

NatWest Markets Plc Financial Highlights Q1 2024



NatWest
Group

Q1 2024 performance highlights¹

During the first quarter, we have focused on our strengths in supporting our customers' evolving needs with financing and risk solutions.

Financial performance	£327m Total Income	£256m Other operating expenses ²	£82m Profit for the period
Capital and leverage	18.1% CET1 Capital ratio vs medium term target of around 14%	5.0% Leverage ratio vs greater than 4% medium term target	40.7% MREL ratio vs greater than 30% medium term target
Liquidity and funding	186% Liquidity coverage ratio	£18.8bn Liquidity portfolio	£21.5bn Risk Weighted Assets
			£2.5bn Senior unsecured public benchmark issuance

- Total income in Q1 was £327m and the profit for the period was £82m. Total income was down by £97m compared to Q4'23, mainly due to the profit share arrangement where the full year 2023 amount of £177m was recognised in Q4'23 compared with £45m in the current quarter, in addition to a weaker performance in Currencies reflecting lower customer activity and FX volatility levels. This was partially offset by higher income in the current quarter from Fixed Income and Capital Markets.
- Total operating expenses for Q1 were £255m (Q4'23: £314m). Litigation and conduct costs of £1m credit compared to a charge of £31m in Q4'23, reflecting ongoing progress in closing legacy matters.
- Robust capital position maintained, strong CET1 ratio of 18.1% and leverage of 5.0%.
- RWAs were £21.5bn (Q4'23: £22.1bn) The reduction in the quarter was primarily due to lower counterparty credit risk and a decrease from the annual update to operational risk RWAs.
- Climate and sustainable funding and financing have continued to perform well, and as at the end of Q1 we had delivered £34.2bn towards the NatWest Group climate and sustainable funding and financing target of £100bn between 1 July 2021 and the end of 2025³.
- NWM Plc issued public benchmark transactions under the EMTN programme of €2.5 billion of notes in Q1. NWM Plc also raised funding in other formats throughout the quarter including, but not limited to, structured note issuance.⁴

Notes: (1) Income and loss for the period relates to NWM Plc consolidated, other amounts relate to NWM Plc solo. (2) Excludes litigation and conduct costs. (3) Funding and financing to NWM customers made in alignment with NWG's CSFFI criteria LINK (see <https://www.natwestgroup.com/sustainability/environment-and-climate/climate-and-sustainable-funding-and-financing.html>). (4) On 9 January 2024, NWM Plc issued a total of €2.5 billion of notes under the EMTN programme in benchmark transactions.

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 2023 Annual Report and Accounts on Form 20-F and the Risk Factors in the NWM 2023 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 business model: how we create value

We provide access to financial markets for NatWest Group customers, through an integrated proposition and expertise

Our key strengths and resources

Digital First led Currencies and Fixed Income businesses that are connected across NatWest Group, working seamlessly to deliver for customers

Innovative Capital Markets platform with industry-leading structuring and distribution expertise

Recognised Climate and ESG capabilities, providing innovation in Sustainable Finance, ESG advisory and thought leadership

Our business

Our customers

As part of NatWest Group, we support our 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.

Our operations

NWM Group is headquartered in the UK with trading hubs in Asia, Europe and the US. 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 help customers to access global debt capital markets across a wide variety of products and target markets, including bonds, loans, commercial paper, medium-term notes (MTNs), private placements, as well as via bespoke financing solutions and primary lending products.

We also provide customers with thought leadership, advice and innovative solutions to support their climate and ESG strategies through our Climate and ESG capital markets platform

Our support for customers has been recognised by a number of industry awards⁵

'Lead manager of the year, social bonds – financial institution';

'Lead manager of the year, social bonds – supranational, sub-sovereign and agency';

'Lead manager of the year, sustainability bonds – corporate'
Environmental Finance's Bond Awards 2023

'Best FX Bank for Corporates'
Euromoney Foreign Exchange Awards 2023

'Best Prime Broker' 2023
eFX Awards

'Best Bank for Sustainable Finance in the UK'
Global Finance Sustainable Finance 2023 awards

'Best Sterling Lead Manager' at
Global Capital Covered Bond Awards 2023

'Best Sterling Deal - Santander' and 'Best Dollar Deal - National Australia Bank'
Global Capital Covered Bond Awards 2023

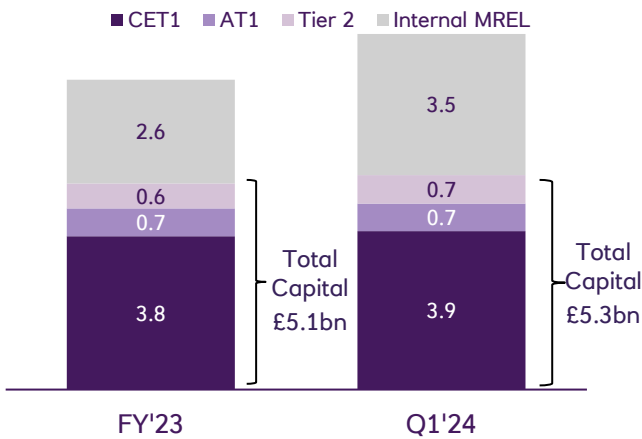
Notes: (5) Award entry is at NatWest Group parent level containing NWM Plc content.

Q1 2024 Financials overview

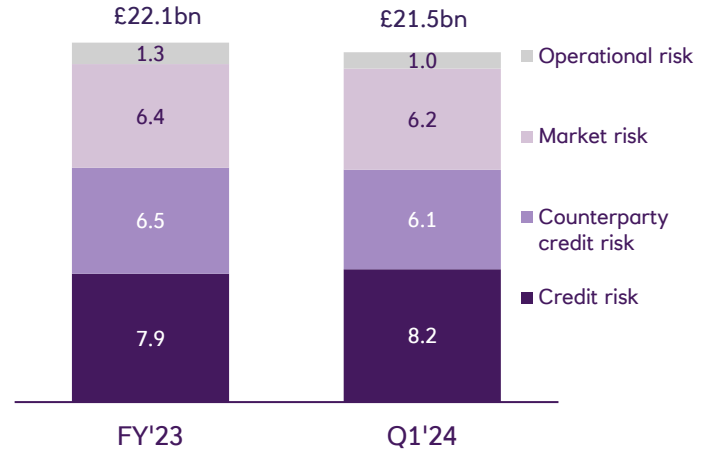
NWM Plc Capital and RWA profile

Note: numbers may not cast due to rounding

NWM Plc Regulatory Capital and MREL Stack (£bn)⁶



NWM Plc Risk Weighted Assets (£bn)



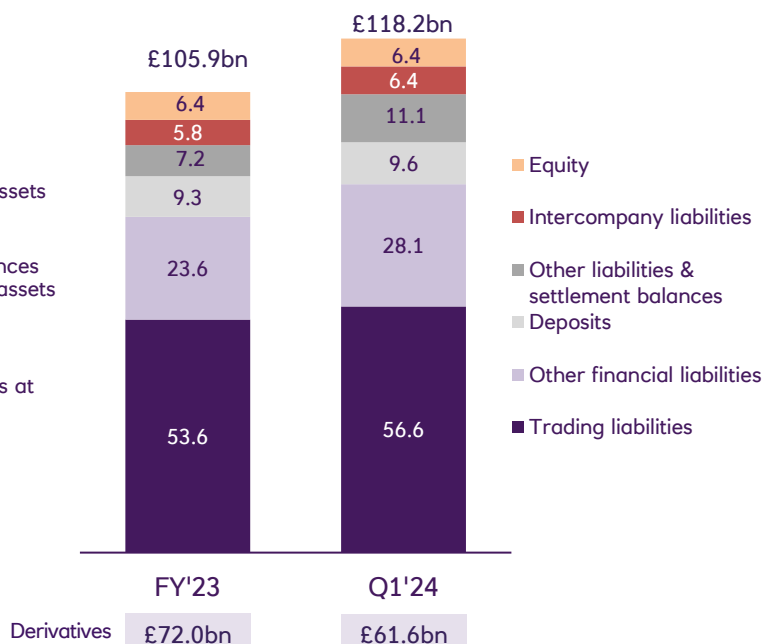
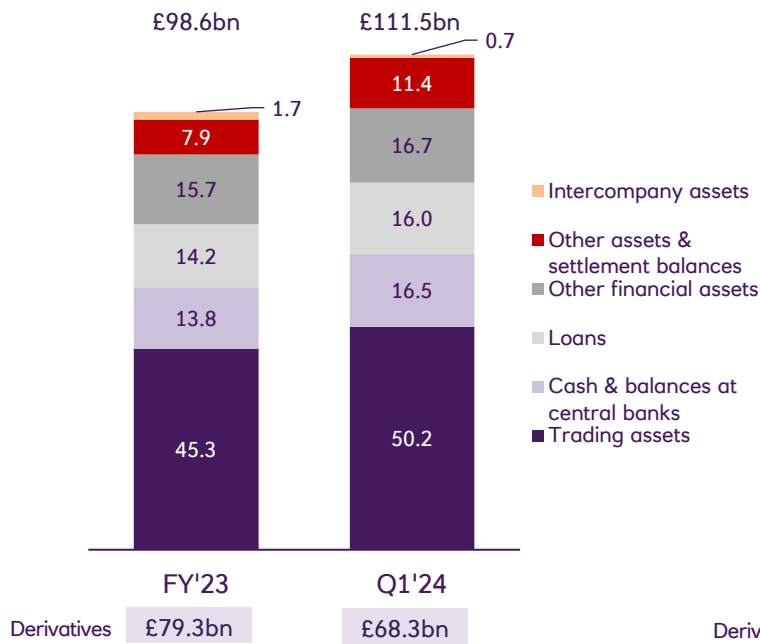
NWM Group Balance Sheet profile (£bn)

Note: numbers may not cast due to rounding

Total Assets £179.8bn (FY'23: £177.9bn)

o/w Funded Assets £111.5bn (FY'23: £98.6bn)

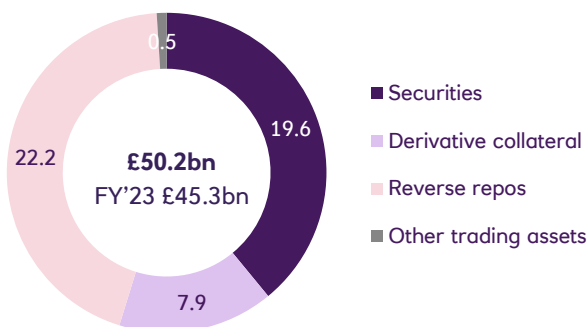
Total Liabilities and Equity £179.8bn (FY'23: £177.9bn)⁷



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

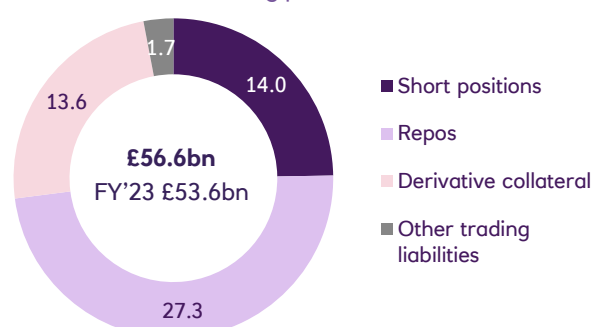
Trading Assets £bn

Held at fair value in trading portfolio



Trading Liabilities £bn

Held at fair value in trading portfolio



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Notes: (6) Excludes non-eligible capital. (7) Equity represents accounting value of capital.

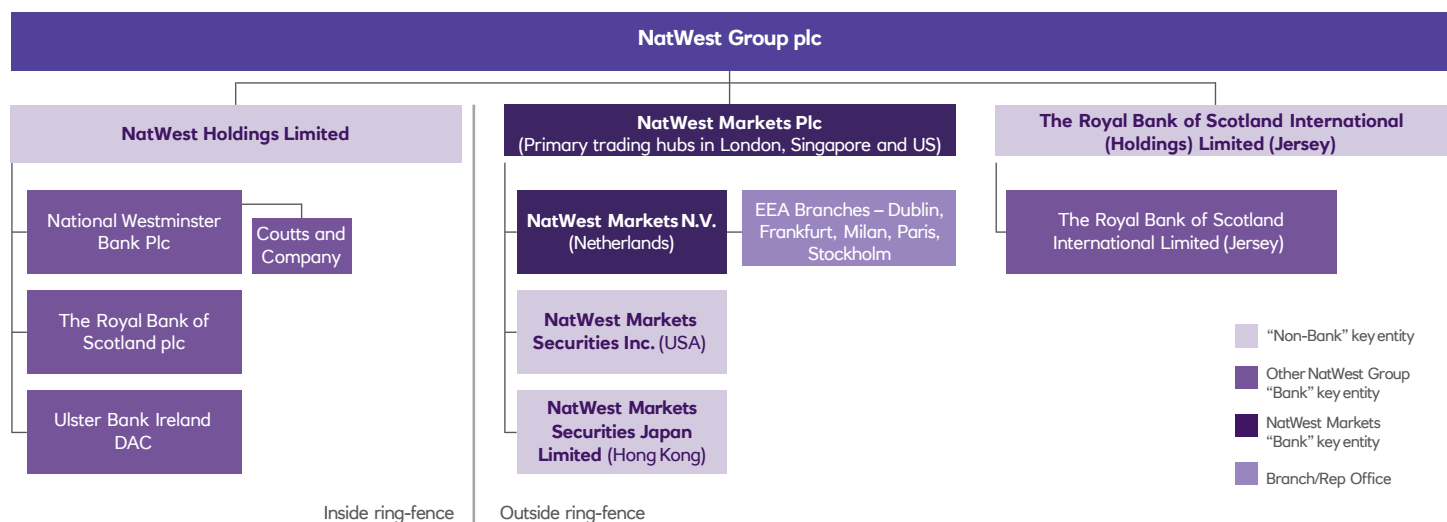
NWM Group consolidated income statement (£m)⁸

Income statement	Q1'24	Q4'23	Q1'23
Fixed Income	63	16	70
Currencies	112	145	118
Capital Markets	165	131	111
Capital Management Unit & other ⁹	0	19	8
Income including shared revenue before OCA	340	311	307
Transfer pricing agreements with fellow NatWest Group subsidiaries	(8)	118	(48)
Own credit adjustments (OCA)	(5)	(5)	6
Total income	327	424	265
Litigation and conduct costs	1	(31)	(8)
Other operating expenses	(256)	(283)	(277)
Operating expenses	(255)	(314)	(285)
Operating profit / (loss) before impairments	72	110	(20)
Impairment releases / (losses)	8	(5)	2
Tax credit	2	2	8
Profit / (loss) for the period	82	107	(10)

Credit ratings

	Moody's	Standard & Poor's	Fitch
NWM Plc / NWM N.V.			
Senior Unsecured	A1 / P-1 / Stable	A / A-1 / Stable	A+ / F1 / Stable
Counterparty Rating ¹⁰	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 ¹⁰	Not Rated	A / A-1	A (dcr)

NatWest Markets Plc within the NatWest Group¹¹



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Notes: (8) NWM Plc consolidated results includes the Central Items & Other segment. (9) 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 (10) 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. (11) Simplified hierarchy to assist understanding.