



NatWest Markets Group

Q1 2025

Interim Management Statement

NatWest Markets Group (NWM Group)

Results for Q1 2025

The first quarter of the year saw a dynamic operating environment, with seasonally strong client activity against a backdrop of heightened uncertainty in both UK and international markets. We captured opportunities presented by this environment, leveraged our deep customer relationships, and capitalised on our key specialist strengths through a connected Commercial & Institutional segment to support our customers. As a result, we produced a strong set of results for NWM Group, all underpinned by a disciplined approach to balance sheet management.

Financial review

NWM Group maintained its robust capital and liquidity position in Q1 2025 and reported a profit of £59 million, compared with a loss of £40 million in Q4 2024 and a profit of £82 million in Q1 2024. Total income increased to £394 million in Q1 2025 compared with the previous quarter, mainly reflecting stronger performances across the primary business lines. Operating expenses decreased in the quarter to £323 million compared with Q4 2024 due to lower litigation and conduct costs, and other operating expenses, largely driven by the non-repeat of one-off items in the prior period offset by higher staff costs.

Financial performance

- **Total income** of £394 million in Q1 2025 was up by £91 million compared with £303 million in Q4 2024, mainly due to a stronger performance across primary business lines and the impact of FX reserves recycling in the prior period, partially offset by a reduction in the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries. Total income was up by £67 million compared with £327 million in Q1 2024, mainly driven by a stronger performance in Currencies and Capital Markets, partially offset by a reduction in the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries.
- **Operating expenses** of £323 million in Q1 2025 were down by £39 million compared with £362 million in Q4 2024 and up by £68 million compared with £255 million in Q1 2024. Litigation and conduct costs of £32 million were down by £9 million compared with £41 million in Q4 2024 and up by £33 million compared with £1 million credit in Q1 2024, reflecting ongoing progress in closing legacy matters including any associated remediation activity. Other operating expenses of £291 million were down by £30 million compared with £321 million in Q4 2024, largely due to the annual bank levy recognised in the prior period, partially offset by increased staff costs, and up by £35 million compared with £256 million in Q1 2024, largely driven by the impact of a credit recognised in relation to property charges in the comparative period and higher staff costs.
- **NWM Group's total assets and liabilities** decreased by £2.8 billion and £3.0 billion respectively as at 31 March 2025, compared with 31 December 2024. Decreases in derivative fair values reflecting FX volatility across major currencies and variations in interest rates across different currencies and tenors were largely offset by increases in funded assets including settlement balances and trading assets.

Capital and leverage

- **Total NWM Plc RWAs** were £21.7 billion at 31 March 2025, compared with £20.8 billion at 31 December 2024. The increase in the quarter was primarily driven by higher market risk and an increase from the annual update to operational risk RWAs.
- **NWM Plc's Common Equity Tier 1 (CET1) ratio** decreased to 17.2% at 31 March 2025 compared with 18.2% at 31 December 2024, mainly due to the increase in RWAs.
- **Total MREL for NWM Plc** at 31 March 2025 was £10.1 billion, or 46.7% of RWAs, compared with £10.0 billion or 48.2% of RWAs at 31 December 2024. The increase in total MREL in the quarter was largely due to the issuance of a £250 million Additional Tier 1 (AT1) instrument to NatWest Group plc.
- **NWM Plc's leverage ratio** at 31 March 2025 was 5.4%, down slightly compared with 5.5% at 31 December 2024, reflecting an increase in leverage exposure driven by increases in trading assets and other financial assets, partially offset by higher Tier 1 capital, mainly due to the £250 million AT1 instrument issued in the quarter.

Liquidity and funding

- **NWM Plc's liquidity portfolio** decreased by £1.6 billion to £19.4 billion at 31 March 2025 (31 December 2024 - £21.0 billion), mainly driven by continued growth in the banking book. The liquidity coverage ratio (LCR) decreased to 167% (31 December 2024 - 195%), driven by the decrease in liquidity portfolio and higher net outflows.
- **NWM Plc issued public benchmark transactions** amounting to £2.8 billion in Q1 2025. Transactions comprised €1.0 billion of notes under our Euro Medium Term Note programme and \$2.5 billion of notes under our US Medium Term Note programme. NWM Plc also raised funding in other formats throughout the quarter including, but not limited to, structured note issuance.

ESG highlights

Climate and sustainable funding and financing have continued to perform well and, as at the end of Q1 2025, we had delivered £52.7 billion towards the NatWest Group climate and sustainable funding and financing target⁽¹⁾ of £100 billion between 1 July 2021 and the end of 2025.

(1) NatWest Group uses its climate and sustainable funding and financing inclusion criteria (CSFFI criteria) to determine the assets, activities and companies that are eligible to be included within its climate and sustainable funding and financing target. This includes provision of committed (on and off-balance sheet) funding and financing, including provision of services for underwriting issuances and private placements.

Outlook⁽¹⁾

We retain the Outlook guidance provided in the NatWest Markets Plc 2024 Annual Report and Accounts.

(1) The guidance, targets, expectations and trends discussed in this section represent management's current expectations and are subject to change, including as a result of the factors described in the 'Risk Factors' section in the NatWest Markets Plc 2024 Annual Report and Accounts. These statements constitute forward-looking statements. Refer to 'Forward-looking statements' in this announcement.

Financial review

The table below presents an analysis of key lines of NWM Group's income statement. Commentary refers to the table below as well as the consolidated income statement shown on page 6.

| | Quarter ended | | |
|--|------------------------|---------------------------|------------------------|
| | 31 March 2025 £m | 31 December 2024 £m | 31 March 2024 £m |
| Income statement | | | |
| Net interest income | 124 | 85 | 121 |
| Non-interest income | 270 | 218 | 206 |
| Total income | 394 | 303 | 327 |
| Litigation and conduct costs | (32) | (41) | 1 |
| Other operating expenses | (291) | (321) | (256) |
| Operating expenses | (323) | (362) | (255) |
| Operating profit/(loss) before impairment losses/releases | 71 | (59) | 72 |
| Impairment (losses)/releases | (1) | - | 8 |
| Operating profit/(loss) before tax | 70 | (59) | 80 |
| Tax (charge)/credit | (11) | 19 | 2 |
| Profit/(loss) for the period | 59 | (40) | 82 |
| Income (1) | | | |
| Fixed Income | 64 | 20 | 63 |
| Currencies | 158 | 146 | 112 |
| Capital Markets | 181 | 164 | 165 |
| Capital Management Unit & other (2) | 13 | (11) | - |
| Income including shared revenue before OCA | 416 | 319 | 340 |
| Transfer pricing arrangements with fellow NatWest Group subsidiaries (3) | (28) | (12) | (8) |
| Income excluding OCA | 388 | 307 | 332 |
| Own credit adjustments (OCA) | 6 | (4) | (5) |
| Total income | 394 | 303 | 327 |

- (1) Product performance includes gross income earned on a NatWest Group-wide basis, including amounts contributed to other NatWest Group subsidiaries. Income including shared revenue before OCA includes revenue share from other NatWest Group subsidiaries but before revenue share is paid to or contributed to those subsidiaries.
- (2) Capital Management Unit was set up in Q3 2020 to manage capital usage and optimisation across all parts of NatWest Markets, with the income materially relating to legacy positions. In Q4 2024, Other mainly related to FX reserves recycling.
- (3) Transfer pricing arrangements with fellow NatWest Group subsidiaries includes shared revenue paid to or contributed to those subsidiaries and a profit share arrangement with fellow NatWest Group subsidiaries. The profit share arrangement rewards NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment. The profit share is not allocated to individual NatWest Markets product areas.

Q1 2025 performance

- **Net interest income** largely represents interest income from lending activity and capital hedges, offset by interest expense from the funding costs of the business. The increase of £39 million compared with Q4 2024 primarily reflects higher interest expense from funding of the trading business in the prior period.
- **Non-interest income** increased by £52 million compared with Q4 2024, mainly due to a stronger performance across primary business lines as we successfully navigated volatile market conditions in Fixed Income and Currencies, in addition to the impact of FX reserves recycling relating to legacy overseas operations closure activity in the prior period. This was partially offset by a decrease of £12 million in the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries, where £34 million was recognised in the current quarter. Non-interest income increased by £64 million compared with Q1 2024, largely driven by higher revenues in Currencies reflecting increased levels of FX volatility, and Capital Markets, partially offset by a decrease of £11 million in the amount recognised under the profit share arrangement with fellow NatWest Group subsidiaries.
- **Operating expenses** in Q1 2025 decreased by £39 million compared with Q4 2024 and increased by £68 million compared with Q1 2024. Litigation and conduct costs in Q1 2025 reflected ongoing progress in closing legacy matters, including any associated remediation activity, and were down by £9 million compared with Q4 2024 and up by £33 million compared with Q1 2024. Other operating expenses in Q1 2025 decreased by £30 million compared with Q4 2024, largely due to the annual bank levy and other administrative expenses recognised in the prior period, partially offset by higher staff costs. Other operating expenses increased by £35 million compared with Q1 2024, largely driven by the impact of a credit in relation to property charges recognised in the comparative period, and higher staff costs.

Financial review continued

Balance sheet profile as at 31 March 2025

NWM Group's balance sheet profile is summarised below. Commentary refers to the table below as well as the consolidated balance sheet on page 7.

| Assets | | | Liabilities | | |
|--|-------------------------|----------------------------|-------------|-------------------------|----------------------------|
| | 31 March 2025 £bn | 31 December 2024 £bn | | 31 March 2025 £bn | 31 December 2024 £bn |
| Cash and balances at central banks | 16.7 | 16.2 | | | |
| Securities | 20.3 | 13.9 | | 12.0 | 10.5 |
| Reverse repos (1) | 26.1 | 27.1 | | 32.7 | 30.6 |
| Derivative cash collateral posted (3) | 6.3 | 7.3 | | 11.6 | 12.3 |
| Other trading assets | 0.5 | 0.6 | | 1.1 | 1.1 |
| Total trading assets | 53.2 | 48.9 | | 57.4 | 54.5 |
| Loans - amortised cost | 20.8 | 19.1 | | 10.4 | 9.4 |
| Settlement balances | 9.0 | 2.0 | | 9.1 | 1.7 |
| Amounts due from holding company and fellow subsidiaries | 0.5 | 0.3 | | 6.6 | 6.8 |
| Other financial assets | 17.0 | 17.9 | | 32.9 | 31.3 |
| Other assets | 0.7 | 0.7 | | 0.5 | 0.5 |
| Funded assets | 117.9 | 105.1 | | 116.9 | 104.2 |
| Derivative assets | 62.5 | 78.1 | | 56.3 | 72.0 |
| Total assets | 180.4 | 183.2 | | 173.2 | 176.2 |
| | | | | of which: | |
| | | | | 33.9 | 32.5 |
| | | | | 15.4 | 16.8 |

(1) Comprises bank reverse repos of £7.0 billion (31 December 2024 – £5.9 billion) and customer reverse repos of £19.1 billion (31 December 2024 – £21.2 billion).

(2) Comprises bank repos of £8.6 billion (31 December 2024 – £7.2 billion) and customer repos of £24.1 billion (31 December 2024 – £23.4 billion).

(3) Comprises derivative cash collateral given relating to banks of £3.1 billion (31 December 2024 – £3.6 billion) and customers of £3.2 billion (31 December 2024 – £3.7 billion).

(4) Comprises derivative cash collateral received relating to banks of £4.9 billion (31 December 2024 – £5.3 billion) and customers of £6.7 billion (31 December 2024 – £7.0 billion).

(5) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third party subordinated liabilities, of which short-term wholesale funding is the amount with contractual maturity of one year or less.

- **Total assets and liabilities** decreased by £2.8 billion and £3.0 billion respectively as at 31 March 2025. Decreases in derivative fair values reflecting FX volatility across major currencies and variations in interest rates across different currencies and tenors were largely offset by increases in funded assets including settlement balances and trading assets.
- **Trading assets** were up by £4.3 billion, driven by an increase in securities from client-led activity, partially offset by decreases in derivative cash collateral posted and reverse repos. **Trading liabilities** increased by £2.9 billion, driven by increases in repos and short positions, partially offset by a decrease in derivative cash collateral received.
- **Loans – amortised cost** increased by £1.7 billion, driven by higher loans to customers reflecting growth in Capital Markets.
- **Deposits – amortised cost** were up by £1.0 billion, largely driven by an increase in customer deposits in NWM N.V. in response to planned business activity.
- **Derivative assets and derivative liabilities** were down by £15.6 billion and £15.7 billion respectively at 31 March 2025. The decreases in fair values largely reflected FX volatility across major currencies including the weakening of USD in the quarter, following contrasting trends in Q4 2024, and variations in interest rates across different currencies and tenors.
- **Settlement balance assets and liabilities** were up by £7.0 billion and £7.4 billion respectively, largely due to increased trading compared with the seasonally lower levels of customer activity leading up to 31 December 2024.
- **Other financial liabilities** increased by £1.6 billion, driven by new issuance in the period, partially offset by maturities. The balance as at 31 March 2025 includes £23.4 billion of medium-term notes issued.

Non-IFRS measures

This document contains a number of non-IFRS measures. For details of the basis of preparation and reconciliations, where applicable, refer to the non-IFRS measures section on page 11.

Capital, liquidity and funding risk

Introduction

NWM Group takes a comprehensive approach to the management of capital, liquidity and funding, underpinned by frameworks, risk appetite and policies, to manage and mitigate capital, liquidity and funding risks. The framework ensures the tools and capability are in place to facilitate the management and mitigation of risk ensuring that NWM Group operates within its regulatory requirements and risk appetite.

Capital, RWAs and leverage

Capital resources, RWAs and leverage for NWM Plc are set out below and have been calculated in line with the PRA rulebook, subject to the requirements set out in the UK CRR. Regulatory capital is monitored and reported at legal entity level for large subsidiaries of NatWest Group.

| | 31 March 2025 | 31 December 2024 |
|--------------------------------------|------------------|---------------------|
| | % | % |
| Capital adequacy ratios (1,2) | | |
| CET1 | 17.2 | 18.2 |
| Tier 1 | 24.3 | 24.3 |
| Total | 27.5 | 27.8 |
| Total MREL | 46.7 | 48.2 |
| | | |
| | £m | £m |
| Capital (1,2) | | |
| CET1 | 3,743 | 3,779 |
| Tier 1 | 5,280 | 5,067 |
| Total | 5,963 | 5,779 |
| Total MREL (3) | 10,130 | 10,038 |
| | | |
| Risk-weighted assets | | |
| Credit risk | 9,066 | 8,908 |
| Counterparty credit risk | 5,722 | 5,797 |
| Market risk | 5,570 | 5,105 |
| Operational risk | 1,347 | 1,002 |
| Total RWAs | 21,705 | 20,812 |

- (1) NWM Plc's total capital ratio requirement is 11.4%, comprising the minimum capital requirement of 8%, supplemented with the capital conservation buffer of 2.5% and the institution specific countercyclical buffer (CCyB) of 0.9%. The minimum CET1 ratio is 8%, including the minimum capital requirement of 4.5%. The CCyB is based on the weighted average of NWM Plc's geographical exposures.
- (2) NWM Plc is subject to Pillar 2A requirements for CET1, AT1 and Tier 2. Refer to the NWM Plc Pillar 3 report for further details on these additional capital requirements.
- (3) Includes senior debt instruments issued to NatWest Group plc with a nominal value of £4.2 billion (31 December 2024 - £4.3 billion).
- (4) The IFRS 9 transitional capital rules in respect to ECL provisions no longer apply as of 1 January 2025.

Leverage

The leverage ratio has been calculated in accordance with the Leverage Ratio (CRR) part of the PRA rulebook.

| | 31 March 2025 | 31 December 2024 |
|----------------------------|------------------|---------------------|
| Tier 1 capital (£m) | 5,280 | 5,067 |
| Leverage exposure (£m) (1) | 97,377 | 92,859 |
| Leverage ratio (%) | 5.4 | 5.5 |

- (1) Leverage exposure is broadly aligned to the accounting value of on and off-balance sheet exposures albeit subject to specific adjustments for derivatives, securities financing positions and off-balance sheet exposures.

Liquidity and funding

| | 31 March 2025 | 31 December 2024 |
|-------------------------------------|------------------|---------------------|
| LCR spot (%) (1) | 167 | 195 |
| LCR average (%) (1) | 189 | 192 |
| Liquidity portfolio (£bn) (1) | 19.4 | 21.0 |
| Total wholesale funding (£bn) (2) | 33.9 | 32.5 |
| Total funding including repos (£bn) | 95.2 | 91.4 |

- (1) LCR and Liquidity portfolio measures presented are for NWM Plc.
- (2) Predominantly comprises bank deposits (excluding repos), debt securities in issue and third-party subordinated liabilities.

Condensed consolidated income statement for the period ended 31 March 2025 (unaudited)

| | Quarter ended | | |
|--|---------------|--------------|--------------|
| | 31 March | 31 December | 31 March |
| | 2025 | 2024 | 2024 |
| | £m | £m | £m |
| Interest receivable | 659 | 665 | 675 |
| Interest payable | (535) | (580) | (554) |
| Net interest income | 124 | 85 | 121 |
| Fees and commissions receivable | 127 | 102 | 122 |
| Fees and commissions payable | (56) | (47) | (52) |
| Income from trading activities | 192 | 157 | 106 |
| Other operating income | 7 | 6 | 30 |
| Non-interest income | 270 | 218 | 206 |
| Total income | 394 | 303 | 327 |
| Staff costs | (136) | (99) | (124) |
| Premises and equipment | (21) | (20) | (17) |
| Other administrative expenses | (163) | (240) | (112) |
| Depreciation and amortisation | (3) | (3) | (2) |
| Operating expenses | (323) | (362) | (255) |
| Profit/(loss) before impairment losses/releases | 71 | (59) | 72 |
| Impairment (losses)/releases | (1) | - | 8 |
| Operating profit/(loss) before tax | 70 | (59) | 80 |
| Tax (charge)/credit | (11) | 19 | 2 |
| Profit/(loss) for the period | 59 | (40) | 82 |
| Attributable to: | | | |
| Ordinary shareholders | 30 | (63) | 55 |
| Paid-in-equity holders | 29 | 22 | 17 |
| Non-controlling interests | - | 1 | 10 |
| | 59 | (40) | 82 |

Condensed consolidated statement of comprehensive income for the period ended 31 March 2025 (unaudited)

| | Quarter ended | | |
|--|---------------|-------------|-------------|
| | 31 March | 31 December | 31 March |
| | 2025 | 2024 | 2024 |
| | £m | £m | £m |
| Profit/(loss) for the period | 59 | (40) | 82 |
| Items that do not qualify for reclassification | | | |
| Remeasurement of retirement benefit schemes | (3) | (9) | (1) |
| Changes in fair value of credit in financial liabilities designated at fair value through profit or loss (FVTPL) | 4 | (8) | (23) |
| Fair value through other comprehensive income (FVOCI) financial assets | 2 | 1 | 2 |
| Tax | 5 | 7 | 18 |
| | 8 | (9) | (4) |
| Items that do qualify for reclassification | | | |
| FVOCI financial assets | 3 | 1 | 8 |
| Cash flow hedges | 27 | (54) | (58) |
| Currency translation | (25) | 113 | (29) |
| Tax | (12) | 16 | 17 |
| | (7) | 76 | (62) |
| Other comprehensive income/(loss) after tax | 1 | 67 | (66) |
| Total comprehensive income for the period | 60 | 27 | 16 |
| Attributable to: | | | |
| Ordinary shareholders | 31 | 5 | (11) |
| Paid-in equity holders | 29 | 22 | 17 |
| Non-controlling interests | - | - | 10 |
| | 60 | 27 | 16 |

Condensed consolidated balance sheet
as at 31 March 2025 (unaudited)

| | 31 March 2025 £m | 31 December 2024 £m |
|--|------------------------|---------------------------|
| Assets | | |
| Cash and balances at central banks | 16,747 | 16,229 |
| Trading assets | 53,246 | 48,883 |
| Derivatives | 62,505 | 78,105 |
| Settlement balances | 9,030 | 2,043 |
| Loans to banks - amortised cost | 1,072 | 1,171 |
| Loans to customers - amortised cost | 19,698 | 17,921 |
| Amounts due from holding company and fellow subsidiaries | 486 | 343 |
| Other financial assets | 17,021 | 17,850 |
| Other assets | 610 | 621 |
| Total assets | 180,415 | 183,166 |
| Liabilities | | |
| Bank deposits | 4,496 | 4,565 |
| Customer deposits | 5,940 | 4,840 |
| Amounts due to holding company and fellow subsidiaries | 6,596 | 6,771 |
| Settlement balances | 9,083 | 1,729 |
| Trading liabilities | 57,375 | 54,512 |
| Derivatives | 56,284 | 72,036 |
| Other financial liabilities | 32,876 | 31,263 |
| Other liabilities | 550 | 521 |
| Total liabilities | 173,200 | 176,237 |
| Owners' equity | 7,215 | 6,929 |
| Non-controlling interests | - | - |
| Total equity | 7,215 | 6,929 |
| Total liabilities and equity | 180,415 | 183,166 |

Condensed consolidated statement of changes in equity
for the period ended 31 March 2025 (unaudited)

| | Share capital and share premium £m | Paid-in equity £m | Retained earnings £m | Other reserves* £m | Total owners' equity £m | Non controlling interests £m | Total equity £m |
|---|--|-------------------------|----------------------------|--------------------------|----------------------------------|---------------------------------------|-----------------------|
| At 1 January 2025 | 2,346 | 1,496 | 3,163 | (76) | 6,929 | - | 6,929 |
| Profit attributable to ordinary shareholders and paid-in equity holders | | | 59 | | 59 | - | 59 |
| Other comprehensive income | | | | | | | |
| - Changes in fair value of financial liabilities designated at FVTPL due to changes in credit risk | | | 4 | | 4 | | 4 |
| - Unrealised gains: FVOCI | | | | 5 | 5 | | 5 |
| - Remeasurement of retirement benefit schemes | | | (3) | | (3) | | (3) |
| - Amounts recognised in equity: cash flow hedges | | | | (36) | (36) | | (36) |
| - Foreign exchange reserve movement | | | | (25) | (25) | | (25) |
| - Amounts transferred from equity to earnings | | | | 63 | 63 | | 63 |
| - Tax | | | 2 | (9) | (7) | | (7) |
| Securities issued in the period | | 250 | | | 250 | | 250 |
| Paid-in equity dividends paid | | | (29) | | (29) | | (29) |
| Share-based payments | | | 5 | | 5 | | 5 |
| Merger reserve amortisation | | | (1) | 1 | - | | - |
| At 31 March 2025 | 2,346 | 1,746 | 3,200 | (77) | 7,215 | - | 7,215 |

| | 31 March 2025 £m |
|------------------------------------|------------------------|
| Attributable to: | |
| Ordinary shareholders | 5,469 |
| Paid-in equity holders | 1,746 |
| Non-controlling interests | - |
| | 7,215 |
| *Other reserves consist of: | |
| Merger reserve | (10) |
| FVOCI reserve | 31 |
| Cash flow hedging reserve | (160) |
| Foreign exchange reserve | 62 |
| | (77) |

Notes

1. Presentation of condensed consolidated financial statements

The condensed consolidated financial statements should be read in conjunction with NatWest Markets Plc's 2024 Annual Report and Accounts. The accounting policies are the same as those applied in the consolidated financial statements.

The directors have prepared the condensed consolidated financial statements on a going concern basis after assessing the principal risks, forecasts, projections and other relevant evidence over the twelve months from the date they are approved.

2. Trading assets and liabilities

Trading assets and liabilities comprise assets and liabilities held at fair value in trading portfolios.

| | 31 March 2025 £m | 31 December 2024 £m |
|--------------------------------------|------------------------|---------------------------|
| Assets | | |
| Loans | | |
| Reverse repos | 26,114 | 27,127 |
| Collateral given | 6,278 | 7,333 |
| Other loans | 537 | 545 |
| Total loans | 32,929 | 35,005 |
| Securities | | |
| Central and local government | | |
| - UK | 3,332 | 2,077 |
| - US | 6,145 | 3,734 |
| - Other | 5,884 | 3,506 |
| Financial institutions and Corporate | 4,956 | 4,561 |
| Total securities | 20,317 | 13,878 |
| Total | 53,246 | 48,883 |
| Liabilities | | |
| Deposits | | |
| Repos | 32,659 | 30,562 |
| Collateral received | 11,584 | 12,307 |
| Other deposits | 881 | 895 |
| Total deposits | 45,124 | 43,764 |
| Debt securities in issue | 259 | 257 |
| Short positions | 11,992 | 10,491 |
| Total | 57,375 | 54,512 |

3. Other financial liabilities

| | 31 March 2025 £m | 31 December 2024 £m |
|--|------------------------|---------------------------|
| Customer deposits - designated as at FVTPL | 1,752 | 1,537 |
| Debt securities in issue | | |
| - Medium term notes | 23,403 | 21,852 |
| - Commercial paper and certificates of deposit | 7,454 | 7,605 |
| Subordinated liabilities | | |
| - Designated as at FVTPL | 231 | 234 |
| - Amortised cost | 36 | 35 |
| Total | 32,876 | 31,263 |

4. Amounts due to holding company and fellow subsidiaries

| | 31 March 2025 £m | 31 December 2024 £m |
|--|------------------------|---------------------------|
| Bank deposits - amortised cost | 557 | 548 |
| Customer deposits - amortised cost | 46 | 43 |
| Trading liabilities | 571 | 613 |
| Other financial liabilities - subordinated liabilities | 1,111 | 1,115 |
| MREL instruments issued to NatWest Group plc | 4,234 | 4,358 |
| Other liabilities | 77 | 94 |
| Total | 6,596 | 6,771 |

Notes continued

5. Litigation

NatWest Markets Plc's 2024 Annual Report and Accounts, issued on 14 February 2025, included disclosures about NWM Group's litigation and regulatory matters in Note 25. Set out below are the material developments in those matters (all of which have been previously disclosed) since publication of the 2024 Annual Report and Accounts.

FX litigation

NWM Plc, NatWest Markets Securities Inc. and/or NatWest Group plc are defendants in several cases relating to NWM Plc's foreign exchange (FX) business. In May 2025, NWM Plc executed an agreement to settle the claim in the Federal Court of Australia, subject to court approval of that settlement. The settlement amount is covered in full by an existing provision.

6. Changes to the NWM Board of Directors

In March 2025, Tamsin Rowe was appointed interim Chair of NWM Plc following the announcement that Frank Dangeard was taking a period of leave for personal reasons.

In April 2025, it was announced that Frank Dangeard would step down as Chair of NWM Plc with effect from 23 April 2025.

In April 2025, Rupert Hume Kendall and Thierry Roland were appointed as Non-Executive Directors of NWM Plc.

7. Post balance sheet events

There have been no significant events between 31 March 2025 and the date of approval of this announcement that would require a change to or additional disclosure in the announcement.

Non-IFRS measures

NWM Group prepares its financial statements in accordance with IFRS as issued by the IASB which constitutes a body of generally accepted accounting principles (GAAP). This document contains a number of adjusted or alternative performance measures, also known as non-GAAP or non-IFRS performance measures. These measures are adjusted for certain items which management believe are not representative of the underlying performance of the business and which distort period-on-period comparison. These non-IFRS measures are not measures within the scope of IFRS and are not a substitute for IFRS measures. These measures include:

- Management analysis of operating expenses shows litigation and conduct costs on a separate line. These amounts are included within staff costs and other administrative expenses in the statutory analysis. Other operating expenses excludes litigation and conduct costs which are more volatile and may distort comparisons with prior periods.
- Funded assets are defined as total assets less derivative assets. This measure allows review of balance sheet trends exclusive of the volatility associated with derivative fair values.
- Management view of income by business including shared revenue and before own credit adjustments. This measure is used to show underlying income generation in NatWest Markets excluding the impact of own credit adjustments.
- Revenue share refers to income generated by NatWest Markets products from customers that have their primary relationship with other NatWest Group subsidiaries, a proportion of which is shared between NatWest Markets and those subsidiaries.
- Transfer Pricing arrangements with fellow NatWest Group subsidiaries includes revenue share and a profit share arrangement with fellow NatWest Group subsidiaries. The profit share arrangement rewards NWM Group on an arm's length basis for its contribution to the performance of the NatWest Group Commercial & Institutional business segment. The profit share is not allocated to individual NatWest Markets product areas.
- Own credit adjustments are applied to positions where it is believed that the counterparties would consider NWM Group's creditworthiness when pricing trades. The fair value of certain issued debt securities, including structured notes, is adjusted to reflect the changes in own credit spreads and the resulting gain or loss recognised in income.

Operating expenses – management view

| | Quarter ended | | |
|-------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | 31 March 2025 | | |
| | Litigation and conduct costs | Other operating expenses | Statutory operating expenses |
| | £m | £m | £m |
| Staff costs | 8 | 128 | 136 |
| Premises and equipment | - | 21 | 21 |
| Other administrative expenses | 24 | 139 | 163 |
| Depreciation and amortisation | - | 3 | 3 |
| Total | 32 | 291 | 323 |

| | Quarter ended | | |
|-------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | 31 December 2024 | | |
| | Litigation and conduct costs | Other operating expenses | Statutory operating expenses |
| | £m | £m | £m |
| Staff costs | 5 | 94 | 99 |
| Premises and equipment | - | 20 | 20 |
| Other administrative expenses | 36 | 204 | 240 |
| Depreciation and amortisation | - | 3 | 3 |
| Total | 41 | 321 | 362 |

| | Quarter ended | | |
|-------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | 31 March 2024 | | |
| | Litigation and conduct costs | Other operating expenses | Statutory operating expenses |
| | £m | £m | £m |
| Staff costs | 6 | 118 | 124 |
| Premises and equipment | - | 17 | 17 |
| Other administrative expenses | (7) | 119 | 112 |
| Depreciation and amortisation | - | 2 | 2 |
| Total | (1) | 256 | 255 |

Additional information

Presentation of information

NatWest Markets Plc ('NWM Plc') is a wholly owned subsidiary of NatWest Group plc or 'the ultimate holding company'. The term 'NWM Group' or 'we' refers to NWM Plc and its subsidiary and associated undertakings. The term 'NatWest Group' refers to NatWest Group plc and its subsidiary and associated undertakings.

NWM Plc publishes its financial statements in pounds sterling ('£' or 'sterling'). The abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling, respectively, and references to 'pence' or 'p' represent pence in the United Kingdom ('UK'). Reference to 'dollars' or '\$' are to United States of America ('US') dollars. The abbreviations '\$m' and '\$bn' represent millions and thousands of millions of dollars, respectively. The abbreviation '€' represents the 'euro', and the abbreviations '€m' and '€bn' represent millions and thousands of millions of euros, respectively.

Statutory results

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2024 have been filed with the Registrar of Companies. The report of the auditor on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

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Forward-looking statements

Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements with respect to NWM Group's financial condition, results of operations and business, including its strategic priorities, financial, investment and capital targets, and ESG targets, commitments and ambitions described herein. Statements that are not historical facts, including statements about NatWest Group's beliefs and expectations, are forward-looking statements. Words such as 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions are intended to identify forward-looking statements. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, impairment loss rates, balance sheet reduction (including the reduction of RWAs), CET1 ratio (and key drivers of the CET1 ratio, including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as climate and sustainability-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, climate and sustainable funding and financing and financed emissions.

Limitations inherent to forward-looking statements

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's and NWM Group's strategy or operations, which may result in NWM Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required.

Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document. These factors include, but are not limited to, those set forth in the risk factors and the other uncertainties described in NatWest Markets Plc's 2024 Annual Report and Accounts and its other public filings. The principal risks and uncertainties that could adversely affect NWM Group's future results, its financial condition and/or prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to: economic and political risk (including in respect of: economic and political risks and uncertainties in the UK and global markets, including as a result of inflation and interest rates, supply chain disruption, and geopolitical developments; changes in interest rates and foreign currency exchange rates; and HM Treasury's ownership of NatWest Group plc); business change and execution risk (including in respect of: NatWest Group's strategy and NatWest Group's creation of its Commercial & Institutional business segment (of which NWM Group forms part) and the transfer of NatWest Group's Western European corporate portfolio); financial resilience risk (including in respect of: NWM Group's ability to meet targets, generate returns or implement its strategy effectively; prudential regulatory requirements for capital and MREL; NWM Group's reliance on access to capital markets directly or indirectly through its parent (NatWest Group); capital, funding and liquidity risk; reductions in the credit ratings; the competitive environment; the requirements of regulatory stress tests; counterparty and borrower risk; model risk; sensitivity to accounting policies, judgments, estimates and assumptions (and the economic, climate, competitive and other forward looking information affecting those judgments, estimates and assumptions); changes in applicable accounting standards; the adequacy of NatWest Group's resolution plans; and the application of UK statutory stabilisation or resolution powers to NatWest Group); climate and sustainability risk (including in respect of: risks relating to climate change and sustainability-related risks; both the execution and reputational risk relating to NatWest Group's climate change-related strategy, ambitions, targets and transition plan; climate and sustainability-related data and model risk; increasing levels of climate, environmental, human rights and other sustainability-related laws, regulation and oversight; climate, environmental, human rights and other sustainability-related litigation, enforcement proceedings, investigations and conduct risk); operational and IT resilience risk (including in respect of: operational risks (including reliance on third party suppliers); cyberattacks; the accuracy and effective use of data; attracting, retaining and developing senior management and skilled personnel; complex IT systems; NWM Group's risk management framework; and NWM Group's reputational risk); and legal, regulatory and conduct risk (including in respect of: the impact of substantial regulation and oversight; the outcome of legal, regulatory and governmental actions and investigations as well as remedial undertakings; and changes in tax legislation or failure to generate future taxable profits).

Forward-looking statements continued

Climate and sustainability-related disclosures

Climate and sustainability-related disclosures in this document are not measures within the scope of International Financial Reporting Standards ('IFRS'), use a greater number and level of judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities, than our reporting of historical financial information in accordance with IFRS. These judgments, assumptions and estimates are highly likely to change materially over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, our climate risk analysis, our ambition to be net zero across our financed emissions, assets under management and operational value chain by 2050 and the implementation of our climate transition plan remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. The process we have adopted to define, gather and report data on our performance on climate and sustainability-related measures is not subject to the formal processes adopted for financial reporting in accordance with IFRS and there are currently limited industry standards or globally recognised established practices for measuring and defining climate and sustainability-related metrics. As a result, we expect that certain climate and sustainability-related disclosures made in this document are likely to be amended, updated, recalculated or restated in the future. Refer to the cautionary statement in the section entitled 'Climate and sustainability-related and other forward-looking statements and metrics' of the NatWest Group 2024 Sustainability Report published by NatWest Group plc for the consolidated group, including NatWest Markets Plc.

Cautionary statement regarding Non-IFRS financial measures and APMs

NWM Group prepares its financial statements in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). This document may contain financial measures and ratios not specifically defined under GAAP or IFRS ('Non-IFRS') and/or alternative performance measures ('APMs') as defined in European Securities and Markets Authority ('ESMA') guidelines. Non-IFRS measures and APMs are adjusted for notable and other defined items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. Non-IFRS measures and APMs provide users of the financial statements with a consistent basis for comparing business performance between financial periods and information on elements of performance that are one-off in nature. Any Non-IFRS measures and/or APMs included in this document, are not measures within the scope of IFRS, are based on a number of assumptions that are subject to uncertainties and change, and are not a substitute for IFRS measures.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or a solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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