

NatWest Markets Plc

Financial Highlights

H1 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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H1 2022 highlights¹

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

£438m	£(107)m	£23.5bn	16.4%
Total Income	Operating loss before tax	Risk Weighted Assets	CET1 Capital ratio vs medium term target of around 14%
4.4%	36.8%	206%	£18.2bn
Leverage ratio ² vs greater than 4% medium term target	MREL ratio vs greater than 30% medium term target	Liquidity coverage ratio	Liquidity portfolio

- Climate and sustainable funding and financing have continued to perform well, and as at the end of H1 2022 we had delivered £10.9bn towards the NatWest Group climate and sustainable funding and financing target of £100bn between 1 July 2021 and the end of 2025.
- Total income was £438m, compared with £296m in H1 2021. Income excluding asset disposals/strategic risk reduction and own credit adjustments was £418m in H1 2022, up by £83m compared to H1 2021, largely driven by stronger performance in Currencies, as FX volatility heightened in the period, and in Capital Markets. Fixed Income was down compared with H1 2021, largely reflecting unfavourable market conditions following the Russian invasion of Ukraine in Q1 2022.
- Operating expenses of £540m in H1 2022 were £60m higher than H1 2021. Litigation and conduct costs of £20m in H1 2022 were £88m higher compared with H1 2021, which reflected progress in closing legacy matters. Other operating expenses were down by £28m in H1 2022 compared with H1 2021, largely reflecting higher technology investment spend in the comparative period.
- Strong capital and liquidity positions maintained, with NWM Plc CET1 ratio of 16.4%, total MREL of 36.8%, and LCR of 206%.
- RWAs were £23.5bn at 30 June 2022, compared to £22.7bn at 31 December 2021. The increase in the period reflects higher levels of credit, counterparty credit and market risk, partially offset by a decrease in operational risk. The increase in market risk was largely driven by back-testing exceptions arising from the increased market volatility.
- NWM Plc issued £3.3bn of public benchmark transactions in the six months ended 30 June 2022, including a benchmark transaction under the US MTN programme of \$1.5bn of notes, and three benchmark transactions under the EMTN programme of €1.0bn, CHF0.3bn and €1.25bn of notes respectively. NWM Plc also raised funding in other formats throughout the period 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) 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 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, pages 179-200 of the NWM Plc 2021 Annual Report and Accounts ('NWM ARA'), pages 106-107 of the NWG H1 IMS and pages 47-48 of the NWM Plc H1IMS. 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's Commercial and Institutional franchise, we support 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 aim to 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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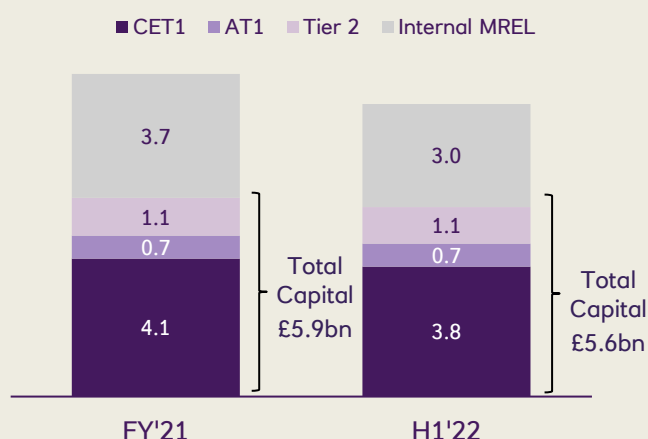
Underpinned by our focus on ESG as a driver of value creation

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

H1 2022 Financials overview

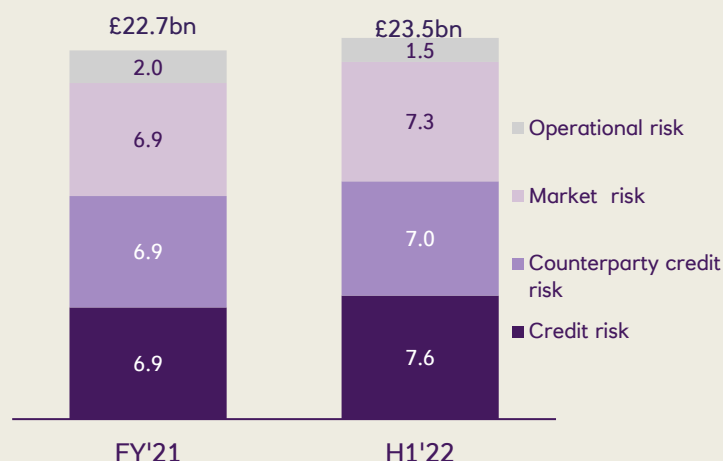
NWM Plc Capital and RWA profile

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



Note: numbers may not cast due to rounding

NWM Plc Risk Weighted Assets (£bn)

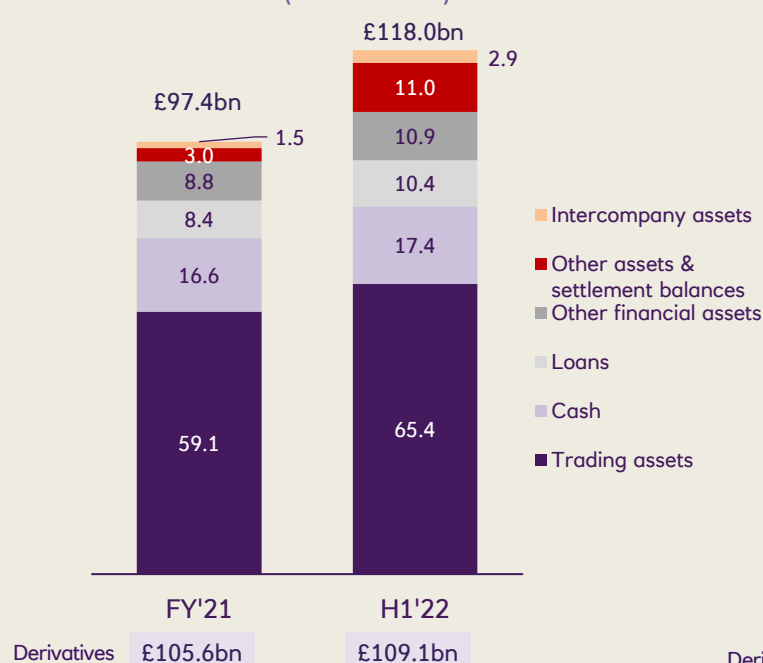


NWM Plc consolidated balance sheet (£bn)

Total assets £227.1bn (FY'21: £203.0bn)

o/w Funded Assets £118.0bn (FY'21: £97.4bn)

Total liabilities and equity £227.1bn (FY'21: £203.0bn)⁴

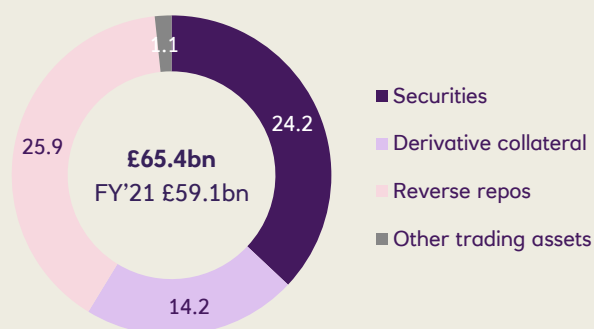


Note: Funded assets are represented by NWM Plc's total assets, in accordance with the published IFRS balance sheet, less derivative assets.

Note: numbers may not cast due to rounding

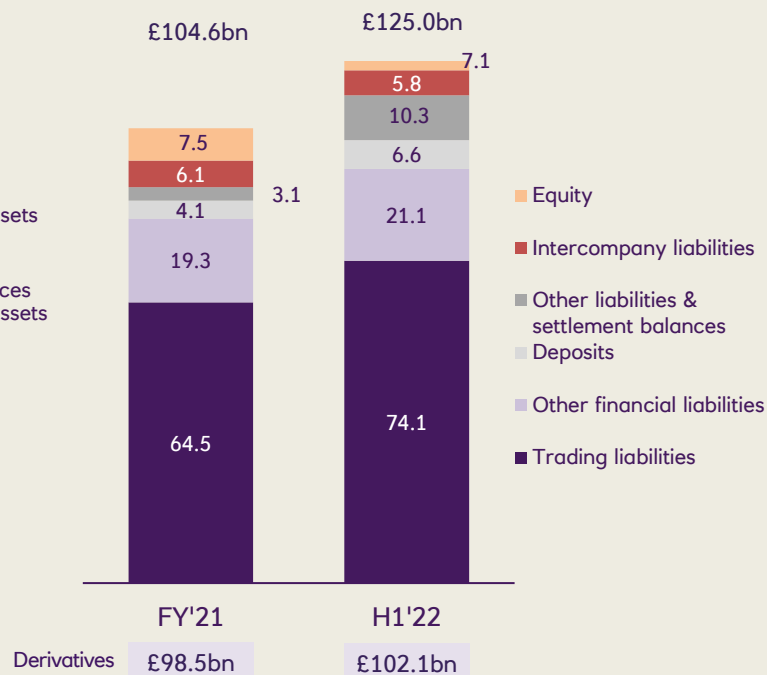
Trading assets £bn

Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

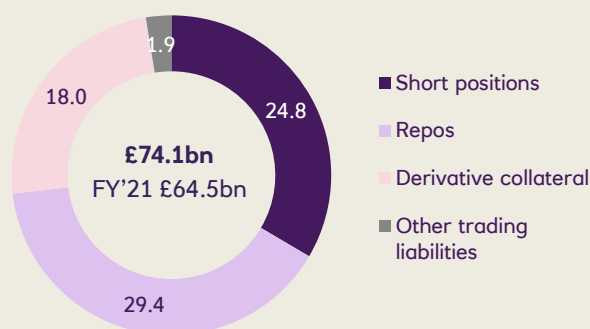
Note: (3) Excludes non-eligible capital. (4) Equity represents accounting value of capital.



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

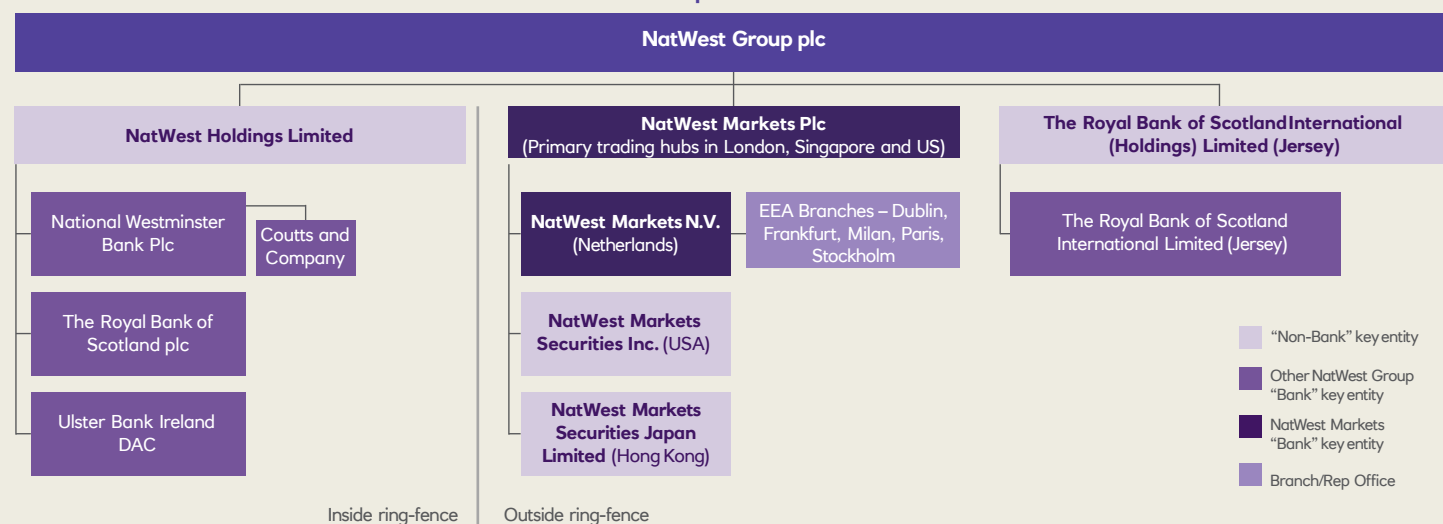
Income statement	H1'22	Q2'22	Q2'21
Fixed Income	23	38	5
Currencies	280	122	87
Capital Markets	217	96	92
Capital Management Unit & other ⁶	(15)	2	11
Income excluding Revenue share, Asset disposals and Own credit adjustments (OCA)	505	258	195
Revenue Share paid to other NWG segments	(87)	(48)	(50)
Asset disposals / Strategic risk reduction	(32)	(25)	(36)
Own credit adjustments	52	34	(1)
Total income	438	219	108
Litigation and conduct costs	(20)	(12)	81
Other operating expenses	(520)	(237)	(289)
Operating expenses	(540)	(249)	(208)
Operating profit / (loss) before impairments	(102)	(30)	(100)
Impairment releases / (losses)	(5)	(4)	10
Tax (charge) / credit	21	(12)	32
Profit / (loss) for the period	(86)	(46)	(58)

Credit ratings

	Moody's	Standard & Poor's	Fitch
NWM Plc / NWM N.V.			
Senior Unsecured	A1 / P-1 / Stable	A- / A-2 / 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-2 / Stable	A / F1 / Stable
Counterparty Rating ⁷	Not Rated	A- / A-2	A (dcr)

Ratings updated on 23/09/2022, post Moody's rating action

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.