB Group		NWB Plc	
	2023	2022	2023	2022
	£m	£m	£m	£m
Assets				
Cash and balances at central banks	48,259	73,065	48,238	73,062
Derivatives	3,184	4,407	3,213	4,430
Loans to banks - amortised cost	3,355	3,197	3,043	2,870
Loans to customers - amortised cost	318,466	301,684	284,314	267,401
Amounts due from holding companies and fellow subsidiaries	2,311	4,903	33,499	32,133
Securities subject to repurchase agreements	6,469	2,140	6,469	2,140
Other financial assets excluding securities subject to repurchase agreements	25,475	12,406	24,623	12,040
Other financial assets	31,944	14,546	31,092	14,180
Investment in group undertakings	-	-	2,615	2,030
Other assets	7,949	7,667	5,735	5,641
Total assets	415,468	409,469	411,749	401,747
Liabilities				
Bank deposits	18,052	16,060	18,052	16,059
Customer deposits	313,752	322,614	276,202	281,558
Amounts due to holding companies and fellow subsidiaries	47,252	38,771	84,174	75,037
Derivatives	1,718	2,088	2,014	2,582
Other financial liabilities	9,011	5,384	8,147	4,525
Subordinated liabilities	122	197	119	191
Notes in circulation	806	809	806	809
Other liabilities	3,325	3,470	2,534	2,743
Total liabilities	394,038	389,393	392,048	383,504
Owners' equity	21,395	20,066	19,701	18,243
Non-controlling interests	35	10	-	-
Total equity	21,430	20,076	19,701	18,243
Total liabilities and equity	415,468	409,469	411,749	401,747

Owners' equity of NWB Plc as at 31 December 2023 includes the profit for the year of £3,625 million (2022 - £3,457million).

Statement of changes in equity

For the year ended 31 December 2023

	NWB Group		NWB Plc	
	2023	2022	2023	2022
	£m	£m	£m	£m
Called-up share capital - at 1 January and 31 December	1,678	1,678	1,678	1,678
Paid-in equity - at 1 January	2,518	2,377	2,518	2,377
Redeemed	-	(359)	-	(359)
Issued	-	500	-	500
At 31 December	2,518	2,518	2,518	2,518
Share premium account - at 1 January and 31 December	2,225	2,225	2,225	2,225
Merger reserve - at 1 January	77	14	(2)	(89)
Additions	-	24	-	-
Amortisation	(49)	39	2	87
At 31 December	28	77	-	(2)
FVOCI reserve - at 1 January	(76)	192	(76)	193
Unrealised losses	-	(485)	(11)	(486)
Realised losses	43	93	43	93
Tax	(8)	124	(8)	124
At 31 December	(41)	(76)	(52)	(76)
Cash flow hedging reserve - at 1 January	(391)	(1)	(393)	(2)
Amount recognised in equity (2)	(180)	(283)	(180)	(288)
Amount transferred from equity to earnings (3)	(110)	(259)	(109)	(255)
Tax	81	152	81	152
At 31 December	(600)	(391)	(601)	(393)
Foreign exchange reserve - at 1 January	(87)	(85)	(18)	(16)
Retranslation of net assets	(31)	29	(12)	31
Foreign currency gains/(losses) on hedges of net assets	14	(31)	12	(33)
At 31 December	(104)	(87)	(18)	(18)
Capital redemption reserve - at 1 January and 31 December	820	820	820	820
Retained earnings - at 1 January	13,302	13,507	11,491	11,980
Profit attributable to ordinary shareholders and other equity owners	3,510	3,684	3,625	3,457
Paid-in equity dividends paid	(142)	(120)	(142)	(120)
Ordinary dividends paid	(1,738)	(3,293)	(1,738)	(3,293)
Redemption/reclassification of paid-in equity	-	-	-	-
- gross	-	(29)	-	(29)
- tax	-	(6)	-	(6)
Remeasurement of the retirement benefit schemes	-	-	-	-
- gross	(147)	(556)	(139)	(565)
- tax	40	146	39	146
Share-based payments	-	-	-	-
- gross	10	6	10	6
- tax	(13)	2	(13)	2
Amortisation of merger reserve	49	(39)	(2)	(87)
At 31 December	14,871	13,302	13,131	11,491

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

Statement of changes in equity for the year ended 31 December 2023 continued

	NWB Group		NWB Plc	
	2023 £m	2022 £m	2023 £m	2022 £m
Owners' equity at 31 December	21,395	20,066	19,701	18,243
Non-controlling interests - at 1 January	10	10	-	-
(Loss)/profit attributable to non-controlling interests	(1)	5	-	-
Dividends paid	(5)	(5)	-	-
Acquisition of subsidiary	31	-	-	-
At 31 December	35	10	-	-
Total equity at 31 December	21,430	20,076	19,701	18,243
Attributable to:				
Ordinary shareholders	18,877	17,548	17,183	15,725
Paid-in equity holders	2,518	2,518	2,518	2,518
Non-controlling interests	35	10	-	-
	21,430	20,076	19,701	18,243

- (1) The total distributable reserves for NWB Plc is £12,460 million (2022 – £11,002 million). Refer to Note 22 of the NatWest Bank Plc 2023 Annual Report and Accounts for additional information.
- (2) The change in the cash flow hedging reserve is driven by realised accrued interest transferred into the income statement and a decrease in swap rates compared to previous periods.
- (3) The portfolio of hedging instruments is predominantly pay fixed swaps.
- (4) As referred to in Note 12 of the NatWest Bank Plc 2023 Annual Report and Accounts, the amount transferred from equity to the income statement is mostly recorded within net interest income mainly on loans to customers – amortised cost, balances at central banks and loans to banks – amortised cost, and customer deposits as referred to in Note 1 of the NatWest Bank Plc 2023 Annual Report and Accounts.

Cash flow statement

For the year ended 31 December 2023

	NWB Group		NWB Plc	
	2023 £m	2022 £m	2023 £m	2022 £m
Cash flows from operating activities				
Operating profit before tax	4,789	5,114	4,705	4,687
Adjustments for:				
Non-cash and other items	1,329	1,574	396	756
Changes in operating assets and liabilities	(10,132)	(45,270)	(8,999)	(45,374)
Income taxes paid	(780)	(1,161)	(484)	(998)
Net cash flows from operating activities (1,2)	(4,794)	(39,743)	(4,382)	(40,929)
Cash flows from investing activities				
Sale and maturity of other financial assets	18,254	25,721	17,887	25,339
Purchase of other financial assets	(35,090)	(13,388)	(34,249)	(13,022)
Income received on other financial assets	450	371	435	371
Net movement in business interests and intangible assets	(724)	(992)	(1,188)	(719)
Dividends received from subsidiaries	-	-	617	1,010
Sale of property, plant and equipment	92	138	34	82
Purchase of property, plant and equipment	(787)	(618)	(544)	(316)
Net cash flows from investing activities	(17,805)	11,232	(17,008)	12,745
Cash flows from financing activities				
Issue of paid-in equity	-	500	-	500
Redemption of paid-in equity	-	(388)	-	(388)
Issue of subordinated liabilities	1,263	-	1,263	-
Redemption of subordinated liabilities	(539)	(55)	(539)	(55)
Interest paid on subordinated liabilities	(145)	(145)	(120)	(144)
Issue of MREs	441	750	441	700
Maturity and redemption of MREs	(157)	-	(107)	-
Interest paid on MREs	(293)	(202)	(261)	(191)
Dividends paid	(1,885)	(3,418)	(1,880)	(3,413)
Net cash flows from financing activities	(1,315)	(2,958)	(1,203)	(2,991)
Effects of exchange rate changes on cash and cash equivalents	(403)	1,142	(397)	1,101
Net decrease in cash and cash equivalents	(24,317)	(30,327)	(22,990)	(30,074)
Cash and cash equivalents at 1 January	76,318	106,645	75,472	105,546
Cash and cash equivalents at 31 December	52,001	76,318	52,482	75,472

(1) NWB Group includes interest received of £14,320 million (2022 - £9,167 million) and interest paid of £6,043 million (2022 - £1,412 million), and NWB Plc includes interest received of £13,338 million (2022 - £8,421 million) and interest paid of £6,259 million (2022 - £1,623 million).

(2) The total cash outflow for leases for NWB Group was £100 million (2022 - £130 million) and for NWB Plc £89 million (2022 - £119 million). This included payment of principal for NWB Group of £84 million (2022 - £111 million) and NWB Plc of £76 million (2022 - £99 million). These amounts are included in the operating activities in cash flow statement.

Notes to the financial statements

1 Presentation of condensed consolidated financial statements

The condensed consolidated financial statements should be read in conjunction with the NatWest Bank plc 2023 Annual Report and Accounts. The critical and material accounting policies are the same as those applied in the consolidated financial statements.

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

2 Operating expenses

	2023	2022
	£m	£m
Wages, salaries and other staff costs	2,407	2,138
Temporary and contract costs	163	207
Social security costs	289	263
Pension costs	250	288
- defined benefit schemes	89	154
- defined contribution schemes	161	134
Staff costs	3,109	2,896
Premises and equipment	1,039	994
Depreciation and amortisation	877	768
Other administrative expenses (1)	1,768	1,630
Administrative expenses	3,684	3,392
	6,793	6,288

(1) Includes redress and litigation costs. Further details are provided in Note 6.

3 Segmental analysis

Reportable operating segments

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

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

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

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

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

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

2022					
Net interest income	4,494	754	2,740	(456)	7,532
Net fees and commissions	334	243	1,038	11	1,626
Other operating income	65	28	248	2,244	2,585
Total income	4,893	1,025	4,026	1,799	11,743
Depreciation and amortisation	-	-	(135)	(633)	(768)
Other operating expenses	(2,115)	(596)	(1,804)	(1,005)	(5,520)
Impairment (losses)/releases	(218)	2	(126)	1	(341)
Operating profit	2,560	431	1,961	162	5,114

Total revenue ⁽¹⁾

	Retail Banking £m	Private Banking £m	Commercial & Institutional £m	Central items & other £m	Total £m
2023					
External	6,565	1,156	6,440	5,174	19,335
Inter-segment ⁽²⁾	(187)	998	(1,558)	747	-
Total	6,378	2,154	4,882	5,921	19,335

2022					
External	5,039	856	4,072	3,896	13,863
Inter-segment ⁽²⁾	29	416	(294)	(151)	-
Total	5,068	1,272	3,778	3,745	13,863

Total income

	Retail Banking £m	Private Banking £m	Commercial & Institutional £m	Central items & other £m	Total £m
2023					
External	4,172	324	4,652	2,938	12,086
Inter-segment ⁽²⁾	859	661	(287)	(1,233)	-
Total	5,031	985	4,365	1,705	12,086

2022					
External	4,439	719	3,625	2,960	11,743
Inter-segment ⁽²⁾	454	306	401	(1,161)	-
Total	4,893	1,025	4,026	1,799	11,743

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

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

3 Segmental analysis continued**Analysis of net fees and commissions**

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

2022					
Fees and commissions receivable					
- Payment services	254	25	489	-	768
- Credit and debit card fees	323	14	170	-	507
- Lending and financing	15	8	446	-	469
- Brokerage	34	6	-	-	40
- Investment management, trustee and fiduciary services	4	213	-	-	217
- Underwriting fees	-	-	3	-	3
- Other	-	3	113	(1)	115
Total	630	269	1,221	(1)	2,119
Fees and commissions payable	(296)	(26)	(183)	12	(493)
Net fees and commissions	334	243	1,038	11	1,626

	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Total
	£m	£m	£m	£m	£m
2023					
Assets	194,488	19,284	89,783	111,913	415,468
Liabilities	154,083	37,816	123,084	79,055	394,038

2022					
Assets	184,140	19,734	86,406	119,189	409,469
Liabilities	153,304	41,489	127,301	67,299	389,393

4 Tax

	2023 £m	2022 £m
Current tax		
Charge for the year	(1,108)	(1,187)
(Under)/over provision in respect of prior years	(63)	63
	(1,171)	(1,124)
Deferred tax		
Charge for the year	(220)	(151)
UK tax rate change impact	-	(82)
Increase/(decrease) in the carrying value of deferred tax assets in respect of UK losses	137	(6)
Under provision in respect of prior years	(26)	(62)
Tax charge for the year	(1,280)	(1,425)

Current tax for the year ended 31 December 2023 is based on blended rates of 23.5% for the standard rate of UK corporation tax and 4.25% for the UK banking surcharge.

The actual tax charge differs from the expected tax charge, computed by applying the standard rate of UK corporation tax of 23.5% (2022 – 19%), as follows:

	2023 £m	2022 £m
Expected tax charge	(1,125)	(972)
Losses and temporary differences in period where no deferred tax asset recognised	(1)	-
Foreign profits taxed at other rates	(8)	(8)
Items not allowed for tax:		
- losses on disposals and write-downs	-	(8)
- UK bank levy	(19)	(12)
- regulatory and legal actions	-	6
- other disallowable items	(32)	(13)
Non-taxable items	15	18
Taxable foreign exchange movements	(1)	2
Increase/(decrease) in the carrying value of deferred tax assets in respect of:		
- UK losses (2)	137	(6)
Banking surcharge	(190)	(373)
Tax on paid in equity dividends	33	22
UK tax rate change impact	-	(82)
Adjustments in respect of prior years (1) (2)	(89)	1
Actual tax charge	(1,280)	(1,425)

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

(2) Includes a net £69 million benefit from UK group relief and loss relief claims at higher tax rates (refer to the Deferred Tax section of the NatWest Bank Plc 2023 Annual Report and Accounts for details of the recent changes in UK tax rates).

On 11 July 2023 the government of the UK, where the parent company is incorporated, enacted the Pillar 2 income taxes legislation effective for the Group's financial year beginning 1 January 2024. Under the legislation, NatWest Group plc will be required to pay, in the UK, top-up tax on profits of its subsidiaries that are taxed at a Pillar 2 effective tax rate of less than 15%. This legislation is expected to have no material impact for NWB Group.

Judgement: Tax contingencies

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

For accounting policy information refer to Accounting policy 2.1 in the NatWest Bank Plc 2023 Annual Report and Accounts.

5 Loan impairment provisions

Loan exposure and impairment metrics

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

	NWB Group		NWB Plc	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	£m	£m	£m	£m
Loans - amortised cost				
Stage 1	288,772	266,722	258,188	236,809
Stage 2	31,727	37,216	28,008	32,765
Stage 3	4,405	3,783	4,003	3,383
Inter-group (1)	1,809	4,220	32,200	30,633
Total	326,713	311,941	322,400	303,590
ECL provisions (2)				
Stage 1	566	506	521	459
Stage 2	794	813	746	765
Stage 3	1,512	1,262	1,416	1,170
Inter-group	1	4	41	48
	2,873	2,585	2,724	2,442
ECL provision coverage (3)				
Stage 1 (%)	0.2	0.19	0.2	0.19
Stage 2 (%)	2.5	2.18	2.7	2.33
Stage 3 (%)	34.3	33.36	35.4	34.58
Inter-group (%)	0.1	0.09	0.1	0.16
	0.88	0.84	0.92	0.88
Impairment (releases)/losses				
ECL (release)/charge (4)				
Stage 1	(319)	(243)	(302)	(256)
Stage 2	529	348	516	373
Stage 3	297	233	276	234
Third party	507	338	490	351
Inter-group	(3)	3	(7)	40
	504	341	483	391
Amounts written-off	235	321	218	272

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

(2) Includes £8 million (2022 – £2 million) related to assets classified as FVOCI.

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

(4) Includes a £10 million charge (2022 – nil) related to other financial assets, of which a £6 million charge (2022 – £1 million release) related to assets classified as FVOCI, and includes a £2 million release (2022 – nil) related to contingent liabilities.

(5) The table shows gross loans only and excludes amounts that are outside the scope of the ECL framework. Refer to Financial instruments within the scope of the IFRS 9 ECL framework in the NatWest Bank Plc 2023 Annual Report and Accounts for further details. Other financial assets within the scope of the IFRS 9 ECL framework were cash and balances at central banks totaling £47.8 billion (2022 – £72.5 billion) and debt securities of £31.5 billion (2022 – £14.1 billion).

Credit risk enhancement and mitigation

For information on credit risk enhancement and mitigation held as security, refer to Risk and capital management – credit risk enhancement and mitigation section of the NatWest Bank Plc 2023 Annual Report and Accounts.

Critical accounting policy: Loan impairment provisions

Accounting policy Note 2.3 in the NatWest Bank Plc 2023 Annual Report and Accounts sets out how the expected loss approach is applied. At 31 December 2023, customer loan impairment provisions amounted to £2,873 million (2022 – £2,585 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan was advanced. Such evidence includes changes in the credit rating of a borrower, the failure to make payments in accordance with the loan agreement, significant reduction in the value of any security, breach of limits or covenants, and observable data about relevant macroeconomic measures.

The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. The measurement of credit impairment under the IFRS expected loss model depends on management's assessment of any potential deterioration in the creditworthiness of the borrower, its modelling of expected performance and the application of economic forecasts. All three elements require judgements that are potentially significant to the estimate of impairment losses. For further information and sensitivity analysis, refer to Risk and capital management – measurement uncertainty and ECL sensitivity analysis section of the NatWest Bank Plc 2023 Annual Report and Accounts.

IFRS 9 ECL model design principles

Refer to Credit risk – IFRS 9 ECL model design principles section of the NatWest Bank Plc 2023 Annual Report and Accounts for further details.

Approach for multiple economic scenarios (MES)

The base scenario plays a greater part in the calculation of ECL than the approach to MES. Refer to Credit risk – economic loss drivers – probability weightings of scenarios section of the NatWest Bank Plc 2023 Annual Report and Accounts for further details.

6 Provisions for liabilities and charges

NWB Group					
	Redress and other litigation £m	Property £m	Financial commitments and guarantees £m	Other (1) £m	Total £m
Provisions for liabilities and charges					
At 1 January 2023	292	105	59	94	550
Expected credit losses impairment release	-	-	(3)	-	(3)
Currency translation and other movements	(4)	-	-	(4)	(8)
Charge to income statement	102	29	-	84	215
Release to income statement	(17)	(47)	-	(24)	(88)
Provisions utilised	(126)	(23)	-	(61)	(210)
At 31 December 2023	247	64	56	89	456

NWB Plc					
	Redress and other litigation £m	Property £m	Financial commitments and guarantees £m	Other (1) £m	Total £m
Provisions for liabilities and charges					
At 1 January 2023	286	103	57	73	519
Expected credit losses impairment release	-	-	(3)	-	(3)
Currency translation and other movements	(3)	-	-	(2)	(5)
Charge to income statement	98	28	-	75	201
Release to income statement	(16)	(46)	-	(21)	(83)
Provisions utilised	(124)	(22)	-	(59)	(205)
At 31 December 2023	241	63	54	66	424

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

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

For accounting policy information refer to Accounting policy Note 2.4 in the NatWest Bank Plc 2023 Annual Report and Accounts.

Critical accounting policy: Provisions for liabilities

The key judgement is involved in determining whether a present obligation exists. There is often a high degree of uncertainty and judgement is based on the specific facts and circumstances relating to individual events in determining whether there is a present obligation. Judgement is also involved in estimation of the probability, timing and amount of any outflows. Where NWB Group can look to another party such as an insurer to pay some or all of the expenditure required to settle a provision, any reimbursement is recognised when, and only when, it is virtually certain that it will be received.

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

- Customer redress: Provisions reflect the estimated cost of redress attributable to claims where it is determined that a present obligation exists.
- Litigation and other regulatory: NWB Group is engaged in various legal proceedings, both in the UK and in overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, refer to Note 7.
- Property: This includes provision for contractual costs associated with vacant properties.
- Other provisions: These materially comprise provisions for onerous contracts and restructuring costs. Onerous contract provisions comprise an estimate of the costs involved in fulfilling the terms and conditions of contracts net of any expected benefits to be received. This includes provision for contractual costs associated with vacant properties. Redundancy and restructuring provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists.

Background information on all material provisions is given in Note 7.

7 Memorandum items

Contingent liabilities and commitments

The amounts shown in the table below are intended only to provide an indication of the volume of business outstanding at 31 December 2023. Although NWB Group is exposed to credit risk in the event of non-performance of the obligations undertaken by customers, the amounts shown do not, and are not intended to, provide any indication of NWB Group's expectation of future losses.

	NWB Group		NWB Plc	
	2023	2022	2023	2022
	£m	£m	£m	£m
Contingent liabilities and commitments				
Guarantees	1,376	1,728	1,320	1,664
Other contingent liabilities	1,003	1,197	994	1,190
Standby facilities, credit lines and other commitments	77,149	87,221	73,343	83,321
Total	79,528	90,146	75,657	86,175

Trustee and other fiduciary activities

In its capacity as trustee or other fiduciary role, NWB Group may hold or place assets on behalf of individuals, trusts, companies, pension schemes and others. The assets and their income are not included in NWB Group's financial statements. NWB Group earned fee income of £205 million (2022 - £215 million) from these activities.

The Financial Services Compensation Scheme

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

Litigation and regulatory matters

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

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

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

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

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

The future economic outflow in respect of any Matter may ultimately prove to be substantially greater than, or less than, the aggregate provision, if any, that NWB Group has recognised in respect of such Matter. Where a reliable estimate of the economic outflow cannot be reasonably made, no provision has been recognised. NWB Group expects that in future periods, additional provisions and economic outflows relating to Matters that may or may not be currently known by NWB Group will be necessary, in amounts that are expected to be substantial in some instances. Please refer to Note 6 for information on material provisions.

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

For a discussion of certain risks associated with NWB Group's litigation and regulatory matters (including the Matters), see the Risk Factor relating to legal, regulatory and governmental actions and investigations set out on page 184 of the NatWest Bank Plc 2023 Annual Report and Accounts.

7 Memorandum items continued

Litigation

London Interbank Offered Rate (LIBOR) and other rates litigation

In August 2020, a complaint was filed in the United States District Court for the Northern District of California by several United States retail borrowers against the USD ICE LIBOR panel banks and their affiliates (including NatWest Group plc, NatWest Markets Plc, NatWest Markets Securities Inc. and NWB Plc), alleging (i) that the very process of setting USD ICE LIBOR amounts to illegal price-fixing; and (ii) that banks in the United States have illegally agreed to use LIBOR as a component of price in variable retail loans. In September 2022, the district court dismissed the complaint. The plaintiffs filed an amended complaint but in October 2023, the district court dismissed that complaint as well, and indicated that further amendment would not be permitted. The plaintiffs have commenced an appeal to the United States Court of Appeals for the Ninth Circuit, which is currently pending.

Offshoring VAT assessments

HMRC issued protective tax assessments in 2018 against NatWest Group plc totalling £143 million relating to unpaid VAT in respect of the UK branches of two NatWest Group companies registered in India. NatWest Group formally requested reconsideration by HMRC of their assessments, and this process was completed in November 2020. HMRC upheld their original decision and, as a result, NatWest Group plc lodged an appeal with the Tax Tribunal and an application for judicial review with the High Court of Justice of England and Wales, both in December 2020. In order to lodge the appeal with the Tax Tribunal, NatWest Group plc was required to pay £143 million to HMRC, and payment was made in December 2020. The appeal and the application for judicial review have both been stayed pending resolution of separate cases involving other banks.

Regulatory matters

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

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

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

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

Investment advice review

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

Reviews into customer account closures

In July 2023, NatWest Group plc commissioned an independent review by the law firm Travers Smith LLP into issues that had arisen from treatment of a customer in connection with an account closure decision that attracted significant public attention and certain related interactions with the media. NatWest Group plc has received reports in connection with that review (and in October and December 2023 published summaries of the key findings and recommendations).

In addition, NatWest Group plc is conducting internal reviews with respect to certain governance processes, policies, systems and controls of NatWest Group entities, including with respect to customer account closures.

The FCA is conducting supervisory work into how the governance, systems and controls of NatWest Group and Coutts & Company are working, to identify and address any significant shortcomings.

8 Related parties

UK Government

UK Government through HM Treasury is the controlling shareholder of NatWest Group plc as per UK Listing rules. The UK Government's shareholding is managed by UK Government Investments Limited, a company wholly owned by the UK Government. At 31 December 2023, HM Treasury's holding in NatWest Group's ordinary shares was 37.97%. As a result the UK Government and UK Government controlled bodies are related parties of the Group.

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

Bank of England facilities

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

Members of NWB Group that are UK authorised institutions are required to maintain non-interest bearing (cash ratio) deposits with the Bank of England amounting to 0.382% of their average eligible liabilities in excess of £600 million. They also have access to Bank of England reserve accounts: sterling current accounts that earn interest at the Bank of England base rate.

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

Other related party

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

Business and loan portfolio transfers

In 2023 no contingent liabilities and commitments were transferred from NatWest Bank Plc to NWM N.V. in relation to the Western European Corporate Portfolio (2022 - £0.4 billion). The total contingent liabilities and commitments transferred from NWM N.V. to NatWest Bank Plc in 2023 was nil (2022 - nil). As part of a larger initiative to increase the diversity of the banking book portfolio, £0.3 billion of contingent liabilities and commitments and £0.1 billion of drawn balances were transferred from NatWest Bank Plc to NWM N.V. in 2022.

Associates, joint ventures and equity investments

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

At 31 December 2023 NWB Group held investment in associates and joint Ventures amounting to £4 million (2022- £2 million). For the year ended 31 December 2023 NWB Group's share of losses of associates was £3 million (2022- £6 million). At 31 December 2023 there were balances within customer deposits of £2 million (2022 -nil) relating to associates and joint ventures.

Post employment benefits

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

Holding companies and fellow subsidiaries

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

	2023			2022		
	Holding company	Fellow subsidiaries	Total	Holding company	Fellow subsidiaries	Total
	£m	£m	£m	£m	£m	£m
Interest receivable	-	133	133	1	40	41
Interest payable	(674)	(1,588)	(2,262)	(408)	(369)	(777)
Fees and commissions receivable	-	62	62	-	97	97
Fees and commissions payable	-	(71)	(71)	-	(70)	(70)
Other operating income (1)	11	1,532	1,543	36	1,605	1,641
Other administration expenses (2)	-	(156)	(156)	-	-	-
Impairment (losses)/releases	3	-	3	(3)	-	(3)
	(660)	(88)	(748)	(374)	1,303	929

(1) Includes internal service recharges of £1,387 million (2022 - £1,616 million).

(2) Other operating expense relates to a new profit share arrangement with a fellow NatWest Group subsidiary that commenced in 2023. The profit share arrangement was introduced during the year to reward NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment, 2023 being the first full year with the Commercial & Institutional segment in place.

9 Date of approval

The annual results for the year ended 31 December 2023 were approved by the board of directors on 15 February 2024.

10 Post balance sheet events

There have been no other significant events between 31 December 2023 and the date of approval of these accounts which would require a change to or additional disclosure in the accounts.

Statement of directors' responsibilities

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on pages 87 to 98 of the NatWest Bank Plc 2023 Annual Report and Accounts.

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

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

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

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

The directors confirm that to the best of their knowledge:

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

By order of the Board

Howard Davies
Chairman

John-Paul Thwaite
Chief Executive Officer

Katie Murray
Chief Financial Officer

15 February 2024

Board of directors

Chairman

Howard Davies

Executive directors

John-Paul Thwaite
Katie Murray

Non-executive directors

Francesca Barnes
Ian Cormack
Roisin Donnelly
Patrick Flynn
Rick Haythornthwaite
Yasmin Jetha
Stuart Lewis
Mark Rennison
Mark Seligman
Lena Wilson

Forward-looking statements

Cautionary statement regarding forward-looking statements

This document may include forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, such as statements that include, without limitation, the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. These statements concern or may affect future matters, such as NWB Group's future economic results, business plans and strategies. In particular, this document may include forward-looking statements relating to NWB Group in respect of, but not limited to: its economic and political risks, its regulatory capital position and related requirements, its financial position, profitability and financial performance (including financial, capital, cost savings and operational targets), the implementation of NatWest Group's strategy, its climate and sustainability related targets, its access to adequate sources of liquidity and funding, increasing competition from incumbents, challengers and new entrants and disruptive technologies, its exposure to third party risks, its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, its impairment losses and credit exposures under certain specified scenarios, substantial regulation and oversight, ongoing legal, regulatory and governmental actions and investigations, and NWB Group's exposure to, operational risk, conduct risk, cyber, data and IT risk, financial crime risk, key person risk and credit rating risk. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, future growth initiatives (including acquisitions, joint ventures and strategic partnerships), the outcome of legal, regulatory and governmental actions and investigations, the level and extent of future impairments and write-downs, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations, and general economic and political conditions and the impact of climate-related risks and the transitioning to a net zero economy. These and other factors, risks and uncertainties that may impact any forward-looking statement or the NWB Group's actual results are discussed in the NWB Plc's 2023 Annual Report and Accounts (ARA). The forward-looking statements contained in this document speak only as of the date of this document and NWB Plc does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

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