



**NatWest**  
Group

# NatWest Markets Group 2023 Annual Results

# NatWest Markets Group (NWM Group)

## Results for the year ended 31 December 2023

### Financial review

NWM Group reported a loss for the year ended 31 December 2023 of £98 million compared with a loss of £264 million for the year ended 31 December 2022. Higher income largely reflected stronger performances in Fixed Income and Capital Markets and the impact of a new profit share arrangement with fellow NatWest Group subsidiaries. Operating expenses for the current year were slightly higher than in 2022, as a decrease in litigation and conduct costs was offset by an increase in other operating expenses.

### Highlights

#### Financial performance

- Income of £1,069 million in 2023 was up by £380 million compared with £689 million in 2022. The increase was largely driven by stronger performances in Fixed Income and Capital Markets, the impact of a new profit share arrangement with fellow NatWest Group subsidiaries and higher income levels in Capital Management Unit & other; partially offset by weaker performance in Currencies, which was impacted by lower FX volatility levels in the current year, and lower own credit adjustments.
- Operating expenses of £1,142 million increased by £14 million compared with £1,128 million in 2022. Litigation and conduct costs of £60 million reflected ongoing progress in closing legacy matters and were down by £20 million compared with £80 million in 2022. Other operating expenses of £1,082 million were £34 million higher than £1,048 million in 2022, largely due to lower technology investment costs recognised in the prior year and the impact of one-off items.
- Total assets and liabilities decreased by £11.9 billion and £11.7 billion to £177.9 billion and £171.5 billion respectively at 31 December 2023, compared with the prior year. The decreases were mainly driven by lower derivative fair values, largely reflecting market volatility across major currencies including the weakening of USD and an overall reduction in interest rates during the year, following contrasting trends from the previous year. This was partially offset by higher funded assets, driven by increases in settlement balances, loans to customers and other financial assets.

#### Capital and leverage

- Total NWM Plc RWAs were £22.1 billion at 31 December 2023, compared with £21.4 billion at 31 December 2022. The increase in the year reflected higher levels of credit risk and counterparty credit risk, partially offset by decreases in market risk and operational risk.
- NWM Plc's Common Equity Tier 1 (CET1) ratio was 17.1% at 31 December 2023, compared with 17.2% at 31 December 2022. The decrease in the year was largely driven by the increase in RWAs, in addition to reserve movements.
- Total MREL for NWM Plc at 31 December 2023 was £7.6 billion, or 34.5% of RWAs, compared with £8.7 billion or 40.4% of RWAs at 31 December 2022. The decrease in total MREL in the current year was largely due to the redemption of a \$0.6 billion internal Tier 2 instrument, decrease in senior unsecured debt driven by a \$0.6 billion instrument now classified as ineligible, and other reserve movements.
- NWM Plc's leverage ratio was 5.0% at 31 December 2023, compared with 5.4% at 31 December 2022. The decrease in 2023 was mainly due to higher leverage exposure, driven by increases in off-balance sheet exposures, loans to customers and other financial assets.

#### Liquidity and funding

- NWM Plc's liquidity portfolio at 31 December 2023 was £14.7 billion with an LCR of 183%, compared with £19.1 billion and an LCR of 253% at 31 December 2022. Stressed coverage ratio was 162% at 31 December 2023, compared with 199% at 31 December 2022.
- NWM Plc issued £2.4 billion of public benchmark transactions during 2023, comprised of three issuances under the EMTN programme being €1.5 billion, CHF0.25 billion and £0.5 billion of notes respectively, and an issuance under the AUD debt issuance programme of AUD0.6 billion of notes. NWM Plc also raised funding in other formats throughout the year including, but not limited to, structured note issuance. Issuance was lower than guidance of £3 billion to £5 billion of public benchmark issuance for the year, mainly due to higher levels of customer deposits and optimisation of funding requirements.
- NWM Plc 2024 funding plan currently anticipates £3–5 billion of public benchmark issuance. On 9 January 2024, NWM Plc issued a total of €2.5 billion of notes under the EMTN programme in benchmark transactions.

### Outlook <sup>(1,2)</sup>

We aim to generate sustainable and attractive returns over the medium term, with efficient capital usage.

#### Medium-term outlook

Metric <sup>(3)</sup>	Estimate
CET1 ratio	~14%
MREL ratio <sup>(4)</sup>	>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 166 to 187 NatWest Markets Plc 2023 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 down streamed internal MREL.

## Chief Executive's statement

In 2023, we continued to support our customers as they navigated macroeconomic uncertainty and geo-political challenges – from inflation and changing interest rates to supply-chain disruption.

### Delivering on our strategy of sustainable growth

Our total income was £1,069 million (55% increase year-on-year) and the operating loss before tax for the year was £75 million. This reflected a stronger current year performance compared to 2022, largely driven by Fixed Income and by growth in our Capital Markets business, in addition to the impact of a new profit share arrangement with NatWest Group fellow subsidiaries. The new profit share arrangement was introduced during the year in relation to NatWest Group Commercial & Institutional business activity. We have also continued to make progress in closing legacy matters during the year.

We maintained a robust capital position and reported a strong CET1 ratio of 17.1% and leverage of 5.0%, with our risk-weighted assets (RWAs) increasing slightly to £22.1 billion reflecting higher levels of credit risk and counterparty credit risk, offset partially by decreases in market and operational risk.

We issued £2.4 billion of public benchmark transactions during 2023 which is lower than guidance of £3 billion to £5 billion for the year. This was mainly due to higher levels of customer deposits and optimisation of funding requirements.

### Being the best bank we can be for our customers

I'm proud of the way that, as part of the NatWest Group Commercial & Institutional (C&I) segment, we are bringing together the best of our products and services to support customers' needs in a challenging market while keeping the bank resilient, safe and secure.

Examples include a pan-segment approach to our customer strategy in corporate rates sales and, in foreign exchange (FX), we've onboarded over 500 new and existing Commercial customers. We've continued to grow our Funds business, providing financing to a range of customers and Fund strategies. We have ambitious plans for further growth in 2024 and look forward to further supporting our funds customers' financing and hedging needs.

Our Capital Markets business continued to deliver for our customers, and we achieved year-on-year increases in revenue (16%) as well as strong league table positions in our chosen debt markets. We also made good progress in our Fixed Income business with income increasing by £113 million during the year to £153 million.

We've leveraged our global footprint by working closely with the businesses in the Commercial & Institutional segment to connect them to the important US market, as well as supporting US customers to access financing in the UK and Europe. We've raised funding and financing for our customers from investors in Asia Pacific (APAC) and have continued to build and strengthen our European customer business.

### Supporting climate transition

We've continued to support our customers' transition to a low carbon economy as well as their ESG ambitions and targets. This included supporting NatWest Group's social bond issuance linked to women-led enterprises and the Ørsted blue bond, which represents the world's first blue bond issued by an energy company.

In 2023, we provided £14.8 billion of climate and sustainable funding and financing (21% increase year-on-year), contributing a cumulative £30.3 billion towards the NatWest Group target of £100 billion aimed to be delivered between 1 July 2021 and the end of 2025.

Our progress has also been recognised externally with lead manager awards in three categories at the Environmental Finance Bond Awards.

### Developing a strong compliance culture

We're now a year into our US Department of Justice-appointed monitorship and are working together closely to ensure a strong control environment for our business<sup>1</sup>.

From 1 January 2024, NatWest Markets N.V. will be supervised by the European Central Bank (ECB) in collaboration with De Nederlandsche Bank (DNB). A robust programme of work has supported this significant transition to ensure appropriate systems and processes are in place.

### Building our inclusive culture

We've continued to invest in our team and business capabilities through structured development opportunities which support skills and capability for the future. Our Diversity, Equity and Inclusion Action Committee has made progress on the focus areas of how we attract, develop and retain more diverse colleagues.

I believe that, in 2024, we will be in an even stronger position to support the Commercial & Institutional segment by delivering our products and capabilities and supporting global connectivity to strengthen customer relationships. This will build long-term value, support customers' ambitions and drive sustainable returns for shareholders.

Robert Begbie  
Chief Executive Officer

(1) You can find more information on this in the Litigation and regulatory matters section on page 155 of the NatWest Markets Plc 2023 Annual Report and Accounts.

## Business performance summary

The table below presents a segmental 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 6.

	Year ended		Quarter ended		
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	30 September 2023 £m	31 December 2022 £m
<b>Income statement (1)</b>					
Net interest income	355	91	154	123	29
Non-interest income	714	598	270	92	78
<b>Total income</b>	<b>1,069</b>	<b>689</b>	<b>424</b>	<b>215</b>	<b>107</b>
Litigation and conduct costs	(60)	(80)	(31)	(37)	(47)
Other operating expenses	(1,082)	(1,048)	(283)	(257)	(254)
<b>Operating expenses</b>	<b>(1,142)</b>	<b>(1,128)</b>	<b>(314)</b>	<b>(294)</b>	<b>(301)</b>
<b>Operating (loss)/profit before impairment losses/releases</b>	<b>(73)</b>	<b>(439)</b>	<b>110</b>	<b>(79)</b>	<b>(194)</b>
Impairment (losses)/releases	(2)	(8)	(5)	(2)	2
<b>Operating (loss)/profit before tax</b>	<b>(75)</b>	<b>(447)</b>	<b>105</b>	<b>(81)</b>	<b>(192)</b>
Tax (charge)/credit	(23)	183	2	24	147
<b>(Loss)/profit for the period</b>	<b>(98)</b>	<b>(264)</b>	<b>107</b>	<b>(57)</b>	<b>(45)</b>
<b>Income (2)</b>					
Fixed Income	153	40	16	32	5
Currencies	496	513	145	124	119
Capital Markets	463	398	131	114	93
Capital Management Unit & other (3)	(7)	(113)	19	3	(41)
<b>Income including shared revenue before OCA</b>	<b>1,105</b>	<b>838</b>	<b>311</b>	<b>273</b>	<b>176</b>
Transfer pricing agreements with fellow NatWest Group subsidiaries (4)	(33)	(191)	118	(51)	(51)
<b>Income excluding OCA</b>	<b>1,072</b>	<b>647</b>	<b>429</b>	<b>222</b>	<b>125</b>
Own credit adjustments (OCA)	(3)	42	(5)	(7)	(18)
<b>Total income</b>	<b>1,069</b>	<b>689</b>	<b>424</b>	<b>215</b>	<b>107</b>

- (1) A presentational change was made in Q1 2023 whereby NWM Group no longer separately reports the performance of the NatWest Markets operating segment and Central items & other.
- (2) 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.
- (3) Capital Management Unit was set up in Q3 2020 to manage the capital usage and optimisation across all parts of NatWest Markets, with the income materially relating to legacy positions. Other mainly related to asset disposal/strategic risk reduction costs that were separately disclosed prior to Q1 2023.
- (4) Transfer pricing arrangements with fellow NatWest Group subsidiaries includes shared revenue paid to or contributed to those subsidiaries and a new profit share arrangement with fellow NatWest Group subsidiaries. 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. The profit share is not allocated to individual NatWest Markets product areas.

## Year ended 31 December 2023 performance

- Net interest income** was £355 million for 2023 compared with £91 million in 2022. 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 movement compared with the prior year largely reflects growth in lending activity, interest rate movements and other one-off items.
- Non-interest income** of £714 million in 2023 increased by £116 million compared with £598 million in 2022. This was largely driven by the new profit share arrangement with fellow NatWest Group subsidiaries of £177 million, in addition to higher income levels in Capital Management Unit & other which reflected lower strategic exit activity in 2023 and fair value movements with regard to legacy and funding positions. This was partially offset by the impact of one-off items, a weaker performance in Currencies as FX volatility levels reduced in the current year, and lower own credit adjustments reflecting the widening of spreads in the prior year.
- Operating expenses** were £1,142 million in 2023, up by £14 million compared with £1,128 million in 2022. Litigation and conduct costs of £60 million in 2023 reflected ongoing progress in closing legacy matters and were down by £20 million compared with £80 million in 2022. Other operating expenses of £1,082 million increased by £34 million compared with £1,048 million in 2022, largely due to lower technology investment costs recognised in the prior year and the impact of one-off items.
- Impairment losses** of £2 million in 2023 were down by £6 million compared with £8 million in 2022.
- The tax charge** of £23 million on the operating loss before tax of £75 million is higher than the expected UK corporation tax rate of 23.5%, primarily due to adjustments in respect of prior periods.

## Q4 2023 performance

- Net interest income** of £154 million for Q4 2023 increased by £31 million compared with £123 million in Q3 2023 and by £125 million compared with £29 million in Q4 2022, largely reflecting growth in lending activity, the impact of one-off items and interest rate movements.
- Non-interest income** of £270 million in Q4 2023 increased by £178 million compared with £92 million in Q3 2023 and by £192 million compared with £78 million in Q4 2022, largely driven by the new profit share arrangement with fellow NatWest Group subsidiaries of £177 million, higher revenues in Currencies and Capital Markets, and increased income levels in Capital Management Unit & other which reflected lower strategic exit activity in 2023 and fair value movements with regard to legacy and funding positions.
- Operating expenses** were £314 million in Q4 2023 compared with £294 million in Q3 2023 and £301 million in Q4 2022. Litigation and conduct costs of £31 million in Q4 2023 reflected ongoing progress in closing legacy matters and were down by £6 million compared with £37 million in Q3 2023 and by £16 million compared with £47 million in Q4 2022. Other operating expenses of £283 million were up by £26 million compared with £257 million in Q3 2023 and up by £29 million compared with £254 million in Q4 2022, largely due to the impact of one-off costs recognised in the current quarter.

## Business performance summary continued

### Balance sheet profile as at 31 December 2023

NWM Group's balance sheet profile is summarised below. Commentary refers to the tables below as well as the consolidated balance sheet on page 7.

Assets			Liabilities		
	2023	2022	2023	2022	
	Ebn	Ebn	Ebn	Ebn	
Cash and balances at central banks	13.8	17.0			
Securities	12.0	9.9	9.8	9.5	Short positions
Reverse repos (1)	23.7	21.5	26.9	23.7	Repos (2)
Derivative cash collateral posted (3)	8.9	12.7	15.1	17.7	Derivative cash collateral received (4)
Other trading assets	0.7	1.2	1.8	1.9	Other trading liabilities
Total trading assets	45.3	45.3	53.6	52.8	Total trading liabilities
Loans - amortised cost	14.2	11.3	9.3	6.7	Deposits - amortised cost
Settlement balances	7.2	2.6	6.6	2.0	Settlement balances
Amounts due from holding company and fellow subsidiaries	1.7	0.7	5.8	6.2	Amounts due to holding company and fellow subsidiaries
Other financial assets	15.7	11.9	23.6	21.1	Other financial liabilities
Other assets	0.7	0.8	0.6	0.8	Other liabilities
Funded assets	98.6	89.6	99.5	89.6	Liabilities excluding derivatives
Derivative assets	79.3	100.2	72.0	93.6	Derivative liabilities
Total assets	177.9	189.8	171.5	183.2	Total liabilities
			25.1	23.5	of which:
			9.9	7.7	wholesale funding (5)
			3.6	5.6	short-term wholesale funding (5)
Net derivative assets	2.9	3.5			Net derivative liabilities

(1) Comprises bank reverse repos of £6.3 billion (2022 - £4.6 billion) and customer reverse repos of £17.4 billion (2022 - £16.9 billion).

(2) Comprises bank repos of £4.0 billion (2022 - £1.6 billion) and customer repos of £22.9 billion (2022 - £22.1 billion).

(3) Comprises derivative cash collateral posted relating to banks of £4.3 billion (2022 - £4.6 billion) and customers of £4.6 billion (2022 - £8.1 billion).

(4) Comprises derivative cash collateral received relating to banks of £6.8 billion (2022 - £7.5 billion) and customers of £8.3 billion (2022 - £10.2 billion).

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

- **Total assets and liabilities** decreased by £11.9 billion and £11.7 billion to £177.9 billion and £171.5 billion respectively at 31 December 2023, compared with £189.8 billion and £183.2 billion at 31 December 2022. The decreases were mainly driven by lower derivative fair values, largely reflecting market volatility across major currencies and movements in interest rates. Funded assets, which exclude derivatives, increased by £9.0 billion to £98.6 billion, largely driven by higher settlement balances, loans to customers and other financial assets.
- **Cash and balances at central banks** decreased by £3.2 billion to £13.8 billion at 31 December 2023 compared with £17.0 billion at 31 December 2022, largely driven by a reduction in excess liquidity and liquidity buffer optimisation offset by an increase in customer deposits.
- **Trading assets** which primarily relate to client-led activity as well as derivative cash collateral posted, were £45.3 billion at 31 December 2023, consistent with 31 December 2022, as increases in securities and reverse repos were offset by a decrease in derivative cash collateral posted. **Trading liabilities** increased by £0.8 billion to £53.6 billion at 31 December 2023 from £52.8 billion at 31 December 2022, largely driven by an increase in repos, partially offset by a decrease in derivatives cash collateral received.
- **Loans to customers** increased by £2.8 billion to £13.0 billion at 31 December 2023 compared with £10.2 billion at 31 December 2022, largely driven by growth in private financing.
- **Derivative assets and derivative liabilities** were down by £20.9 billion to £79.3 billion and by £21.6 billion to £72.0 billion respectively compared with year end 2022. The decreases in mark-to-market values largely reflected market volatility across major currencies including the weakening of USD and an overall reduction in interest rates during the year, following contrasting trends from the previous year.
- **Other financial assets** increased by £3.8 billion to £15.7 billion at 31 December 2023, mainly driven by an increase in held-to-collect securities purchased to support customer primary issuance.
- **Customer deposits** increased by £3.4 billion to £7.0 billion at 31 December 2023, in line with our strategy to increase customer deposits to match planned banking book activity.
- **Other financial liabilities** of £23.6 billion were up by £2.5 billion from £21.1 billion at 31 December 2022, driven by new issuance partially offset by maturities. The balance at 31 December 2023 includes £17.6 billion of medium-term notes issued.

### 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 14.

## 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 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 2023	30 September 2023	31 December 2022
	%	%	%
<b>Capital adequacy ratios (1,2)</b>			
CET1	17.1	15.1	17.2
Tier 1	20.2	18.0	20.4
Total	23.0	20.6	25.7
Total MREL	34.5	31.9	40.4
<b>Capital (1,2)</b>	£m	£m	£m
CET1	3,776	3,523	3,682
Tier 1	4,455	4,202	4,361
Total	5,072	4,828	5,502
Total MREL (3)	7,627	7,456	8,652
<b>Risk-weighted assets</b>			
Credit risk	7,895	7,444	7,110
Counterparty credit risk	6,516	6,528	5,682
Market risk	6,366	8,098	7,152
Operational risk	1,322	1,322	1,478
<b>Total RWAs</b>	<b>22,099</b>	<b>23,392</b>	<b>21,422</b>

- (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 1.0%. The minimum CET1 ratio is 8.0%, 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 regulatory value of £2.6 billion (30 September 2023 - £2.6 billion, 31 December 2022 - £3.2 billion).

### Leverage

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

	31 December 2023	30 September 2023	31 December 2022
Tier 1 capital (£m)	4,455	4,202	4,361
Leverage exposure (£m) (1)	89,929	85,706	81,083
Leverage ratio (%)	5.0	4.9	5.4

- (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 2023	30 September 2023	31 December 2022
Liquidity coverage ratio (LCR) (%)	183	229	253
Liquidity portfolio (£bn)	14.7	20.1	19.1
Total wholesale funding (£bn) (1)	25.1	26.1	23.5
Total funding including repo (£bn)	82.4	89.8	77.0

- (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 2023

	Year ended		Quarter ended		
	31 December 2023	31 December 2022	31 December 2023	30 September 2023	31 December 2022
	£m	£m	£m	£m	£m
Interest receivable	2,186	745	677	614	270
Interest payable	(1,831)	(654)	(523)	(491)	(241)
<b>Net interest income</b>	<b>355</b>	<b>91</b>	<b>154</b>	<b>123</b>	<b>29</b>
Fees and commissions receivable	377	349	98	93	89
Fees and commissions payable	(175)	(158)	(56)	(45)	(32)
Income from trading activities	477	389	148	78	37
Other operating income	35	18	80	(34)	(16)
<b>Non-interest income</b>	<b>714</b>	<b>598</b>	<b>270</b>	<b>92</b>	<b>78</b>
<b>Total income</b>	<b>1,069</b>	<b>689</b>	<b>424</b>	<b>215</b>	<b>107</b>
Staff costs	(418)	(400)	(102)	(94)	(92)
Premises and equipment	(66)	(60)	(19)	(16)	(19)
Other administrative expenses	(642)	(652)	(187)	(181)	(187)
Depreciation and amortisation	(16)	(16)	(6)	(3)	(3)
<b>Operating expenses</b>	<b>(1,142)</b>	<b>(1,128)</b>	<b>(314)</b>	<b>(294)</b>	<b>(301)</b>
<b>Operating (loss)/profit before impairment (losses)/releases</b>	<b>(73)</b>	<b>(439)</b>	<b>110</b>	<b>(79)</b>	<b>(194)</b>
Impairment (losses)/releases	(2)	(8)	(5)	(2)	2
<b>Operating (loss)/profit before tax</b>	<b>(75)</b>	<b>(447)</b>	<b>105</b>	<b>(81)</b>	<b>(192)</b>
Tax (charge)/credit	(23)	183	2	24	147
<b>(Loss)/profit for the period</b>	<b>(98)</b>	<b>(264)</b>	<b>107</b>	<b>(57)</b>	<b>(45)</b>
<b>Attributable to:</b>					
Ordinary shareholders	(168)	(335)	89	(74)	(64)
Paid-in equity holders	70	70	18	17	18
Non-controlling interests	-	1	-	-	1
	<b>(98)</b>	<b>(264)</b>	<b>107</b>	<b>(57)</b>	<b>(45)</b>

## Consolidated statement of comprehensive income for the period ended 31 December 2023

	Year ended		Quarter ended		
	31 December 2023	31 December 2022	31 December 2023	30 September 2023	31 December 2022
	£m	£m	£m	£m	£m
<b>(Loss)/profit for the period</b>	<b>(98)</b>	<b>(264)</b>	<b>107</b>	<b>(57)</b>	<b>(45)</b>
<b>Items that do not qualify for reclassification</b>					
Remeasurement of retirement benefit schemes	(113)	(68)	(111)	(2)	(67)
Change in fair value of credit in financial liabilities designated at FVTPL	(39)	50	(13)	(22)	(52)
FVOCI financial assets	7	(2)	(2)	6	1
Tax	42	32	40	3	42
	<b>(103)</b>	<b>12</b>	<b>(86)</b>	<b>(15)</b>	<b>(76)</b>
<b>Items that do qualify for reclassification</b>					
FVOCI financial assets	5	(31)	(1)	2	4
Cash flow hedges (1)	178	(475)	226	56	100
Currency translation	(132)	245	(56)	68	(91)
Tax	(48)	142	(15)	(17)	(32)
	<b>3</b>	<b>(119)</b>	<b>154</b>	<b>109</b>	<b>(19)</b>
<b>Other comprehensive (loss)/income after tax</b>	<b>(100)</b>	<b>(107)</b>	<b>68</b>	<b>94</b>	<b>(95)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(198)</b>	<b>(371)</b>	<b>175</b>	<b>37</b>	<b>(140)</b>
<b>Attributable to:</b>					
Ordinary shareholders	(268)	(442)	157	20	(159)
Paid-in equity holders	70	70	18	17	18
Non-controlling interests	-	1	-	-	1
	<b>(198)</b>	<b>(371)</b>	<b>175</b>	<b>37</b>	<b>(140)</b>

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

## Consolidated balance sheet as at 31 December 2023

	31 December 2023 £m	30 September 2023 £m	31 December 2022 £m
<b>Assets</b>			
Cash and balances at central banks	13,831	23,086	17,007
Trading assets	45,324	49,542	45,291
Derivatives	79,332	88,232	100,154
Settlement balances	7,227	11,079	2,558
Loans to banks - amortised cost	1,246	1,306	1,146
Loans to customers - amortised cost	12,986	10,856	10,171
Amounts due from holding companies and fellow subsidiaries	1,730	1,722	740
Other financial assets	15,723	14,508	11,870
Other assets	518	621	832
<b>Total assets</b>	<b>177,917</b>	<b>200,952</b>	<b>189,769</b>
<b>Liabilities</b>			
Bank deposits	2,267	2,591	3,069
Customer deposits	6,998	10,475	3,614
Amounts due to holding companies and fellow subsidiaries	5,802	6,256	6,217
Settlement balances	6,641	11,322	2,010
Trading liabilities	53,623	58,290	52,792
Derivatives	71,981	81,084	93,585
Other financial liabilities	23,574	24,093	21,103
Other liabilities	653	607	816
<b>Total liabilities</b>	<b>171,539</b>	<b>194,718</b>	<b>183,206</b>
<b>Equity</b>			
Owners' equity	6,380	6,236	6,565
Non-controlling interests	(2)	(2)	(2)
<b>Total equity</b>	<b>6,378</b>	<b>6,234</b>	<b>6,563</b>
<b>Total liabilities and equity</b>	<b>177,917</b>	<b>200,952</b>	<b>189,769</b>



## Consolidated statement of changes in equity for the period ended 31 December 2023

	Year ended		Quarter ended		
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	30 September 2023 £m	31 December 2022 £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 and end of period	904	904	904	904	904
Merger reserve - at beginning of period	-	-	-	-	-
Additions	(14)	-	(14)	-	-
At end of period	(14)	-	(14)	-	-
FVOCI reserve - at beginning of period	3	33	16	9	-
Unrealised gains/(losses)	11	(44)	(4)	8	1
Realised losses	3	5	3	-	4
Tax	(4)	9	(2)	(1)	(2)
At end of period	13	3	13	16	3
Cash flow hedging reserve - at beginning of period	(294)	47	(375)	(414)	(363)
Amount recognised in equity (2)	(29)	(424)	148	(147)	120
Amount transferred from equity to earnings (3)	207	(51)	78	203	(20)
Tax	(48)	134	(15)	(17)	(31)
At end of period	(164)	(294)	(164)	(375)	(294)
Foreign exchange reserve - at beginning of period	232	(13)	156	88	323
Retranslation of net assets	(143)	325	(51)	89	(97)
Foreign currency gains/(losses) on hedges of net assets	19	(75)	4	(21)	7
Recycled to profit or loss on disposal of businesses	(8)	(5)	(9)	-	(1)
At end of period	100	232	100	156	232
Retained earnings - at beginning of period	3,374	4,138	3,189	3,264	3,506
(Loss)/profit attributable to ordinary shareholders and other equity owners	(98)	(265)	107	(57)	(46)
Ordinary dividends paid	-	(430)	-	-	-
Paid-in equity dividends paid	(70)	(70)	(18)	(17)	(18)
Remeasurement of retirement benefit schemes					
- gross	(113)	(68)	(111)	(2)	(67)
- tax	40	23	39	1	23
Realised (losses)/gains on FVOCI equity shares					
- gross	(2)	6	(2)	-	-
- tax	-	10	-	-	12
Capital contributions (1)	115	-	-	19	-
Changes in fair value of credit in financial liabilities designated at FVTPL					
- gross	(39)	50	(13)	(22)	(52)
- tax	6	(2)	3	3	8
Share-based payments					
- gross	(14)	(18)	5	-	7
- tax	(4)	-	(4)	-	1
At end of period	3,195	3,374	3,195	3,189	3,374

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

## Consolidated statement of changes in equity for the period ended 31 December 2023 continued

	Year ended		Quarter ended		
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	30 September 2023 £m	31 December 2022 £m
<b>Owners' equity at end of period</b>	<b>6,380</b>	6,565	<b>6,380</b>	6,236	6,565
Non-controlling interests - at beginning of period	(2)	(3)	(2)	(2)	(3)
Profit attributable to non-controlling interests	-	1	-	-	1
At end of period	(2)	(2)	(2)	(2)	(2)
<b>Total equity at end of period</b>	<b>6,378</b>	6,563	<b>6,378</b>	6,234	6,563
<b>Attributable to:</b>					
Ordinary shareholders	<b>5,476</b>	5,661	<b>5,476</b>	5,332	5,661
Paid-in equity holders	<b>904</b>	904	<b>904</b>	904	904
Non-controlling interests	<b>(2)</b>	(2)	<b>(2)</b>	(2)	(2)
	<b>6,378</b>	6,563	<b>6,378</b>	6,234	6,563

- (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 a decrease in swap rates compared to prior periods where they rose. The portfolio of hedging instruments is predominantly received fixed swaps.
- (3) The amount transferred from equity to the income statement is mostly recorded within net interest income mainly in loans to customers, balances at central banks and customer deposits.

## Consolidated cash flow statement for the year ended 31 December 2023

	31 December 2023 £m	31 December 2022 £m
<b>Cash flows from operating activities</b>		
Operating loss before tax	(75)	(447)
Adjustments for non-cash items	173	(488)
<b>Net cash flows from trading activities</b>	<b>98</b>	(935)
Changes in operating assets and liabilities	2,617	6,293
<b>Net cash flows from operating activities before tax</b>	<b>2,715</b>	5,358
Income taxes received	99	135
<b>Net cash flows from operating activities</b>	<b>2,814</b>	5,493
<b>Net cash flows from investing activities</b>	<b>(3,251)</b>	(2,905)
<b>Net cash flows from financing activities</b>	<b>(922)</b>	(2,100)
Effects of exchange rate on cash and cash equivalents	(526)	1,090
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,885)</b>	1,578
Cash and cash equivalents at 1 January	26,828	25,250
<b>Cash and cash equivalents at 31 December</b>	<b>24,943</b>	26,828

## Notes

### 1. Presentation of condensed consolidated financial statements

The condensed consolidated financial statements should be read in conjunction with NatWest Markets Plc's 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. Trading assets and liabilities

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

	31 December 2023 £m	31 December 2022 £m
<b>Assets</b>		
Loans		
- Reverse repos	23,694	21,537
- Collateral given	8,914	12,719
- other loans	762	1,113
<b>Total loans</b>	<b>33,370</b>	<b>35,369</b>
Securities		
Central and local government		
- UK	2,729	2,205
- US	2,600	2,345
- other	3,062	2,799
Financial institutions and Corporate	3,563	2,573
<b>Total securities</b>	<b>11,954</b>	<b>9,922</b>
<b>Total</b>	<b>45,324</b>	<b>45,291</b>
<b>Liabilities</b>		
Deposits		
- Repos	26,902	23,740
- Collateral received	15,062	17,663
- other deposits	1,150	1,068
<b>Total deposits</b>	<b>43,114</b>	<b>42,471</b>
Debt securities in issue	706	797
Short positions	9,803	9,524
<b>Total</b>	<b>53,623</b>	<b>52,792</b>

## Notes

### 3. Other financial liabilities

	31 December 2023 £m	31 December 2022 £m
Customer deposits - designated as at fair value through profit or loss (FVTPL)	1,259	1,050
Debt securities in issue		
- Medium term notes	17,608	16,418
- Commercial paper and certificates of deposit	4,433	3,169
Subordinated liabilities		
- Designated as at FVTPL	238	345
- Amortised cost	36	121
<b>Total</b>	<b>23,574</b>	<b>21,103</b>

### 4. Amounts due to holding company and fellow subsidiaries

	31 December 2023 £m	31 December 2022 £m
<b>Liabilities</b>		
Bank deposits - amortised cost	537	108
Customer deposits - amortised cost	55	51
Trading liabilities	1,028	1,129
Settlement balances	-	26
Other financial liabilities - subordinated liabilities	1,022	1,519
MREL instruments issued to NatWest Group plc	3,070	3,173
Other liabilities	90	211
<b>Total</b>	<b>5,802</b>	<b>6,217</b>

### 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 2023 are included in NatWest Markets Plc 2023 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 2023 Annual Report and Accounts, issued on 16 February 2024 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 2023 Interim Management Statement was issued on 27 October 2023, include, but are not limited to, those set out below.

#### 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, NWM Plc, NatWest Markets Securities Inc. (NWMSI) 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.

##### FX litigation

In July and December 2019, two separate applications seeking opt-out collective proceedings orders were filed in the UK Competition Appeal Tribunal (CAT) against NatWest Group plc, NWM Plc and other banks. Both applications were brought on behalf of persons who, between 18 December 2007 and 31 January 2013, entered into a relevant FX spot or outright forward transaction in the EEA with a relevant financial institution or on an electronic communications network. In March 2022, the CAT declined to certify as collective proceedings either of the applications, which was appealed by the applicants, and the subject of an application for judicial review.

In its amended judgment in November 2023, the Court of Appeal allowed the appeal and decided that the claims should proceed on an opt-out basis. Separately, the court determined which of the two competing applicants can proceed as class representative, and dismissed the application for judicial review of the CAT's decision. The case has been remitted to the CAT for further case management and the banks have sought permission to appeal directly to the UK Supreme Court.

In December 2021, a summons was served 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 court concerning liability for anti-competitive FX market conduct described in decisions of the European Commission (EC) of 16 May 2019, along with unspecified damages. The claimant amended its claim to also refer to a 2 December 2021 decision by the EC, which described anti-competitive FX market conduct. NatWest Group plc, NWM Plc and other defendants contested the jurisdiction of the Dutch court. In March 2023, the district court in Amsterdam accepted that it has jurisdiction to hear claims against NWM N.V. but refused jurisdiction to hear any claims against the other defendant banks (including NatWest Group plc and NWM Plc) brought on behalf of the parties represented by the claimant that are domiciled outside of the Netherlands. The claimant is appealing that decision and the defendant banks have brought cross-appeals which seek a ruling that the Dutch court has no jurisdiction to hear any claims against the defendant banks domiciled outside of the Netherlands, including claims brought on behalf of the parties represented by the claimant that are domiciled in the Netherlands.

In September 2023, second summonses were served by Stichting FX Claims on NWM N.V., NatWest Group plc and NWM Plc, for claims on behalf of a new group of parties that have now been brought before the district court in Amsterdam. The summonses seek declarations from the Dutch court concerning liability for anti-competitive FX market conduct described in the above referenced decisions of the EC of 16 May 2019 and 2 December 2021, along with unspecified damages.

##### Government securities antitrust litigation

NWMSI and certain other US broker-dealers are defendants in a consolidated antitrust class action in the United States District Court for the Southern District of New York (SDNY) on behalf of persons who transacted in US Treasury securities or derivatives based on such instruments, including futures and options. The plaintiffs allege that the defendants rigged the US Treasury securities auction bidding process to deflate prices at which they bought such securities and colluded to increase the prices at which they sold such securities to the plaintiffs. In March 2022, the SDNY dismissed the complaint, without leave to re-plead. In February 2024, the United States Court of Appeals for the Second Circuit affirmed the SDNY's decision dismissing the complaint.

##### Swaps antitrust litigation

NWM Plc and other members of NatWest Group, including NatWest Group plc, as well as a number of other interest rate swap dealers, are defendants in several cases pending in the SDNY alleging violations of the US antitrust laws in the market for interest rate swaps. There is a consolidated class action complaint on behalf of persons who entered into interest rate swaps with the defendants, as well as non-class action claims by three swap execution facilities (TeraExchange, Javelin, and trueEx). The plaintiffs allege that the swap execution facilities would have successfully established exchange-like trading of interest rate swaps if the defendants had not unlawfully conspired to prevent that from happening through boycotts and other means. Discovery in these cases is complete. In December 2023, the SDNY denied the plaintiffs' motion for class certification. The plaintiffs have filed a petition requesting that the United States Court of Appeals for the Second Circuit review the denial of class certification.

In June 2021, a class action antitrust complaint was filed against a number of credit default swap dealers, in New Mexico federal court on behalf of persons who, from 2005 onwards, settled credit default swaps in the United States by reference to the ISDA credit default swap auction protocol. The complaint alleges that the defendants conspired to manipulate that benchmark through various means in violation of the antitrust laws and the Commodity Exchange Act. The defendants filed a motion to dismiss the complaint and, in June 2023, such motion was denied as regards NWMSI and other financial institutions, but granted as regards to NWM Plc on the ground

## Notes

### Litigation and regulatory matters continued

that the court lacks jurisdiction over that entity. As a result, the case entered the discovery phase as against the non-dismissed defendants. In January 2024, the SDNY issued an order barring the plaintiffs in the New Mexico case from pursuing claims based on conduct occurring before 30 June 2014 on the ground that such claims were extinguished by a 2015 settlement agreement that resolved a prior class action relating to credit default swaps.

#### EUA trading litigation

NWM Plc was a named defendant in civil proceedings before the High Court of Justice of England and Wales brought in 2015 by ten companies (all in liquidation) (the 'Liquidated Companies') and their respective liquidators (together, 'the Claimants'). The Liquidated Companies previously traded in European Union Allowances (EUAs) in 2009 and were alleged to be VAT defaulting traders within (or otherwise connected to) EUA supply chains of which NWM Plc was a party. In March 2020, the court held that NWM Plc and Mercuria Energy Europe Trading Limited ('Mercuria') were liable for dishonestly assisting and knowingly being a party to fraudulent trading during a seven business day period in 2009.

In October 2020, the High Court quantified total damages against NWM Plc and Mercuria at £45 million plus interest and costs, and permitted the defendants to appeal to the Court of Appeal. In May 2021 the Court of Appeal set aside the High Court's judgment and ordered that a retrial take place before a different High Court judge. In January 2024, NWM Plc entered into an agreement to resolve the claim against it. The settlement amount paid by NWM Plc was covered in full by an existing provision.

#### 1MDB litigation

A Malaysian court claim was served in Switzerland in November 2022 by 1MDB, a Sovereign Wealth Fund, in which Coutts & Co Ltd was named, along with six others, as a defendant in respect of losses allegedly incurred by 1MDB. It is claimed that Coutts & Co Ltd is liable as a constructive trustee for having dishonestly assisted the directors of 1MDB in the breach of their fiduciary duties by failing (amongst other alleged claims) to undertake due diligence in relation to a customer of Coutts & Co Ltd, through which funds totalling c.US\$1 billion were received and paid out between 2009 and 2011. The claimant seeks the return of that amount plus interest. Coutts & Co Ltd filed an application in January 2023 challenging the validity of service and the Malaysian court's jurisdiction to hear the claim. Before that application was heard, in April 2023, the claimant filed a notice of discontinuance of its claim against certain defendants including Coutts & Co Ltd. The claimant subsequently indicated that it intended to issue further replacement proceedings. Coutts & Co Ltd challenged the claimant's ability to take that step. In August 2023, the court disallowed the discontinuation of the claim by the claimant (a decision that the claimant has appealed) and directed that the application by Coutts & Co Ltd challenging the validity of the proceedings should proceed to a hearing, which took place in February 2024. Judgment is awaited.

Coutts & Co Ltd (a subsidiary of RBS Netherlands Holdings B.V., which in turn is a subsidiary of NWM Plc) is a company registered in Switzerland and is in wind-down following the announced sale of its business assets in 2015.

### 7. Post balance sheet events

On 9 January 2024, NWM Plc issued a total of €2.5 billion of notes under the EMTN programme in benchmark transactions. There has been no adjustment to the 31 December 2023 statutory financial statements.

Other than as disclosed in the accounts, 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.

## 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 new profit share arrangement with fellow NatWest Group subsidiaries. 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. 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 2022		
	31 December 2023			Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	12	406	418	5	395	400
Premises and equipment	-	66	66	-	60	60
Depreciation and amortisation	-	16	16	-	16	16
Other administrative expenses	48	594	642	75	577	652
<b>Total</b>	<b>60</b>	<b>1,082</b>	<b>1,142</b>	<b>80</b>	<b>1,048</b>	<b>1,128</b>

	Quarter 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	4	98	102	-	19	19
Premises and equipment	-	19	19	-	6	6
Depreciation and amortisation	-	6	6	27	160	187
Other administrative expenses	27	160	187	31	283	314
<b>Total</b>	<b>31</b>	<b>283</b>	<b>314</b>			

	Quarter ended			30 September 2023		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	4	90	94	-	16	16
Premises and equipment	-	16	16	-	3	3
Depreciation and amortisation	-	3	3	33	148	181
Other administrative expenses	33	148	181	37	257	294
<b>Total</b>	<b>37</b>	<b>257</b>	<b>294</b>			

	Quarter ended			31 December 2022		
	Litigation and conduct costs	Other operating expenses	Statutory operating expenses	Litigation and conduct costs	Other operating expenses	Statutory operating expenses
Staff costs	2	90	92	-	19	19
Premises and equipment	-	19	19	-	3	3
Depreciation and amortisation	-	3	3	45	142	187
Other administrative expenses	45	142	187	47	254	301
<b>Total</b>	<b>47</b>	<b>254</b>	<b>301</b>			

## 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 2023.

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

Frank Dangeard  
Chairman

Robert Begbie  
Chief Executive Officer

Simon Lowe  
Chief Financial Officer

15 February 2024

### Board of directors

**Chairman**  
Frank Dangeard

**Executive directors**  
Robert Begbie  
Simon Lowe

**Non-executive directors**  
Vivek Ahuja  
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').

## Change in immediate parent company

Under Article 21b of the EU Capital Requirements Directive, NatWest Group, as a third-country group with two or more subsidiary banking institutions in the EU, was required to establish a single intermediate parent entity or 'intermediate EU parent undertaking' (IPU) structure. To remain compliant with UK ring-fencing rules, NatWest Group was approved by the European Central Bank ('ECB') to establish a dual IPU structure on behalf of its European subsidiaries. As a result, RBS Holdings N.V. ('RBSH N.V.'), a wholly-owned subsidiary of NatWest Markets Plc ('NWM Plc'), will act as the ring-fenced IPU and became subject to ECB supervision from 1 January 2024. On 1 December 2023, RBS International Depositary Services S.A.'s ('RBSI DS') immediate parent company changed from Royal Bank of Scotland International (Holdings) Limited ('RBSIH') to RBSH N.V. following supervisory approval.

## NatWest Markets Group legal entity disclosures

There is a distinction between the disclosure of the NatWest Markets operating segment performance in the NatWest Group's Annual Report and Accounts and the NatWest Markets Group's results presented in this document, with differences primarily as follows:

- NatWest Markets Group's results include its part of the Central items & other segment.
- NatWest Group's 2023 results reports the NatWest Markets segment excluding Central items & other.

## MAR – Inside Information

This announcement contains information that qualified or may have qualified as inside information for NatWest Markets Plc, for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 for NatWest Markets Plc. This announcement is made by Paul Pybus, Head of Investor Relations for NatWest Markets Plc.

## 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 2023 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 that include 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. 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 (CSFF) and financed emissions. In addition, this document includes forward-looking statements relating, but not limited to: planned cost reductions, disposal losses and strategic costs; implementation of NatWest Group's and NWM Group's strategy (including in relation to investment programmes relating to digital transformation of their operations and services and inorganic opportunities); the timing and outcome of litigation and government and regulatory investigations; funding plans and credit risk profile; managing its capital position; liquidity ratio; portfolios; net interest margin; and drivers related thereto; lending and income growth, product share and growth in target segments; impairments and write-downs; restructuring and remediation costs and charges; NWM Group's exposure to political risk, economic assumptions and risk, climate, environmental and sustainability risk, operational risk, conduct risk, financial crime risk, cyber, data and IT risk and credit rating risk and to various types of market risk, including interest rate risk, foreign exchange rate risk and commodity and equity price risk; customer experience, including our Net Promoter Score (NPS); employee engagement and gender balance in leadership positions.

### Limitations inherent to forward-looking statements

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's and NWM Group's strategy or operations, which may result in NWM Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required.

### 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 GDP growth, inflation and interest rates, supply chain disruption, and geopolitical developments; changes in interest rates and foreign currency exchange rates; uncertainty regarding the effects of Brexit; and HM Treasury's ownership of NatWest Group plc); strategic risk (including in respect of: NatWest Group's strategy and NatWest Group's creation of its Commercial & Institutional segment (of which NWM Group forms part); 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, judgements, estimates and assumptions (and the economic, climate, competitive and other forward looking information affecting those judgements, 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; the failure to implement climate change resilient governance, procedures, systems and controls; 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; and reductions in ESG ratings); 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 judgements, 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 judgements, 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, net zero strategy, including 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-related and other forward-looking statements and metrics' of the NatWest Group 2023 Climate-related 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 generally accepted accounting principles (GAAP). 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.

### Climate and ESG disclosures

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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.

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