

NatWest Markets Plc Financial Highlights Q1 2023



Q1 2023 highlights¹

Our business performance has been strong over the quarter, delivering improved income relative to the prior period and we have continued to contribute to the NatWest Group Commercial & Institutional (C&I) segment. Through a period of significant market disruption we have maintained a proactive approach to risk management and continued to support our customers as they have navigated macroeconomic uncertainty, including the impacts of rising interest rates through the quarter.

Financial performance	£265m Total Income	£277m Other operating expenses	£(18)m Operating loss before tax
Capital and leverage	18.2% CET1 Capital ratio vs medium term target of around 14%	5.6% Leverage ratio ² vs greater than 4% medium term target	42.4% MREL ratio vs greater than 30% medium term target
Liquidity and funding	255% Liquidity coverage ratio	£20.3bn Liquidity portfolio	£1.5bn Senior unsecured public benchmark issuance

- As at the end of Q1 2023 we had provided £19.4bn in total towards the NatWest Group climate and sustainable funding and financing target of £100bn between 1 July 2021 and the end of 2025, of which £3.9bn was provided in Q1 2023.
- Total income of £265m in Q1 2023 was up by £158m compared with £107m in Q4 2022 and up by £46m compared with £219m in Q1 2022, largely reflecting stronger relative performance in Fixed Income including the impact of challenging market conditions on the comparative periods, and lower Currencies income compared with Q1 2022, a period which benefitted from heightened FX volatility levels.
- Operating expenses were £285m in Q1 2023, compared with £301m in Q4 2022 and £291m in Q1 2022. The decrease compared with the prior quarter was driven by lower litigation and conduct costs, largely reflecting progress made in the previous quarter in closing legacy matters, partially offset by an increase in other operating expenses.
- Strong capital and liquidity positions maintained, with NWM Plc CET1 ratio of 18.2%, total MREL of 42.4%, and LCR of 255%.
- Total NWM Plc RWAs were £20.2bn at 31 March 2023, compared with £21.4bn at 31 December 2022. The decrease in the quarter was largely due to lower market risk, mainly driven by reduction in risk exposures and Value-at-Risk (VaR) multiplier, in addition to lower counterparty credit risk and operational risk.
- NWM Plc's liquidity portfolio at 31 March 2023 was £20.3bn.
- NWM Plc issued public benchmark transactions under the EMTN programme totalling €1.5bn of notes in the three months ended 31 March 2023 and also raised funding in other formats throughout the quarter including but not limited to structured note issuance.

Note: (1) Income and loss for the period relates to NWM Plc consolidated, other amounts relate to NWM Plc solo. (2) Calculated in accordance with changes to the UK's leverage ratio framework introduced by the PRA which came into effect from 1 January 2022.

The guidance, targets, expectations and trends discussed in this presentation represent 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, as well as the Risk Factors in the NWM 2022 Annual Report and Accounts. 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's 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 the 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're 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 Bank for FX Prime Brokerage for the third consecutive year and Best Bank for Post-Trade Services for the eighth consecutive year
FX Markets Best Banks Awards 2022

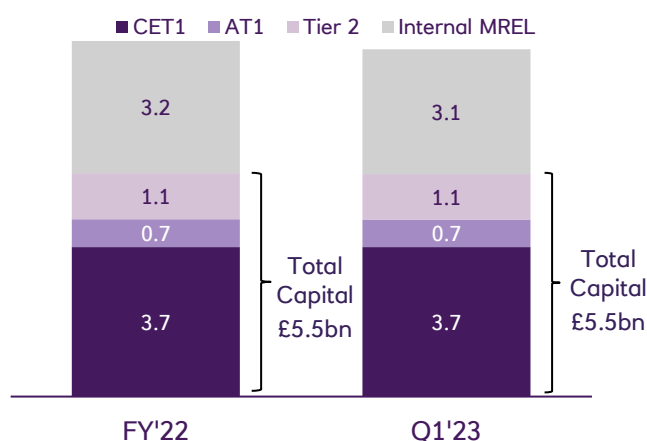
Lead manager of the year, social bonds – local authority/municipality award,
Environmental Finance Bond Awards 2022

Best Sterling Lead Manager,
GlobalCapital Covered Bond Awards 2022

Q1 2023 Financials overview

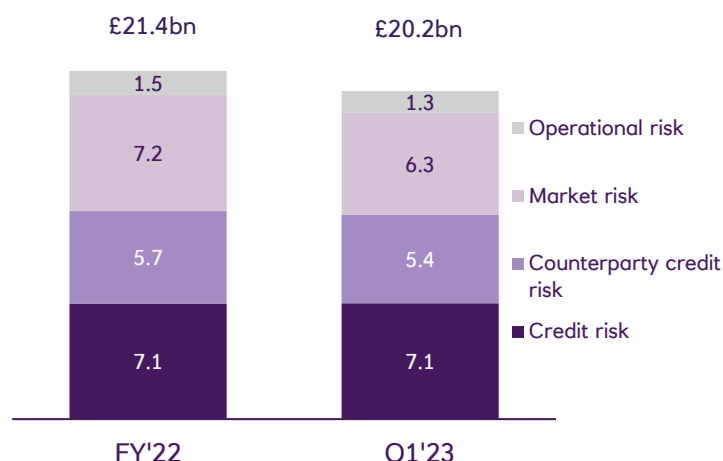
NWM Plc Capital and RWA profile

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



Note: numbers may not cast due to rounding

NWM Plc Risk Weighted Assets (£bn)

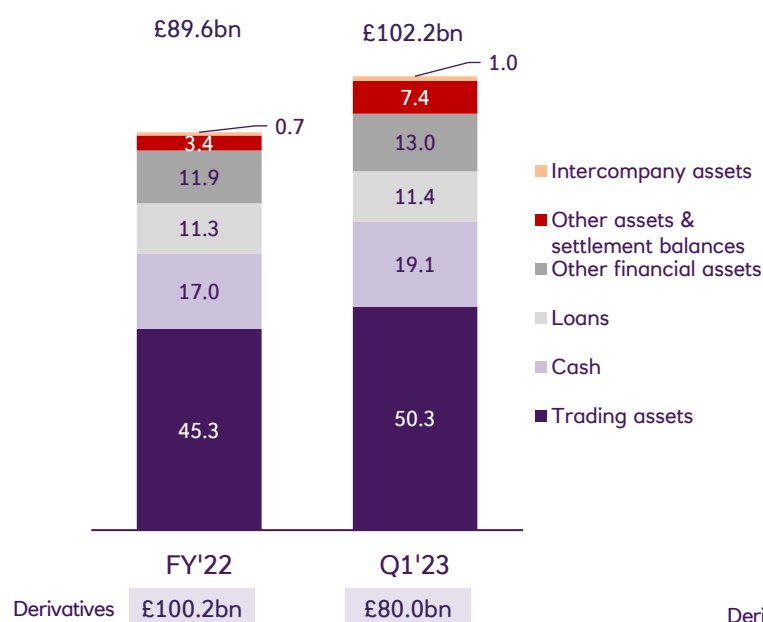


NWM Plc consolidated balance sheet (£bn)

Total assets £182.2bn (FY'22: £189.8bn)

o/w Funded Assets £102.2bn (FY'22: £89.6bn)

Total liabilities and equity £182.2bn (FY'22: £189.8bn)⁴

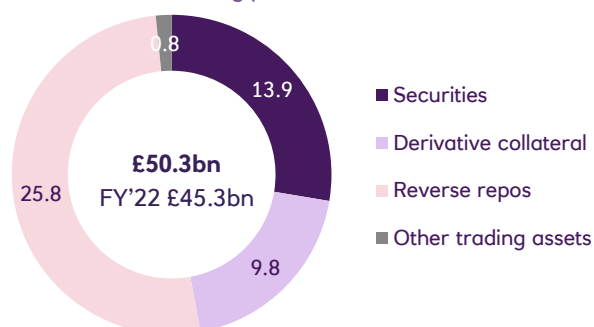


Note: Funded assets are represented by NWM Plc's total assets, in accordance with the published IFRS balance sheet, less derivative assets.

Note: numbers may not cast due to rounding

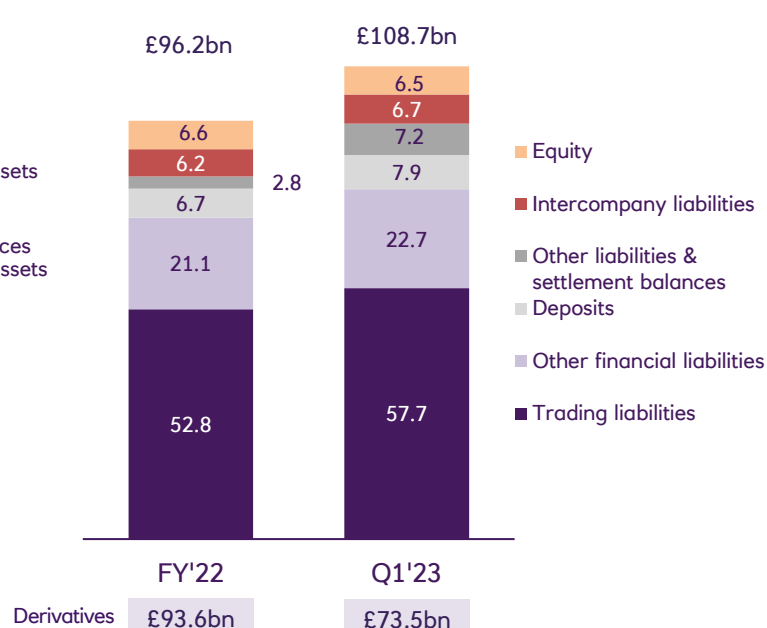
Trading assets £bn

Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

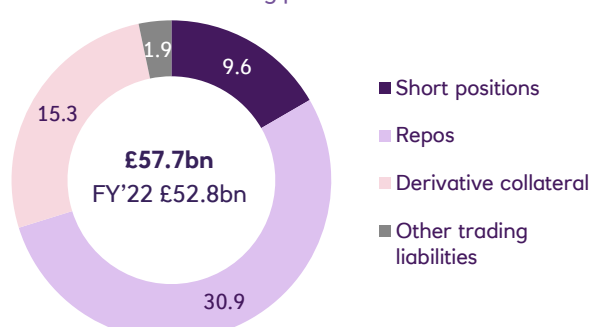
Note: (3) Excludes non-eligible capital. (4) Equity represents accounting value of capital.



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

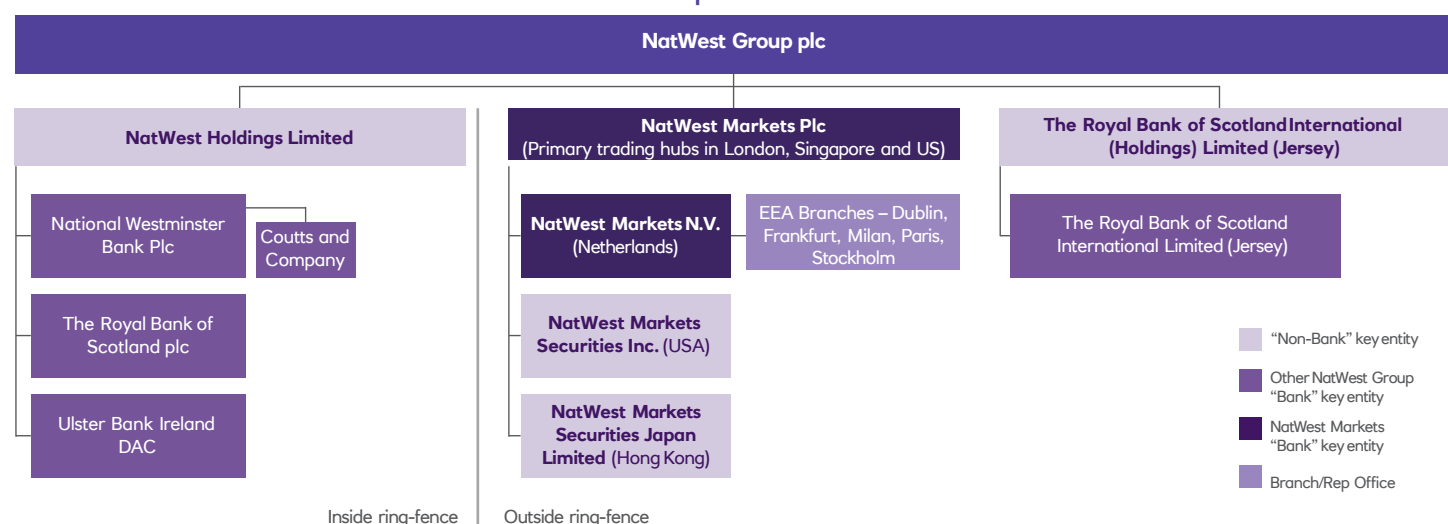
NWM Plc consolidated income statement (£m)⁵

Income statement	Q1'23	Q4'22	Q1'22
Fixed Income	70	5	(15)
Currencies	118	119	158
Capital Markets	111	93	121
Capital Management Unit & other ⁶	8	(41)	(24)
Income including shared revenue before own credit adjustments (OCA)	307	176	240
Revenue shared with or paid to fellow NatWest Group subsidiaries	(48)	(51)	(39)
Own credit adjustments	6	(18)	18
Total income	265	107	219
Litigation and conduct costs	(8)	(47)	(8)
Other operating expenses	(277)	(254)	(283)
Operating expenses	(285)	(301)	(291)
Operating profit / (loss) before impairments	(20)	(194)	(72)
Impairment releases / (losses)	2	2	(1)
Tax (charge) / credit	8	147	33
Profit / (loss) for the period	(10)	(45)	(40)

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 Group⁹



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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 and subsidiaries. NWM's ratings were upgraded to A/A1 from A-/A1, with Stable outlook. (10) Simplified hierarchy to assist understanding.