

Annual Results

For the year ended 31 December 2021

NatWest Group plc

2021 NatWest Group performance summary

Alison Rose, Chief Executive Officer, commented:

NatWest Group delivered a strong performance in 2021 as we returned to profitability, made progress against our strategy and distributed more than £3.8 billion of capital to our shareholders, including £1.7 billion to the taxpayer.

We are acutely aware of the challenges that many people, families and businesses continue to face up and down the country and are working alongside our customers to provide the support they need – whether that is managing their money better, saving for a house or retirement or starting or growing a new business – as well as playing a leading role in the transition to net zero.

As our economy recovers and the trend towards digital services accelerates, we are investing to deliver long term value in the bank and drive sustainable growth. We will do this by building closer and deeper relationships with our customers and by supporting their evolving needs and expectations at every stage of their lives.

Resilient financial performance in a challenging environment

- Full year attributable profit of £2,950 million and a return on tangible equity of 9.4%.
- Income across the UK and RBSI retail and commercial businesses, excluding notable items, increased by 1.4% compared with 2020 principally reflecting balance sheet growth although this was offset by a 61.5% reduction in NatWest Markets income.
- Q4 2021 Bank NIM⁽¹⁾ of 2.38% was 3 basis points higher than Q3 2021 reflecting higher yield curve and higher unsecured balances partly offset by lower mortgage margins.
- Other expenses, excluding operating lease depreciation and Ulster Bank Rol direct costs, were £256 million, or 4.0% lower than 2020, in line with our target for the year.
- A net impairment release of £1,278 million, or 35 basis points of gross customer loans, principally reflects releases in non-default portfolios and the low levels of realised losses we have seen across the year.
- A final dividend of 7.5p is proposed and we intend to commence an ordinary share buy-back programme of up to £750 million in the first half of the year, taking total distributions deducted from capital in the year to £3.8 billion.

Robust balance sheet with strong capital and liquidity levels

- The CET1 ratio remains strong at 18.2%, reducing by 50 basis points in the quarter due to our proposed on market buybacks and dividends. On 1 January 2022, the proforma CET1 ratio was 15.9% following regulatory changes.
- The liquidity coverage ratio of 172% increased by 6 percentage points in the quarter.
- Across the UK and RBSI retail and commercial businesses, net lending excluding UK Government support schemes increased by £7.8 billion, or 2.6%, including £10.8 billion of mortgage growth, and increased by £0.8 billion in Q4 2021.
- Customer deposits increased by £48.1 billion during 2021 to £479.8 billion.

(1) Excludes NatWest Markets, Liquid Asset Buffer and Ulster Bank Rol.