

NatWest Markets Plc

Financial Highlights

FY 2021 Results



Our Purpose

NWM Group will be the partner of choice to meet the financial market 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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2021 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, improving the strategic alignment with the rest of the business to drive sustainable income growth

£401m

Total Income¹

£(714)m

Operating loss before tax

£22.7bn

Risk Weighted Assets

17.9%

CET1 Capital ratio vs medium term target of around 14%

4.3%

Leverage ratio² vs greater than 4% medium term target

42.1%

MREL ratio vs greater than 30% medium term target

205%

Liquidity coverage ratio

£16bn

Liquidity portfolio

- NWM Group's strong performance in Climate and Sustainable Funding and Financing continued, completing £9.7bn in 2021, including £3.3bn in H2 2021 which will contribute towards the new NatWest Group target of £100bn between 1 July 2021 and the end of 2025.
- Total income was £401m and the operating loss before tax was £714m. This reflected a weaker performance in Fixed Income and contrasted with the exceptional levels of market activity in the prior period caused by the pandemic.
- NWM Group continued to reduce costs in line with the strategic announcement in February 2020 and progressed in closing legacy matters, with other operating expenses decreasing by £187m. Supporting the growth of the business will require continued significant investment in our technology transformation. This investment is expected to have an impact on our 2022 results, as will the incurrence of further costs, if any, associated with litigation and regulatory matters
- Market risk RWAs and counterparty risk RWAs decreased across the trading businesses, allowing for reallocation of capital to support our growth agenda. Total RWAs have reduced to £22.7bn from £25.6bn in 2020.
- Strong capital and liquidity positions maintained, with NWM plc CET1 ratio of 17.9%, total MREL of 42.1%, and LCR of 205%.
- Returned £1bn capital to NatWest Group via dividends during the year up to 31st December 2021, with a further £250m to be declared and payable to NatWest Group plc on 18th February 2022.
- NWM Plc issued £4.3bn of term senior unsecured debt securities during 2021, including two benchmark transactions under the US MTN programme amounting to \$2.55bn of notes, two benchmark transactions under the EMTN programme amounting to €2.25bn of notes, and other private placements.
- NWM Plc's funding plan targets £4-5bn of term senior public benchmark issuance in 2022.

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

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.

Our operations

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 (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. Through our Capital Markets business we provide an integrated proposition across financing, solutions and advisory services.

Our strategist and content experts across Fixed Income, Currencies 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

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, Sustainability Bonds – local authority/municipality, and 'Lead Manager of the Year, Green Bonds –supranational, sub-sovereign and agency (SSAs), from the Environmental Finance Bond Awards 2021.

Sterling Bond House of the Year' from the IFR Awards 2020 (awarded February 2021).

Best Agent of International US Private Placements' from the GlobalCapital Private Debt Awards 2020 (awarded February 2021).

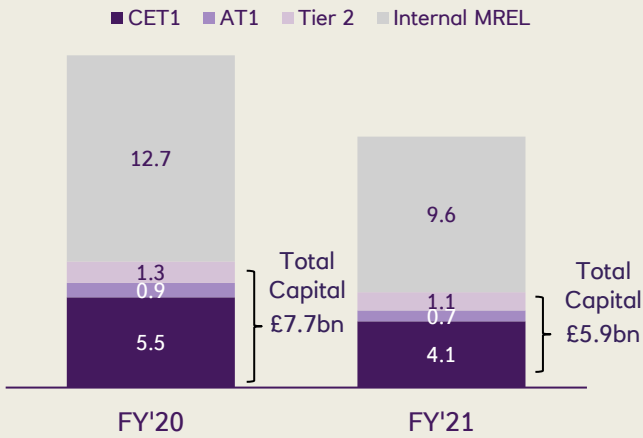
Best Bank for ALM and Libor Transition Management' from the GlobalCapital Covered Bond Awards 2021.

#1 bank for Overall FX Service Quality to the UK corporate sector' from Coalition Greenwich 2021.

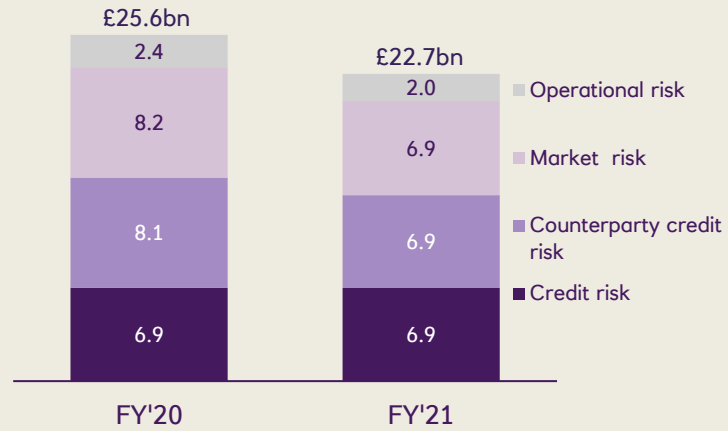
FY 2021 Financials overview

NWM Plc Capital and RWA profile

NWM Plc Regulatory capital and MREL Stack (£bn)⁴



NWM Plc Risk Weighted Assets (£bn)

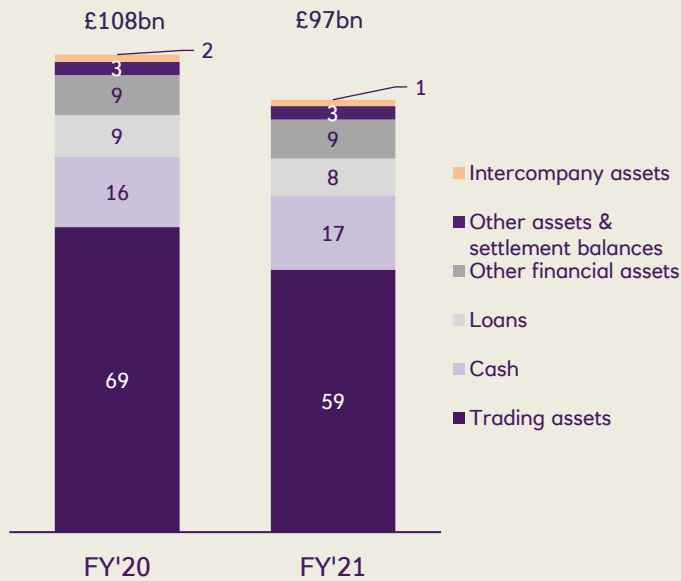


Note: numbers may not cast due to rounding

NWM Plc consolidated balance sheet (£bn)

Total assets £203bn (FY'20: £273bn)

o/w Funded Assets £97bn (FY'20: £108bn)



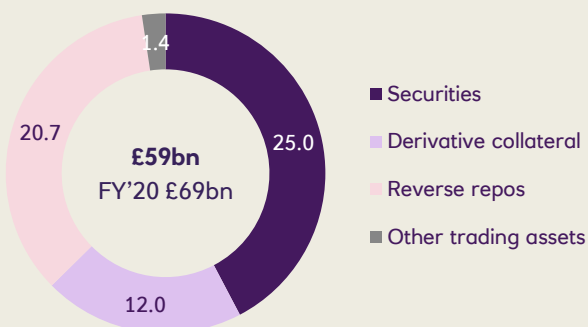
Derivatives £166bn (FY'20) / £106bn (FY'21)

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

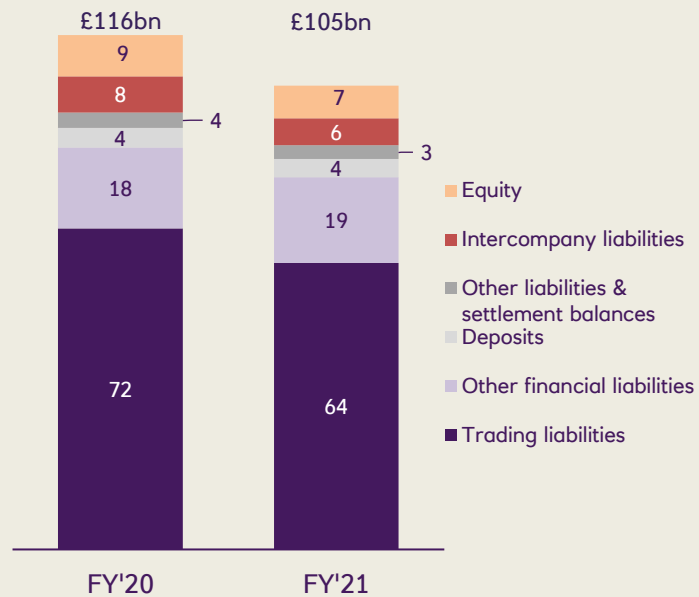
Held at fair value in trading portfolio



Note: numbers may not cast due to rounding

Note: (4) Excludes non-eligible capital. (5) Equity represents accounting value of capital.

Total liabilities and equity £203bn (FY'20: £273bn)⁵

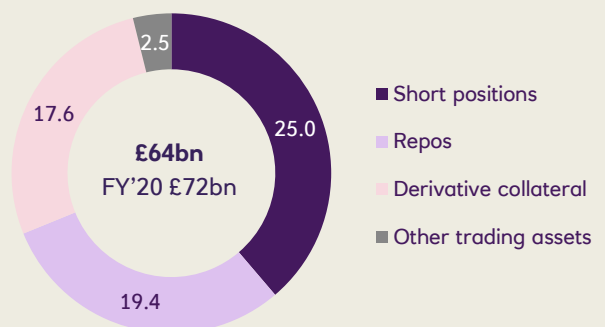


Derivatives £157bn (FY'20) / £98bn (FY'21)

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)⁶

Income statement	FY'21	FY'20	FY'19
Fixed Income	(64)	511	415
Currencies	427	583	427
Capital Markets	336	384	344
Capital Management Unit & other ⁷	(43)	(20)	(179)
Income excluding Revenue share, Asset disposals and Own credit adjustments (OCA)	656	1,458	1,007
Revenue Share paid to other NWM segments	(197)	(193)	(208)
Asset disposals / Strategic risk reduction	(64)	(83)	0
Own credit adjustments	6	(24)	(80)
Total income	401	1,158	719
Strategic costs	(248)	(191)	(171)
Litigation and conduct costs	17	(134)	94
Other operating expenses	(919)	(1,106)	(920)
Operating expenses	(1,150)	(1,431)	(997)
Operating profit / (loss) before impairments	(749)	(273)	(278)
Impairment releases / (losses)	35	(42)	48
Tax (charge) / credit	223	(12)	109
Profit / (loss) for the period	(491)	(327)	(121)

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 ⁸	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 ⁸	Not Rated	A- / A-2	A (dcr)

NatWest Markets Plc within the NatWest Group⁹



Investor relations contacts

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Note (6) NatWest Group plc's 'NatWest Markets' operating segment is not the same as the NWM Plc legal entity or group. NWM Plc consolidated results includes the Central Items & Other segment. (7) 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 (8) 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. (9) Simplified hierarchy to assist understanding.