

NatWest Markets Plc

Financial Highlights

Q1 2022 Results



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 commitment to climate and ESG and award-winning innovation in sustainable financing	Strong capital and liquidity positions
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Q1 2022 highlights

NatWest Markets supported customers' evolving needs and continued to deliver an integrated customer proposition across NatWest Group. Good progress has been made building towards a sustainable business to drive sustainable income growth	£219m Total Income ¹	£(73)m Operating loss before tax	£24.1bn Risk Weighted Assets	16.6% CET1 Capital ratio vs medium term target of around 14%
	4.7% Leverage ratio ² vs greater than 4% medium term target	35.8% MREL ratio vs greater than 30% medium term target	216% Liquidity coverage ratio	£16.3bn Liquidity portfolio

- Climate and sustainable funding and financing has continued to perform well, and as at the end of Q1 2022 we had delivered £3.8bn towards the NatWest Group climate and sustainable funding and financing target of £100bn between 1 July 2021 and the end of 2025.
- Total income increased to £219m in Q1 2022 compared to Q4 2021, largely reflecting stronger performance in Currencies, as FX volatility heightened in the quarter, and in Capital Markets. Fixed Income was up from Q4 2021 but was impacted by market volatility and subdued customer activity amid the Russian invasion of Ukraine. The operating loss before tax was £73m.
- Operating expenses decreased to £291m compared to Q4 2021, partly due to higher technology investment spend and one-off costs (including the annual bank levy charge) recognised in the prior quarter, and lower litigation and conduct costs.
- Strong capital and liquidity positions maintained, with NWM Plc CET1 ratio of 16.6%, total MREL of 35.8%, and LCR of 216%.
- RWAs were £24.1bn at 31 March 2022, an increase of £1.4bn from 31 December 2021 and reflects higher levels of credit, counterparty credit and market risk, partially offset by a decrease in operational risk.
- NWM Plc issued £2.2bn of public benchmark transactions in the three months ended 31 March 2022, being a benchmark transaction under the US MTN programme of \$1.5bn of notes and two benchmark transactions under the EMTN programme of €1bn and CHF0.3bn notes respectively, against the full year 2022 guidance of £4-5bn of public benchmark issuance. NWM Plc also raised funding in other formats throughout the quarter such as private placements and secured note transactions.
- We retain the outlook guidance provided in NatWest Markets Plc 2021 Annual Report and Accounts.

Note: (1) Income and loss for the period relates to NWM Plc consolidated, other amounts relate to NWM Plc solo. (2) UK leverage ratio.

The targets, expectations and trends discussed in this document represent management's current expectations and are subject to change, including as a result of the factors described in the Risk Factors on pages 406-426 of the NatWest Group plc 2021 Annual Report and Accounts, pages 16-49 of the NWM Plc Registration Document dated 16 March 2022, and pages 179-200 of the NWM Plc 2021 Annual Report and Accounts ('NWM ARA'). 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 business

Our customers		Our operations
As part of NatWest Group, we support our corporate and institutional customers, which includes banks, asset managers, insurers, pension funds, sponsors, sovereigns, supranationals and agencies.	We work in close collaboration with teams across NatWest Group to provide capital markets and risk management solutions to its customers and be the partner of choice for those customers' financial markets needs.	NWM Group is centred 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 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. 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 fresh thinking alongside market-leading 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're a leading partner 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.
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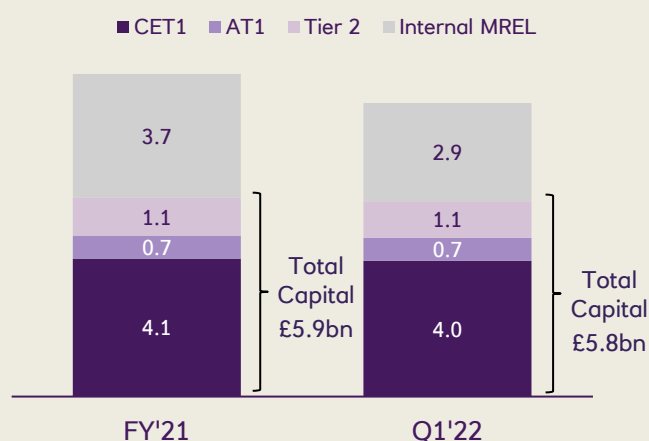
Underpinned by our focus on ESG as a driver of value creation

Our support for customers has been recognised by a number of industry awards		
Lead manager of the year, social bonds – local authority/municipality award, Environmental Finance Bond Awards 2022	Best Bank for EUR/GBP, Best Bank for FX Prime Brokerage (FXPB) Best Bank for Post-Trade Services, FX Markets Best Banks Awards Dec 2021	Best GBP Bookrunner/Dealer and Most Improved Money Market Dealer, CMDportal awards Dec 2021

Q1 2022 Financials overview

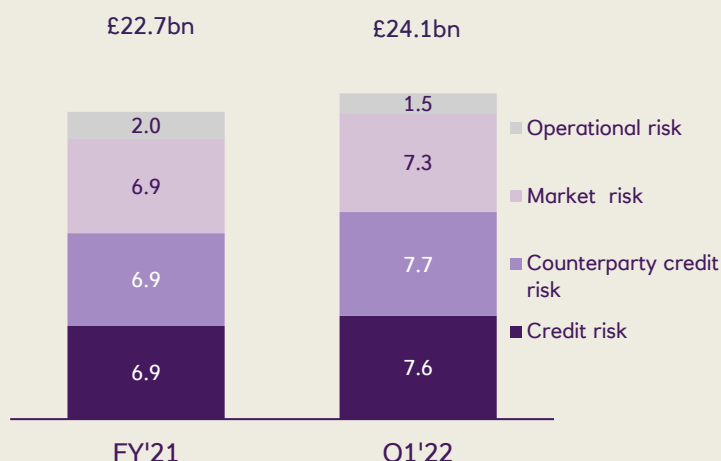
NWM Plc Capital and RWA profile

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



Note: numbers may not cast due to rounding

NWM Plc Risk Weighted Assets (£bn)

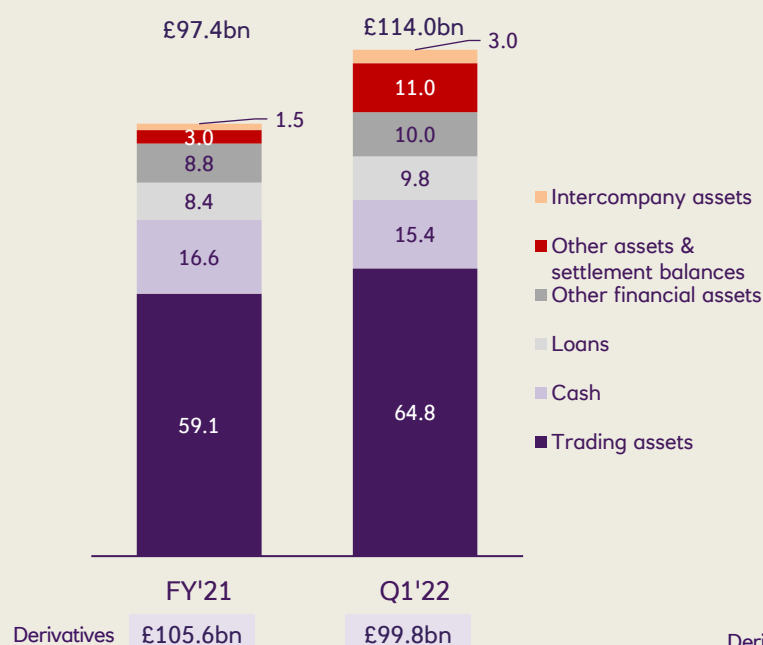


NWM Plc consolidated balance sheet (£bn)

Total assets £213.8bn (FY'21: £203.0bn)

o/w Funded Assets £114.0bn (FY'21: £97.4bn)

Total liabilities and equity £213.8bn (FY'21: £203.0bn)⁴

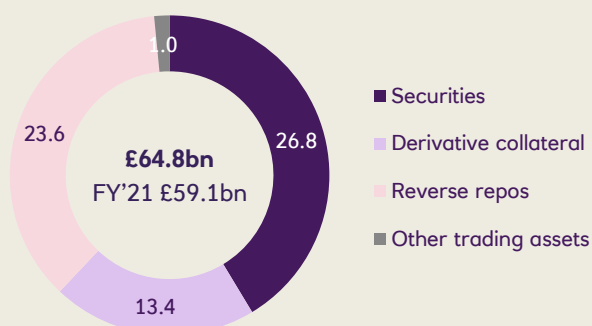


Note: Funded assets are represented by NWM Plc's total assets, in accordance with the published IFRS balance sheet, less derivative assets.

Note: numbers may not cast due to rounding

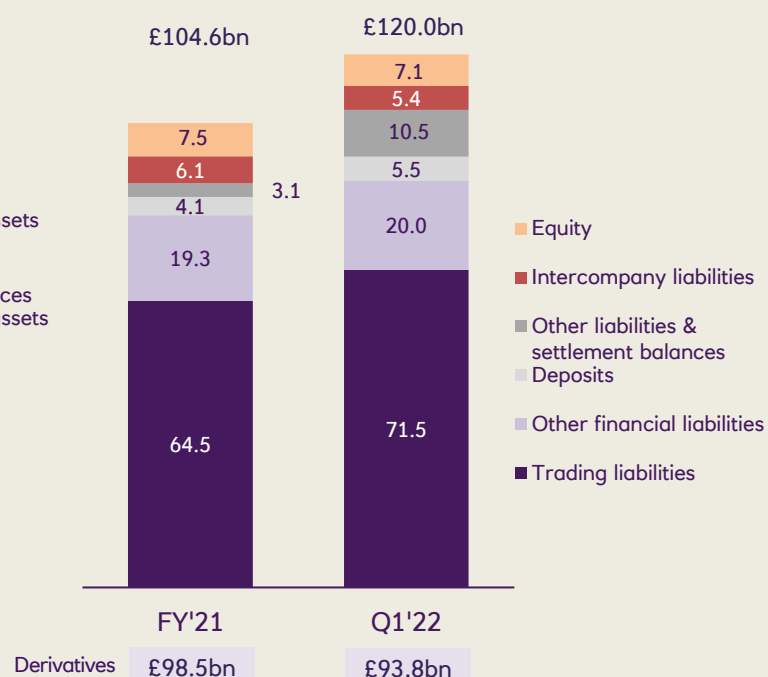
Trading assets £bn

Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

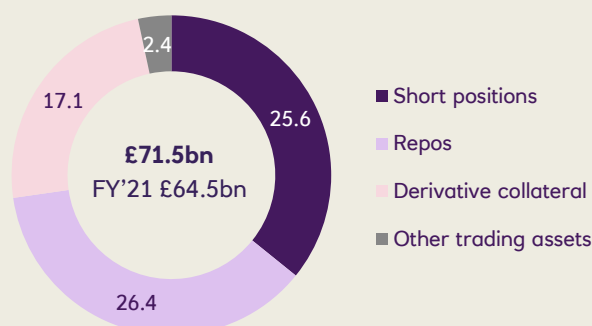
Note: (3) Excludes non-eligible capital. (4) Equity represents accounting value of capital.



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

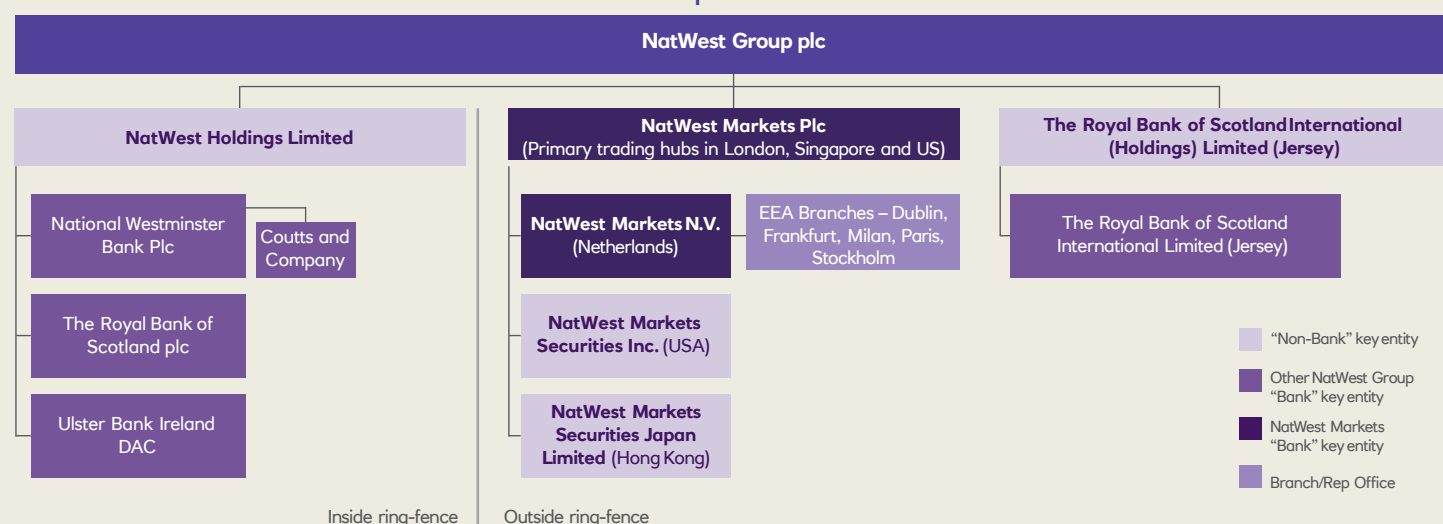
Income statement	Q1'22	Q4'21	Q1'21
Fixed Income	(15)	(69)	38
Currencies	158	121	118
Capital Markets	121	80	74
Capital Management Unit & other ⁶	(17)	(66)	8
Income excluding Revenue share, Asset disposals and Own credit adjustments (OCA)	247	66	238
Revenue Share paid to other NWG segments	(39)	(44)	(48)
Asset disposals / Strategic risk reduction	(7)	(12)	(4)
Own credit adjustments	18	3	2
Total income	219	13	188
Litigation and conduct costs	(8)	(24)	(13)
Other operating expenses	(283)	(349)	(259)
Operating expenses	(291)	(373)	(272)
Operating profit / (loss) before impairments	(72)	(360)	(84)
Impairment releases / (losses)	(1)	16	6
Tax (charge) / credit	33	136	17
Profit / (loss) for the period	(40)	(208)	(61)

Note: Fixed income is comprised of Rates and Credit trading. Rates income was previously presented as a separate business in NWM Group results publications prior to the Q3 2020 Interim Management Statement. Credit trading and Capital Markets were previously reported as Financing.

Credit ratings

	Moody's	Standard & Poor's	Fitch
NWM Plc / NWM N.V.			
Senior Unsecured	A2 / P-1 / Positive	A- / A-2 / Stable	A+ / F1 / Stable
Counterparty Rating ⁷	A2 / P-1	A / A-1	A+ (dcr)
NatWest Markets Securities Inc.			
Senior Unsecured	Not Rated	A- / A-2 / Stable	A / F1 / Stable
Counterparty Rating ⁷	Not Rated	A- / A-2	A (dcr)

NatWest Markets Plc within the NatWest Group⁸



Investor relations contact

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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) Simplified hierarchy to assist understanding.