

NatWest Markets Plc

Financial Highlights

Q3 2023



Q3 2023 highlights¹

We have continued to focus on our strengths to support our customers' evolving needs with financing and risk solutions. As part of the NatWest Group Commercial & Institutional segment, we have made progress in unlocking further opportunities for growth and building deeper relationships with NatWest Group customers.

Financial performance	£215m Total Income	£257m Other operating expenses	£(81)m Operating loss before tax	
Capital and leverage	15.1% CET1 Capital ratio vs medium term target of around 14%	4.9% Leverage ratio vs greater than 4% medium term target	31.9% MREL ratio vs greater than 30% medium term target	£23.4bn Risk Weighted Assets
Liquidity and funding	229% Liquidity coverage ratio	£19.2bn Liquidity portfolio	£2.4bn YTD Senior unsecured public benchmark issuance	

- Total income of £215m in Q3 2023, up £50m compared to Q2 2023, mainly driven by higher net interest income, largely reflecting growth in lending activity, and higher Currencies revenues, partially offset by lower own credit adjustments.
- Operating expenses of £294m in Q3 2023 were £45m higher with litigation and conduct costs £53m higher than Q2 2023, reflecting ongoing progress in closing legacy matters. Other operating expenses were down by £8m compared to Q2 2023, mainly driven by lower staff costs.
- Strong capital and liquidity positions maintained, with NWM Plc CET1 ratio of 15.1%, total MREL of 31.9%, and LCR of 229%. NWM Plc's liquidity portfolio at 30 September 2023 was £19.2bn.
- Total NWM Plc RWAs were £23.4bn at 30 September 2023, compared with £20.2bn at 30 June 2023. The increase in the current quarter was primarily due to [higher market risk, reflecting increased regulatory Value-at-Risk (VaR) and Stressed Value-at-Risk (SVaR) from risk positioning and the higher interest rate environment.
- NWM Plc issued public benchmark transactions totalling £2.4bn of notes in the nine months ended 30th September 2023. Transactions comprised three issuances under the EMTN programme being €1.5bn, CHF0.25bn and £0.5bn 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 period including, but not limited to, structured note issuance.
- Climate and sustainable funding and financing have continued to perform well, and as at the end of Q3 2023 we had delivered £25.7bn towards the NatWest Group climate and sustainable funding and financing target² of £100bn between 1 July 2021 and the end of 2025.

Note: (1) Income and loss for the period relates to NWM Plc consolidated, other amounts relate to NWM Plc solo. (2) This comprises funding and financing for climate and sustainable finance to support transition towards a net-zero and climate-resilient economy.

The guidance, targets, expectations and trends discussed in this presentation represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" in NWG's 2022 Annual Report and Accounts, the Risk Factors in the NWM 2022 Annual Report and Accounts, and the Summary Risk Factors in the NWG H1 2023 IMS and the NWM Plc H1 2023 IMS. These statements constitute forward looking statements under the US Private Securities Litigation Reform Act of 1995; refer to Forward Looking Statements in the NWM Plc ARA. The forward-looking statements contained in this document speak only as of the date of this document and NWM Plc does not assume or undertake any obligation or responsibility to update any of these statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Our Purpose

NWM Group aims to be the partner of choice to meet the financial markets needs of NatWest Group customers.

Digitally-led Currencies business that is well connected across NatWest Group, operating seamlessly to deliver for customers

Innovative Capital Markets platform with market leading distribution and structuring expertise and climate and ESG capabilities

Strong focus on climate and ESG and award-winning innovation in sustainable financing

Our business

Our customers

As part of NatWest Group, we support its corporate and institutional customers. We work in close collaboration with teams across NatWest Group to provide capital markets and risk management solutions to its customers and aim to be the partner of choice for our customers' financial markets needs.

Our operations

NWM Group is headquartered in the UK with trading hubs in Amsterdam, London, Singapore and Stamford (US), with sales offices across key locations in the UK, EU, US and Asia. Financial markets access is offered by NWM Group across NatWest Markets Plc (NWM Plc) and its subsidiaries, including NatWest Markets Securities Inc. and NatWest Markets N.V. (NWM N.V.).

Our products and solutions

We provide liquidity and risk management in Currencies and Fixed Income through a combination of voice and electronic delivery channels. Through our Capital Markets business we provide an integrated proposition across financing, solutions and advisory services. Our strategist and content experts across Currencies, Fixed Income and Capital Markets offer industry and economic insights in the key economies where our customers do business. We have a sharp focus on digitisation and automation with our range of digital FX, fixed income, risk management and international payments options.

Fixed Income:

We have long-standing expertise in the fixed income markets and offer cash bond, repo and interest rate derivatives with a focus in sterling, euros and US dollars that supports our customers' financing and hedging needs. In addition, we provide liquidity and credit for investment grade and high yield bonds and loans for both financial institutions and corporate issuers.

Currencies:

We are an award-winning foreign exchange service provider offering FX spot, forwards, cross currency swaps and options as well as an FX prime brokerage service and FX digital solutions.

Capital Markets:

We aim to be the partners of choice for our customers, helping them to access global debt capital markets across a wide variety of products and target markets, including bonds, loans, commercial paper, medium-term notes (MTNs) and private placements, as well as bespoke financing solutions and primary lending products.

We also provide customers with thought leadership, advice and products to support their climate and ESG strategies through our ESG and Climate Capital Markets platform.

Underpinned by our focus on climate and ESG as a driver of value creation

Our support for customers has been recognised by a number of industry awards

Best FIG MTN Private Placement Dealer, Best Corporate Private Placement Dealer and the Most Improved Money Market Dealer
CMDportal Awards 2023

Best FX Bank for Corporates
Euromoney Foreign Exchange Awards 2023

Best Prime Broker
E-FX Awards 2023

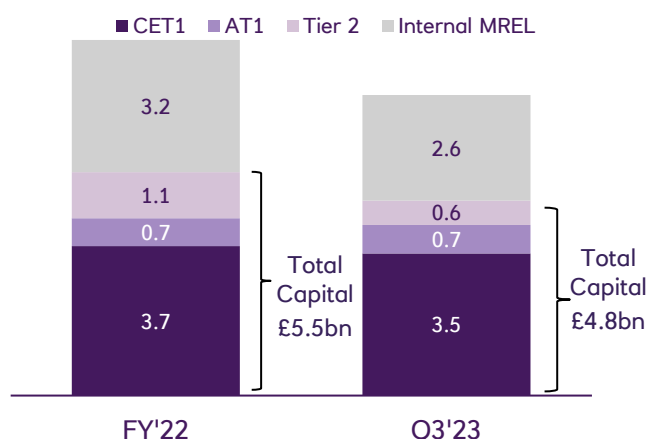
Most impressive FIG House in Sterling, Most Impressive SSA House in Sterling, Most impressive Financial Institution Issuer at Using Liability Management
GlobalCapital Bond Awards 2023

Best Sterling Lead Manager, Dollar Deal of the Year
GlobalCapital Covered Bond Awards 2023

Q3 2023 Financials overview

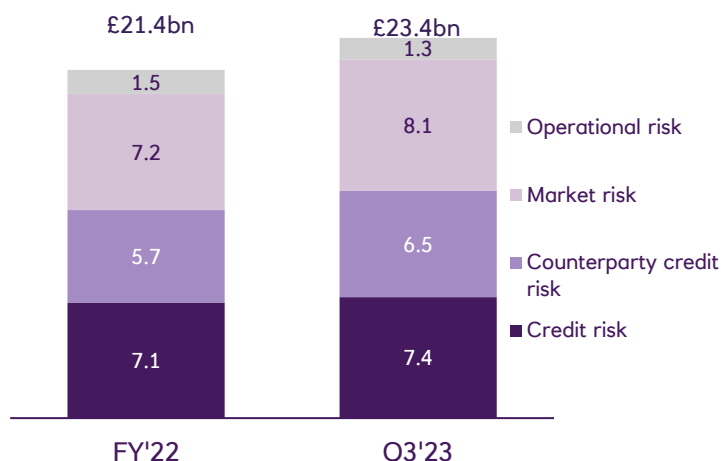
NWM Plc Capital and RWA profile

NWM Plc Regulatory capital and MREL Stack (£bn)³



Note: numbers may not cast due to rounding

NWM Plc Risk Weighted Assets (£bn)

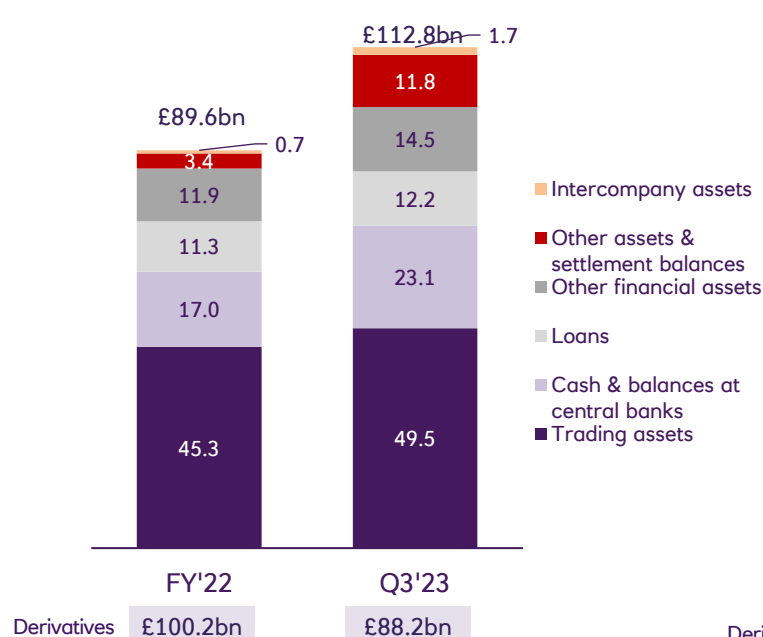


NWM Group Balance Sheet profile (£bn)

Total assets £201.0bn (FY'22: £189.8bn)

o/w Funded Assets £112.8bn (FY'22: £89.6bn)

Total liabilities and equity £201.0bn (FY'22: £189.8bn)⁴

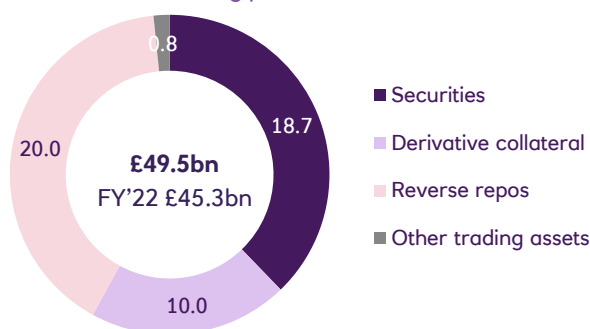


Note: Funded assets are represented by NWM Plc's total assets, in accordance with the published IFRS balance sheet, less derivative assets.

Note: numbers may not cast due to rounding

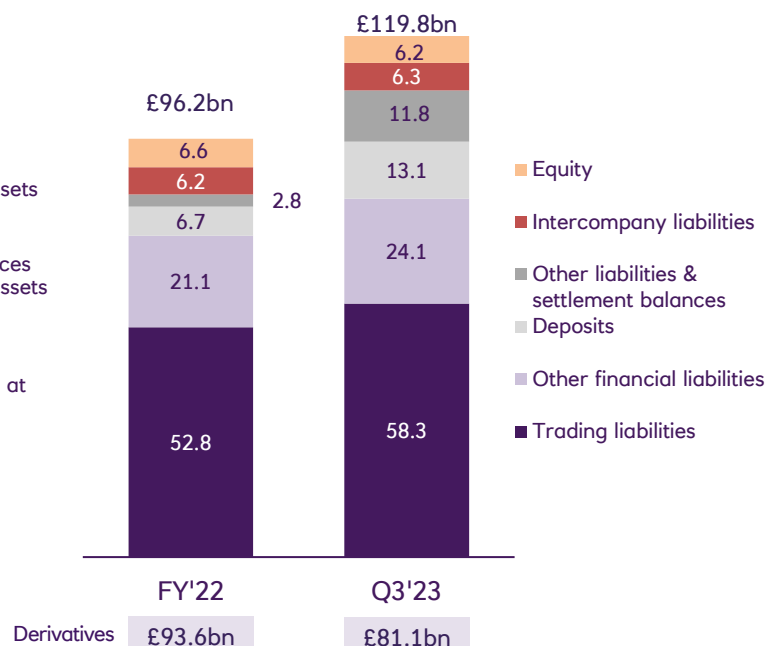
Trading assets £bn

Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

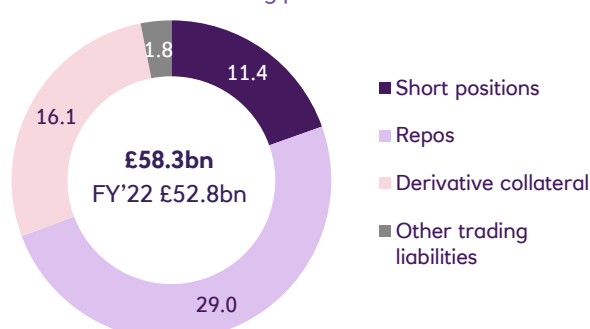
Note: (3) Excludes non-eligible capital. (4) Equity represents accounting value of capital.



Note: numbers may not cast due to rounding

Trading liabilities £bn

Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

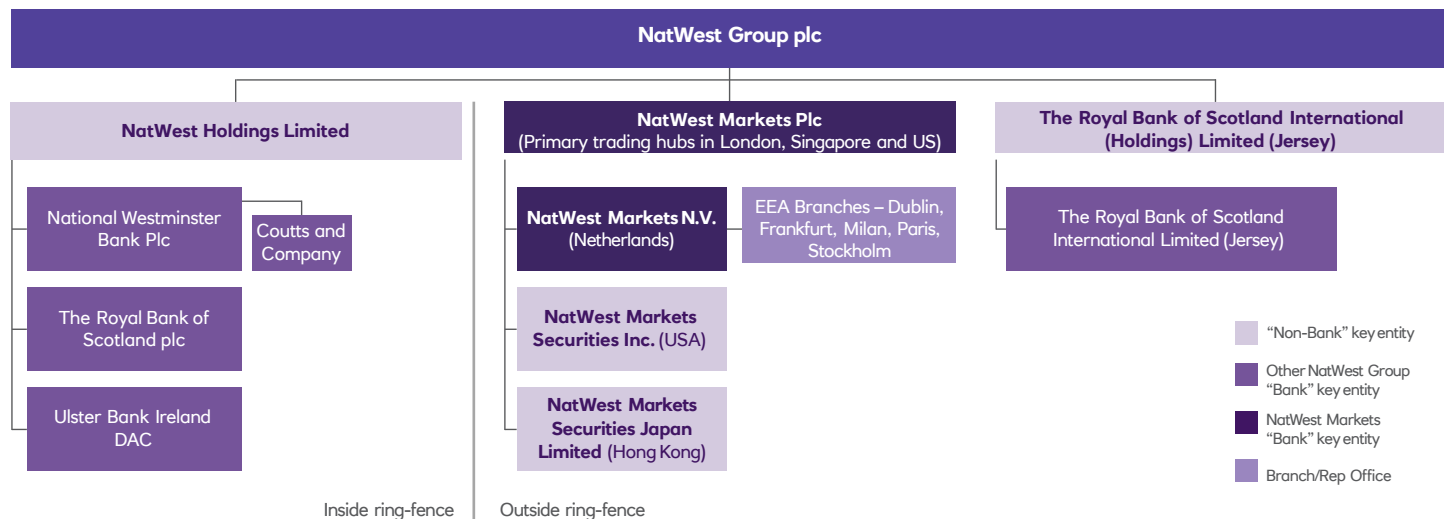
NWM Group consolidated income statement (£m)⁵

Income statement	9M'23	Q3'23	9M'22	Q3'22
Fixed Income	137	32	35	12
Currencies	351	124	394	114
Capital Markets	332	114	305	88
Capital Management Unit & other ⁶	(26)	3	(72)	(25)
Income including shared revenue before OCA	794	273	662	189
Revenue shared with or paid to fellow NatWest Group subsidiaries	(151)	(51)	(140)	(53)
Own credit adjustments (OCA)	2	(7)	60	8
Total income	645	215	582	144
Litigation and conduct costs	(29)	(37)	(33)	(13)
Other operating expenses	(799)	(257)	(794)	(274)
Operating expenses	(828)	(294)	(827)	(287)
Operating profit / (loss) before impairments	(183)	(79)	(245)	(143)
Impairment releases / (losses)	3	(2)	(10)	(5)
Tax (charge) / credit	(25)	24	36	15
Profit / (loss) for the period	(205)	(57)	(219)	(133)

Credit ratings

	Moody's ⁸	Standard & Poor's ⁹	Fitch
NWM Plc / NWM N.V.			
Senior Unsecured	A1 / P-1 / Stable	A / A-1 / Stable	A+ / F1 / Stable
Counterparty Rating ⁷	A1 / P-1	A+ / A-1	A+ (dcr)
NatWest Markets Securities Inc.			
Senior Unsecured	Not Rated	A / A-1 / Stable	A / F1 / Stable
Counterparty Rating ⁷	Not Rated	A / A-1	A (dcr)

NatWest Markets Plc within the NatWest Group¹⁰



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Note (5) NWM Plc consolidated results includes the Central Items & Other segment. (6) Capital Management Unit was set up in Q3 2020 to manage the capital usage and optimisation across all parts of NatWest Markets. The income shown here relates to legacy assets (7) These ratings apply to liabilities which the agencies believe are likely to be protected in resolution. The definition of the liabilities covered by the different counterparty ratings varies and therefore cannot be treated as like-for-like, please refer to the Moody's, Standard & Poor's and Fitch methodologies for additional information. (8) On 23rd September 2022, Moody's upgraded the rating of NWM Plc and NWM N.V. to A1 from A2 with stable outlook. (9) On 12th April 2023, S&P upgraded the rating of NWG to BBB+ from BBB and affirmed it's A-2 short term credit rating. NWM's ratings were upgraded to A/A1 from A-/A1, with Stable outlook. (10) Simplified hierarchy to assist understanding.