Q3 Results 2025

MEDIA Conference Call
Held at the offices of the Company
250 Bishopsgate London EC2M 4AA
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FORWARD-LOOKING STATEMENTS

This transcript includes certain statements regarding our assumptions, projections, expectations, intentions, or beliefs about future events. These statements constitute "forward-looking statements" for purposes of the Private Securities Litigation Reform Act of 1995. We caution that these statements may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by the forward-looking statements. You should read the section entitled "Forward-Looking Statements" in our Results announcement published on Friday 24th October 2025.

NatWest Group

Paul Thwaite, Chief Executive

Katie Murray, Chief Finance Officer

OPERATOR Good morning and welcome to the media call for NatWest Group's Q3 2025 financial results. This call is hosted by Group Chief Executive Officer Paul Thwaite and Chief Financial Officer Katie Murray. If you'd like to ask a question today, you can do this by using the raise hand function on the Zoom app.

If you are dialling in by phone, you can press star 9 to raise your hand and star 6 to unmute when prompted. Paul, please go ahead.

PAUL Good morning everyone and thanks for joining us for NatWest's Q3 results. I'll first say a few words about our progress before Katie takes you through the numbers in more detail and then we'll open it up for questions. Healthy levels of customer activity and the continued support we provide to them underpins our strong performance in the first nine months of the year.

Income, profits and return on tangible equity are all up on this time last year. There's positive momentum across all three of our businesses and this performance has given us the confidence to upgrade our guidance for income and returns in 2025. We continue to deliver on our strategic priorities of disciplined growth and bank-wide simplification together with managing our balance sheet and risk well.

Turning first to growth, which is broad based across our three businesses, we attracted a further 70,000 new customers this quarter and served more than 20 million people, families and businesses across the UK. Our positive impact can be felt throughout the economy, whether helping our customers to buy a home, to grow a business or to save and invest for the future. Net lending in mortgages was up by more than £5 billion for the first nine months.

In part, this is a result of decisions we've taken to broaden our customer proposition, including the introduction of new offers for first-time buyers and family-backed mortgages. And we've supported 36,000 people across the UK to take their first step onto the housing ladder in 2025. We've also broadened our buy-to-let and landlord offer in collaboration with buy-to-let specialist Landbay.

Meanwhile, unsecured lending has grown £2.9 billion or 17.3% so far this year, and we've made good progress integrating customers from our Sainsbury's acquisition. As the UK's biggest bank for business, the strength of our Corporate and Institutional franchise is fundamental to our performance and positions us well for the future as we support businesses of all sizes right across the country. Lending growth of £7.9 billion in the first three quarters of 2025 was, in part, driven by increased funding in key sectors such as infrastructure, social housing and sustainable finance. As the number one lender to infrastructure, we are supporting many large-scale programmes up and down the country. And in quarter three, we have delivered £7.6 billion towards our 2030 Group Climate and Transition Finance target, announced in July of £200 billion. In Private Banking and Wealth Management, as more customers across the bank choose to save and invest with us, assets under management and administration have grown 14.5% so far this year, to £56 billion. This has contributed to growth in non-interest income, along with revenues from payments and cards, and good performance in our currencies and capital markets business. Taken together, we believe we're well-placed to continue delivering growth driven by customer activity across all three of our businesses. Turning to our second priority of bank-wide simplification, we've seen a five percentage point improvement in the Group Cost-Income Ratio to 47.8%. And we're pleased with the progress we are making, whether that is continuing to digitise customer journeys, modernising our technology estate or consolidating our global property footprint. AI is a key enabler of our ambitions. As we scale our use of Gen AI and accelerate our data simplification, we are improving customer and colleague experience and increasing efficiency and productivity as a more agile and technology-driven bank. Turning to our final priority of active balance sheet and risk management, the actions we have taken through the year have contributed to the 202 basis points of capital we have generated so far in 2025.

As a result, we are well-placed not only to support our customers, but to invest in our business and deliver attractive returns to our shareholders. With that, I will hand over to Katie to take you through some of the numbers in more detail.

KATIE

Thanks, Paul, and good morning, everyone. As Paul said, our strong performance reflects the activity of our customers. Over the last six years, we've seen lending growth of more than 4% a year, outpacing the market.

And for the first nine months of this year, we've delivered an operating profit before tax of £5.8 billion, and a return on tangible equity of 19.5%. Within this, underlying income has grown to £12.1 billion. And we continue to keep a tight control on costs, where we remain focused on delivering savings that allow us to invest and accelerate our bank-wide simplification. Given the strength of our performance and continued positive momentum, we are revising our full-year guidance for income and returns.

We now expect full-year total income, excluding notable items, to be around £16.3 billion for 2025. And we expect our return on tangible equity to be greater than 18% for the year. Our cost impairment and RWA guidance for the year remains unchanged, as does our guidance for 2027.

Our well-diversified, prime loan book continues to perform well, and our net impairment charge of £153 million in Q3’25 represents 15 basis points of loans. Overall, we are comfortable with our provisions and coverage, and we have no significant concerns about the credit portfolio at this time. Given the current performance of the book, we continue to expect a loan impairment rate below 20 basis points for the full year.

And with a CET1 capital ratio of 14.2%, we have strong levels of capital and liquidity. As you would expect, there are a lot of indicators we are watching closely. And clearly there is some uncertainty, whether geopolitical or economic.

But taking a step back, we remain cautiously optimistic on the outlook, and this is reflected in the activity we are seeing from our customers. Though inflation is above target, there is growth in the economy. Unemployment is low, wage growth is above the rate of inflation, and businesses and households have relatively high levels of savings and liquidity.

So there are no changes to our economic assumptions. We are well placed to continue supporting our customers and ultimately delivering growth across the UK. I'll now hand back to Paul for some closing remarks before we take your questions.

PAUL Thanks, Katie. Looking to the longer term, the financial sector has a vital role to play in our economic growth, supporting customers to achieve their ambitions and helping to deliver prosperity across every nation and region of the UK. This is something that the government has consistently recognised, and at NatWest it is something we are committed to playing our part in.

We want to continue using our capital to support our customers and to help them grow. You can see from our results today the positive impact we have on the economy and the UK. Thank you.

I'll now hand over to the operator to take your questions.

OPERATOR We'll now take your questions. If you would like to ask a question today, you can do so by using the raised hand function on the Zoom app. If you are dialling by phone, you can press star 9 to raise your hand and star 6 to unmute once prompted.

We'll pause for a moment to give everyone an opportunity to signal for questions. Our first question today comes from Ben Martin of The Times. Ben, if you'd like to unmute and ask your question.

BEN Thank you very much. Can you hear me?

OPERATOR Yes, we certainly can.

BEN Oh, lovely. Just two questions.

Paul, are you looking to do any expansion in wealth management at all? I mean, would you be interested in buying something like Evelyn Partners that looks like it's coming on the market soon? And secondly, NatWest is a shareholder in Motability and there's speculation that the government will cut tax breaks on Motability.

Would NatWest be prepared to step in and support Motability financially if that scheme came into trouble? Thank you.

PAUL Thanks, Ben. Good to hear from you. On Private Banking and Wealth, I'm very pleased with the results you can see today in our Private Banking and Wealth business.

Assets under management are up by 14.5 percent. Returns are greater than 20 percent. We feel the plan that we laid out in the middle of the year at our investor day is bearing fruit.

So that's great to see. So I've got very high confidence in that plan and the organic plan. It is an area, as I've spoken about before, that I think the demographics and structurally are attractive.

But as you've heard me say before, given the confidence we have in the organic plan, any inorganic activity has a very high bar and needs to be compelling from a shareholder value creation perspective. So if there are opportunities to accelerate the plan, we'll take a look, but we'll be very cold eyed in terms of our assessments. So that's on Wealth.

On your second question on Motability, obviously there's an awful lot of speculation, Ben, around the upcoming Budget, about a whole host of different measures. I've no doubt that will continue over the course of the next four weeks as well, up until the Budget. I'm not going to speculate on what the government may do, may not do, and certainly won't speculate on another company.

Ultimately, it's a decision for the Chancellor and the government. Thanks, Ben.

OPERATOR Our next question comes from William Shaw of Bloomberg. William, if you'd like to unmute and ask your question.

WILLIAM Yes. Thank you very much. So costs are up about 9% year on year.

Is that from higher employment costs and will that affect hiring in 2026? And also on credit costs, they're very low, but given the big bankruptcies in the State, are you doing anything to ensure that you don't face similar losses, like reviewing your portfolio or tightening underwriting at all?

PAUL Thanks, Will. I don't recognise your numbers in the first question on costs. Our costs are up 1% quarter on quarter, and our guidance for the year, which we're on costs we're keeping consistent today is 8 billion, which is around...

WILLIAM Year on year, 9.4%. No, I don't.

PAUL Yeah. So, I mean, what you can see in the plan today is obviously revenues are up 12.5% year to date. Costs are up about 2%.

So our jaws are around 9, 10%. It's the jaws that are 9%. Maybe that's the confusion.

So income at 12%, costs are 2%. So we're managing, we're growing our income well, and we're managing our costs very tightly. In terms of your second question, which was, I guess, just around the wider credit environment, was that the theme?

WILLIAM Yes, that's right.

PAUL Obviously, there's been a lot of interest in I guess, private markets, private credit. That's played an increasingly important role in the, I guess, in the financial ecosystem since the financial crisis. It's providing a lot of capital to the real economy, private markets, whether that's infrastructure, whether that's real estate, or whether that's direct corporate lending.

From our perspective, we don't have any exposure to the two names, the two US names that have been in the press over the course of the last seven to 10 days. And as you'd expect, I guess, for a company that has a prime lending book, we're actively monitoring our exposures in the context of those market events. But you'll see from our guidance today, we're very comfortable in our asset quality.

Our impairments for the quarter were 15 basis points. And we've held to our guidance of less than 20 basis points for the year. So we feel very comfortable around asset quality.

But we're always, always alive to that wider external environment. Thanks, Will. And hopefully, we've cleared the cost question up for you there.

WILLIAM Yeah, thank you.

OPERATOR Thank you. Our next question comes from Laith from the Financial Times. Laith, if you'd like to unmute and ask your question.

LAITH Hi, Paul. I noticed that the, and I think you say that it is modest, but the customer deposits have reduced by about a billion over the quarter. I think it says, yeah, reflection, reduction in savings for retail banking, the private bank.

I know you say it is modest, but what is, I suppose, what is going on there is slightly niche, I suppose, may be for Katie, but the banks obviously lent a lot to challenger broadband companies, the Altnets, which are obviously facing a certain amount of financial pressure. I wondered if it was sort of, if any of the, if any of this was captured in the impairments you've listed there, and whether the sort of bank was reviewing its lending to that sector.

PAUL

Great, Laith, thank you. I'll actually take both of them, I think. So on deposits, so you get the broader context, Laith, is deposits are actually up year to date, they're up about three and a half billion, that's about 1% up.

As we spoke about, actually, at the half year, there was a very competitive ISA season around April, linked to a lot of speculation about what was going to happen with ISAs. If you dig down into our deposit performance in quarter three, there's different trends, actually. Our commercial bank deposits are up, our private bank by about £0.4 billion, our private bank deposits are marginally down, what we've actually seen there is higher tax payments, but also more of our clients moving money into investments, so from cash deposits into investments. On the Retail side, again, you have to unpack it a little bit, current account balances are up, which is positive. So we've seen growth in our current account balances, instant access savings are flat, where we've seen the reduction is in fixed term accounts. We had some large maturing deposits from prior years, and what we're trying to do is strike the balance there between, I guess, value and volume, and ensure that we're creating value in terms of retention of those deposits.

So hopefully that's helped unpack the trend a little bit. Probably worth bearing in mind, Laith, that our loan deposit ratio is 88%, our LCR is 148%, so we feel very comfortable that it's appropriate for us to manage the volume and value. So that's where we are on deposits.

On the fibre sector, a couple of things I would say on that. First of all, this is a sector that is important to the UK. It's critical that the UK continues to build out its digital infrastructure across all the nations and regions.

We need that to drive productivity and to drive economic growth in the UK. I think some of the sector's challenges, as you alluded to, and the dynamics in the sectors are well known. It requires an awful lot of cap-ex in terms of building out the infrastructure.

And also some of the operators, the Altnets, as you referred to them, have probably grown at a slower rate than they expected to in terms of customer numbers and scaling up. We haven't paused our new lending. We support existing customers, and we also continue to support new customers.

As you'd expect, we're taking a very considered approach, given some of the stresses and challenges in that sector. But we look at each case on a case-by-case basis. What I'd say is it's important to put it in the context of the size of our commercial bank.

We've got the biggest commercial bank in the country, £150 billion of lending. So any exposure should be looked at in that light. And there's no material impairments, as you can see in quarter three, what we'd call stage three impairments, as they relate to that sector.

So hopefully that gives you a full kind of bit of colour on the sector and kind of our position. But I would frame it as it is an important sector for the UK overall. Thanks, Laith.

OPERATOR Our next question comes from Kalyeena from The Guardian. Kalyeena, if you'd like to unmute and ask your question.

Kalyeena Good morning. Thanks for taking questions. I want to return to private credit for a moment.

You said you're actively monitoring your exposures following the US bankruptcies. Can you give a figure on your exposure to the private credit market? And have you been contacted by the Bank of England as it tries to take a closer look at those potential systemic risks?

And then going back to the Budget, ahead of the date in November, are you seeing any impact of Budget uncertainty on consumer behaviour? And do you have any underlying concerns or warning for Treasury on specific tax hikes or policy plans? Thanks.

PAUL Okay, nice to hear from you, Kalyeena. Thank you.

Okay. So on private credit, yeah, I mean, I won't repeat everything I said earlier.

But it's an increasingly important part of provision of capital to the real economy. We know that sector well, we're very vigilant in terms of the asset class, and our oversight of it. No exposure to the two US names discussed.

We do have, if you look in our disclosures, we do provide lending to insurers, asset managers, financial sponsors. If you're thinking about lending to funds who originate private credit, then it's less than £5 billion exposure. And I just put that in context of £150 billion exposure in the commercial bank, and over £420 billion at a Group level.

So relatively modest in that respect. And it's all well established business lines, very long standing customers. And by its very nature, as you'll know, Kalyeena, it's very short term, over 70% of it has residual maturity of less than one year.

So that's where we are on private credit, we feel very comfortable around our asset quality. On the Budget, there's a lot of speculation. I said in the earlier question, I think the speculation is inevitably going to continue over the course of the next four weeks.

In terms of how we're seeing that from a customer perspective, I'd say it's playing into sentiment rather than actual customer behaviours. We're still seeing a lot of healthy customer activity. But obviously, households and businesses are being thoughtful in terms of how they spend, they save, and invest.

I won't comment on any of the specific measures, because I don't think that helps the speculation. But overall, we recognise some of the choices that the government has, trying to balance fiscal discipline, but also ensuring there are policies that create stability, consistency, and support growth. Thanks, Kalyeena.

OPERATOR Our next question comes from Louis Goss of The Telegraph. Louis, if you'd like to unmute and ask your question.

LOUIS Hi, can you hear me?

PAUL Yeah, we got you, Louis. Hi.

LOUIS I was just wondering, just on the Budget stuff, are you concerned about the possibility of an increase to the windfall tax on banks? Is that a big concern for you as well?

PAUL Thank you, Louis. I've spoken about this subject before, happy to again. My view remains that strong economies need strong banks.

And I really want to use the capital of the bank to support our customers. You can see in our numbers today, we're providing a lot of capital to those who are buying houses or moving houses, a lot of capital to businesses, from small businesses to large businesses. So I think it's important that strong domestic banks are, you know, the backbone of the UK.

And the best way to use our capital is to support customers. I've been encouraged by what the Chancellor and government have said and about how they see the role of financial services and banks in helping support that growth agenda. I do welcome those comments.

From an NatWest perspective, I want us to play our part. Those messages have resonated well with investors. They have supported confidence in the sector.

And as I've also previously said, I think the government should be thoughtful about the signals it sends to investors who are looking at the UK as a long term home for capital. Thanks, Louis.

OPERATOR Our next question comes from Anna Wise of PA. Anna, if you'd like to unmute and ask your question.

ANNA Hi, morning. Thank you so much for doing the call. Yeah, I was wondering if you could say a bit about what's happening in the mortgage market.

Have you been able to lend more to first time buyers as a result of the government's new lending rules and just has demand held up since April's stamp duty change? And then just also, correct me if I'm wrong here, but I think I read that 600 roles have been reduced since last year. If that's the case, then which parts of the business have they come from?

And are you targetting further job productions in the year ahead? Thank you.

PAUL Thanks, Anna. Good to hear from you. On mortgages and first time buyers.

So we're very encouraged with the mortgage market generally and our performance within it. You can see that we've grown in the quarter by about one and a half billion of mortgage lending, and that's five billion up year to date. The changes on first time buyers that came through in respect of loan to income multiples and stress testing have certainly supported the first time buyer market.

So we're encouraged by that. We've lent to 36,000 first time buyers year to date, which is great. So I certainly think they've helped in that respect.

There was a bit of an acceleration, as you alluded to, up until the end of the tax year in April, but actually volumes have remained healthy since then as well. So we're encouraged by that on the first time buyer front. On headcount and jobs, yeah, you're right.

I think if you do the comparison, it's around 600 reduction. I just put that in context of we're a bank that has 60,000 employees. So from that perspective, putting 600 in the context of 60,000 is relatively modest.

And actually, we continue to see a reshaping of the workforce. I spoke about this in July. It's about getting the right skills in the right place.

So we continue to add roles in areas like tech, software engineering, AI, data and analytics, and obviously some of the roles around things like operations or manual operational processes reduce. We wouldn't talk about any job cuts before we spoke to our colleagues, but really the spirit of what we're doing is really reshaping the workforce to make sure we've got the bank we need to support our customers who are demanding different things from us across all our three businesses. Thanks, Anna.

OPERATOR Thank you very much for all your questions. I'll now hand back to Paul to close.

PAUL

Thanks, guys. Appreciate the questions, broad ranging. The press office are here if you want to follow up on any specifics.

I'm conscious I didn't answer a small part of your question about regulators and private credit, but obviously we'll engage with regulators in any review that they're doing in respect of disclosures. But the press office are here. Hope you have a good day and hope you have a good weekend.

Thank you.

OPERATOR That concludes today's presentation. Thank you for your participation. You may now disconnect.

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