

19 February 2021

NatWest Group plc

NatWest Group plc announces outcome of strategic review into Ulster Bank in the Republic of Ireland

NatWest Group plc (“NWG”) today announces that it has completed its strategic review of Ulster Bank. Following careful and comprehensive deliberation by the NWG Board, NWG has concluded that, despite the significant progress that has been made in recent years, Ulster Bank in the Republic of Ireland will not be in a position to achieve an acceptable level of sustainable returns over its planning horizon.

As a result, NWG intends to begin a phased withdrawal from the Republic of Ireland over the coming years that will be managed in an orderly and considered manner. Ulster Bank Limited’s banking business in Northern Ireland is unaffected.

The NWG Board has given careful consideration to the impact of this decision on all stakeholders, in line with our purpose. In the near-term, it is expected that there will be minimal change for Ulster Bank customers and colleagues. NWG will seek to implement a solution, or set of solutions, to ensure that:

- our customers and colleagues are well supported;
- there is continued servicing of retail and SME clients;
- job losses are minimised;
- stability is maintained in the sector; and
- NWG’s withdrawal from the Irish banking sector is achieved in an orderly manner.

As part of this phased withdrawal, a non-binding Memorandum of Understanding (“MoU”) with Allied Irish Banks, p.l.c. has been agreed for the sale of a c.€4bn portfolio of performing commercial loans, and the transfer of the colleagues wholly or mainly assigned to this loan book.

The potential sale contemplated by the MoU remains subject to due diligence, further negotiation and agreement of final terms and definitive documentation, as well as obtaining regulatory and other approvals and satisfying other conditions. The proposed sale may not be concluded on the terms contemplated in the MoU, or at all.

NWG is also in early discussions with Permanent TSB Group Holdings p.l.c. among other strategic banking counterparties about their potential interest in buying certain retail and SME assets, liabilities and operations. These discussions may or may not result in agreement. Our preference is to continue to focus our discussions with counterparties who can provide customers with full banking services in the Irish market.

We expect NWG’s withdrawal from the Republic of Ireland to be capital accretive over the multi-year process.

NatWest Group CEO Alison Rose said:

“In recent years, our strategy for Ulster Bank in the Republic of Ireland has been to improve returns by growing the business, reducing costs and resolving legacy issues. I want to pay tribute to our colleagues who through their commitment and dedication have helped to transform this business. Our priority over the coming months will remain on supporting our customers, communities and colleagues through these difficult times.

“Following an extensive review and despite the progress that has been made, it has become clear Ulster Bank will not be able to generate sustainable long terms returns for our shareholders. As a result, we are to begin a phased withdrawal from the Republic of Ireland over the coming years which will be undertaken with careful consideration of the impact on customers and our colleagues.”

NWG will provide further information at the appropriate time.

For further information, please contact:

Investor Relations

Alexander Holcroft
Head of Investor Relations
+44 (0) 20 7672 1758

NWG Media Relations

+44 (0) 131 523 4205

Forward-looking statements

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