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NatWest Group plc

NatWest Group Progress on Phased Withdrawal from Republic of Ireland: Ulster Bank Ireland DAC announces signing of Legally Binding Agreement with Permanent TSB plc

As part of the phased withdrawal from the Republic of Ireland, NatWest Group plc (“NatWest Group”) and Ulster Bank Ireland DAC (“UBIDAC”) announced on 23 July 2021 that they had entered into a non-binding Memorandum of Understanding (“MOU”) with Permanent TSB plc (“PTSB”) for the proposed sale of a perimeter comprising performing non-tracker mortgages, performing micro-SME loans, UBIDAC’s asset finance business and a subset of its branch locations.

NatWest Group and UBIDAC have now entered into a legally binding agreement with PTSB in relation to the sale of the above perimeter, which comprises approximately €7.6bn of gross performing loans as at 30 June 2021 and 25 branch locations. Credit risk weighted assets (“RWA”) associated with this perimeter are estimated at €3.1bn as at 30 June 2021.

Completion, which is subject to obtaining competition, regulatory and other approvals, including PTSB’s holding company shareholder approval, and other conditions being satisfied, is expected to occur in phases between Q4 2022 and Q1 2023. The majority of loans are expected to transfer in Q4 2022. It is estimated that a loss on disposal will be recognised by UBIDAC upon completion although the final amount will depend on movements in the book and other factors between now and completion, the timing of which remains uncertain.

As part of the consideration for the transaction, on completion NatWest Group will receive newly issued ordinary shares equivalent to a non-consolidating equity stake of 16.66% of the enlarged share capital of PTSB.

As part of the transaction it is anticipated that c.450 colleagues will have the right to transfer under the TUPE regulations, with the final number of roles to be confirmed as the deal completes.

When combined with the previously announced agreement to sell the majority of its commercial lending to Allied Irish Banks, p.l.c., UBIDAC now has binding agreements in place for around 58% of its total gross lending portfolio and an estimate of c.65% of credit RWA as at 30 June 2021. As previously announced, we expect the phased withdrawal from the Republic of Ireland to be capital accretive to NatWest Group.

NatWest Group CEO Alison Rose said:

“Today’s announcement is a key milestone in our phased withdrawal from the Republic of Ireland. Our priority is to support our customers and colleagues through this transition and working closely with Permanent TSB to ensure the successful completion of this agreement.”

NatWest Group and UBIDAC will provide further information at the appropriate time.

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