

NatWest Markets Plc Financial Highlights FY 2023



NatWest
Group

FY 2023 performance highlights¹

In 2023, we continued to support our customers with financing and risk solutions as they navigated macroeconomic uncertainty and geo-political challenges – from inflation and changing interest rates to supply-chain disruption.

Financial performance	£1,069m Total Income	£1,082m Other operating expenses ²	£(75)m Operating loss before tax	
Capital and leverage	17.1% CET1 Capital ratio vs medium term target of around 14%	5.0% Leverage ratio vs greater than 4% medium term target	34.5% MREL ratio vs greater than 30% medium term target	£22.1bn Risk Weighted Assets
Liquidity and funding	183% Liquidity coverage ratio	£14.7bn Liquidity portfolio	£2.4bn Senior unsecured public benchmark issuance	

- Total income for 2023 was £1,069m and the operating loss before tax for the year was £75m which reflected a stronger current year performance compared to 2022. Higher income largely reflected stronger performance in the Fixed Income and Capital Markets businesses, in addition to the impact of a new profit share arrangement with fellow NatWest Group subsidiaries in 2023.
- Other operating expenses were £1,082m (2022: £1,048m), largely due to lower technology investment costs recognised in the prior year and the impact of one-off items.
- Total operating expenses for 2023 were £1,142m (2022: £1,128m). Litigation and conduct costs of £60m (2022: £80m) reflected ongoing progress in closing legacy matters. Robust capital position maintained, strong CET1 ratio of 17.1% and leverage of 5.0%.
- RWAs increased slightly to £22.1bn (2022: £21.4bn) reflecting higher levels of credit risk and counterparty credit risk, offset partially by decreases in market and operational risk.
- We've continued to support our customers' transition to a low carbon economy as well as their ESG ambitions and targets. In 2023, we provided £14.8bn of climate and sustainable funding and financing³, contributing a cumulative £30.3bn towards the NatWest Group target to provide £100bn climate and sustainable funding and finance between 1 July 2021 and the end of 2025.
- NWM Plc issued £2.4bn of public benchmark transactions during 2023, comprised of 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 AUD0.6bn of notes. NWM Plc also raised funding in other formats throughout the year 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 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

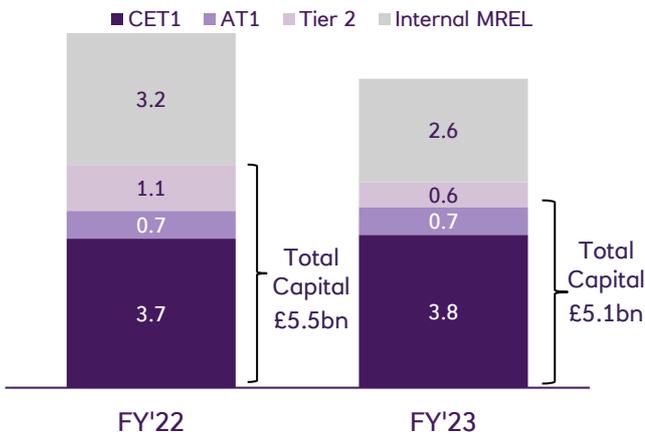
Notes: (5) Award entry is at NatWest Group parent level containing NWM Plc content.

FY 2023 Financials overview

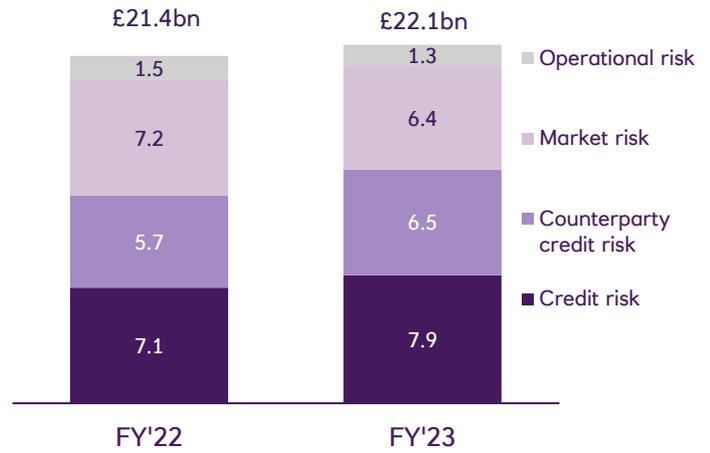
NWM Plc Capital and RWA profile

Note: numbers may not cast due to rounding

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



NWM Plc Risk Weighted Assets (£bn)



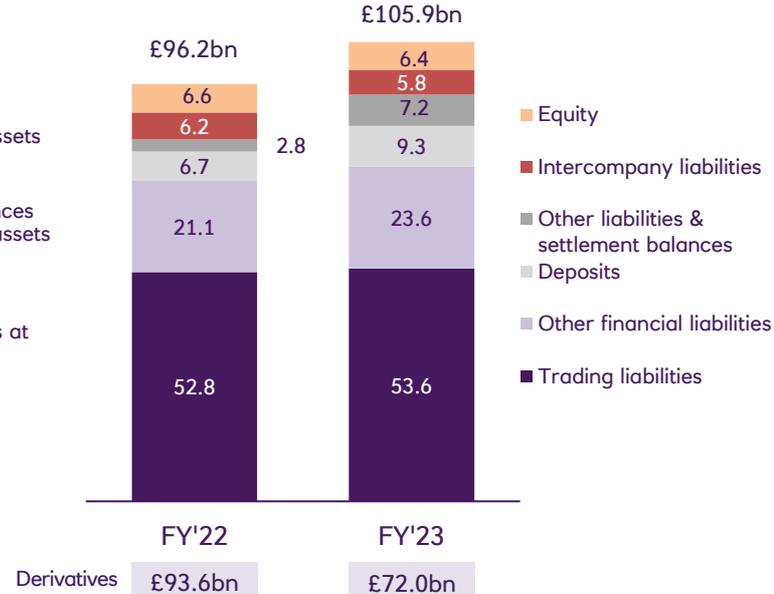
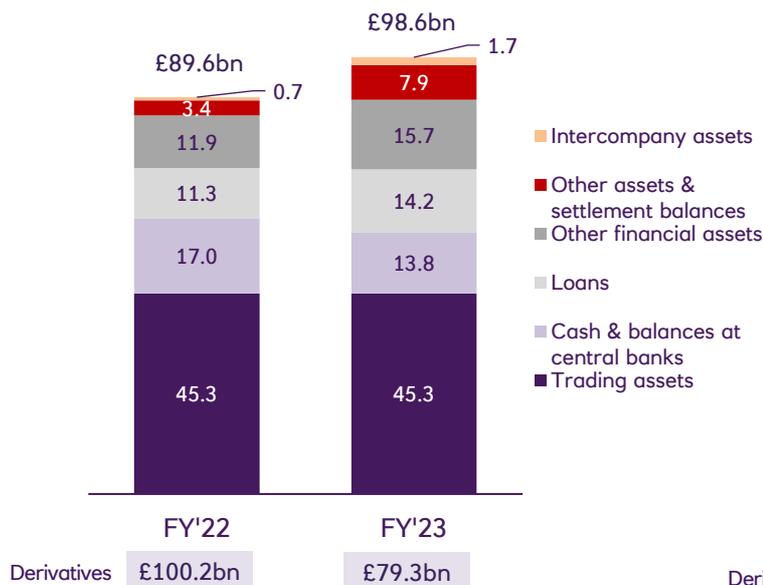
NWM Group Balance Sheet profile (£bn)

Note: numbers may not cast due to rounding

Total Assets £177.9bn (FY'22: £189.8bn)

o/w Funded Assets £98.6bn (FY'22: £89.6bn)

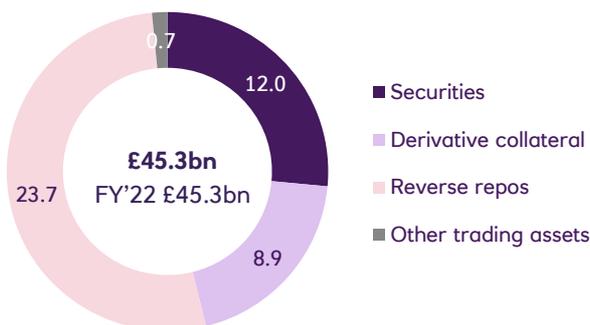
Total Liabilities and Equity £177.9bn (FY'22: £189.8bn)⁷



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

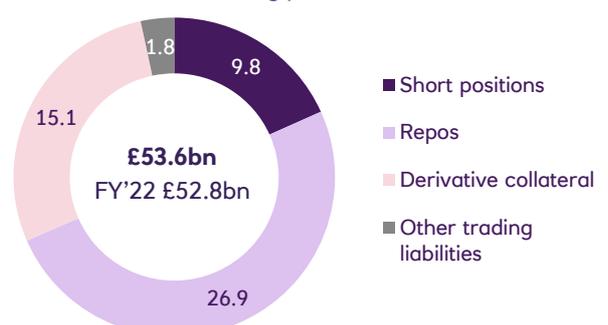
Trading Assets £bn

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.

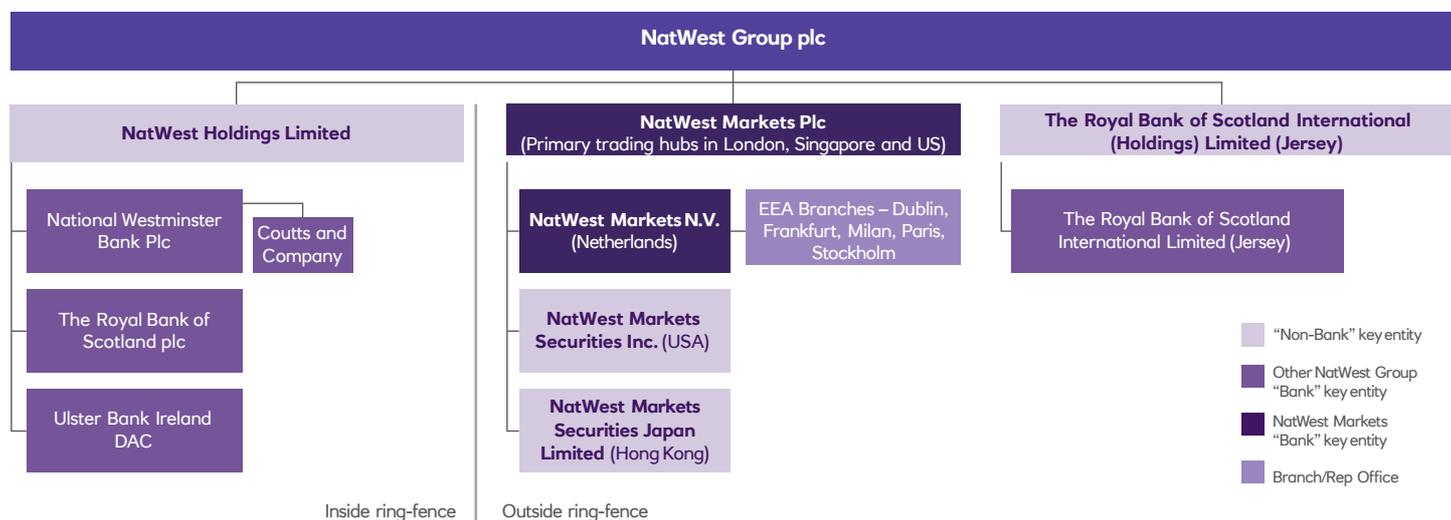
NWM Group consolidated income statement (£m)⁸

Income statement	FY'23	FY'22	Q4'23	Q3'23
Fixed Income	153	40	16	32
Currencies	496	513	145	124
Capital Markets	463	398	131	114
Capital Management Unit & other ⁹	(7)	(113)	19	3
Income including shared revenue before OCA	1,105	838	311	273
Transfer pricing agreements with fellow NatWest Group subsidiaries	(33)	(191)	118	(51)
Own credit adjustments (OCA)	(3)	42	(5)	(7)
Total income	1,069	689	424	215
Litigation and conduct costs	(60)	(80)	(31)	(37)
Other operating expenses	(1,082)	(1,048)	(283)	(257)
Operating expenses	(1,142)	(1,128)	(314)	(294)
Operating profit / (loss) before impairments	(73)	(439)	110	(79)
Impairment releases / (losses)	(2)	(8)	(5)	(2)
Tax (charge) / credit	(23)	183	2	24
Profit / (loss) for the period	(98)	(264)	107	(57)

Credit ratings

	Moody's ¹⁰	Standard & Poor's ¹¹	Fitch
NWM Plc / NWM N.V.			
Senior Unsecured	A1 / P-1 / Stable	A / A-1 / Stable	A+ / F1 / Stable
Counterparty Rating ¹²	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 ¹²	Not Rated	A / A-1	A (dcr)

NatWest Markets Plc within the NatWest Group¹³



NatWest Investor Relations contact

Paul Pybus, Head of Debt Investor Relations, NatWest Group

T: +44 7769161183 E: paul.pybus@natwest.com

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) On 23rd September 2022, Moody's upgraded the rating of NWM Plc and NWM N.V. to A1 from A2 with stable outlook. (11) 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. (12) 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. (13) Simplified hierarchy to assist understanding.