NatWest Group

Annual Results 2020

MEDIA Conference Call

Held at the offices of the Company
250 Bishopsgate London EC2M 4AA
on Friday 19 February 2021

FORWARD-LOOKING STATEMENTS

NatWest Group

Sir Howard Davies, Chairman

Alison Rose, Chief Executive

Katie Murray, Chief Finance Officer

Introduction

Good morning, ladies and gentleman. Today's conference call will be hosted by Howard Davies, Chairman. Please go ahead, Howard.

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Howard Davies, Chairman

Thank you, Sharon. And good morning, everybody. Thank you for joining. And, first, apologies for starting just a couple of minutes late. We've got Alison and Katie here. They'll take you through results. Just a few words from me by way of introduction.

It's fair to say that 2020 was a year like no other. Politicians, regulators and industry leaders had to come together to find urgent solutions to a series of rapidly evolving challenges caused by the pandemic.

And the United Kingdom left the European Union after nearly 50 years of membership. At the last minute, the trade agreement avoided a disorderly exit, but there's still a lot of work to do and the remaining significant uncertainty, particularly in financial services.

Although the low interest-rate environment and the continuing COVID-19 restrictions will challenge financial performance amongst all UK banks for the foreseeable future, the NatWest Group is well positioned to navigate the uncertainty and is making good progress against its strategy.

By embedding our purpose at the core of our business, we've signalled our intention to deliver not only a sustainable performance to shareholders, but to make a positive contribution to society.

With that, I'm going to hand over to Alison to talk through our results and our strategic objectives in a bit more detail. Alison?

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Alison Rose, Chief Executive

Thank you, Howard. And good morning, everybody. Against a backdrop of economic uncertainty, NatWest has delivered a resilient performance in 2020 whilst supporting our customers, our colleagues and our communities throughout this pandemic, as well as continuing to accelerate our digital transformation.

Today, we're reporting an operating profit before impairments of £2.9 billion for the full year. Taking impairments into account, this has resulted in an operating loss before tax of £351 million.

Our impairments of £3.2 billion were below our guided range and a significant proportion of discharge related to potential future loan losses under ISRS9. We continue to experience relatively low levels of actual default in our loan book and our lending is well-diversified, with limited exposure to unsecured loans.

Importantly, we have one of the strongest capital ratios of all of our European banking peers at 18.5 percent and our business remains capital generative.

I'm pleased that we are today announcing a proposed final dividend of £0.03 per share, which is the maximum allowed within the guardrails set out by the Bank of England in December.

Of the £364 million that we intend to pay out to shareholders, £225 million will go to the UK Government. We've also announced, planned subject to regulatory permission, to distribute at least £800 million each year to 2023 through a combination of ordinary and special dividends, maintaining our pay-out ratio of around 40 percent for ordinary dividends.

This will help to ensure we retain a very strong capital position, giving us the flexibility to navigate the continuing uncertainty, to return capital to shareholders – including through directed buy backs – and to pursue other options that generate shareholder value, such as our recent acquisition of the mortgage book from Metro Bank.

In line with our strategic priorities, and in light of the challenges to the economy, we have undertaken an extensive review into the future of our Ulster Bank business in the Republic of Ireland and this review is now complete.

In recent years, our strategy for Ulster Bank in the Republic of Ireland has been to improve returns by growing this business, reducing costs and resolving legacy issues and I would like to pay thanks and tribute to my colleagues, who, through their commitment and dedication, have helped to transform this business.

However, following careful and comprehensive deliberation by the Board, NatWest Group has concluded that Ulster Bank's business in the Republic of Ireland will not be in a position to achieve an acceptable level of sustainable returns over its planning horizon. And, as a result, we are to begin a phased withdrawal from the Republic of Ireland over the coming years. We intend to do this in a responsible way with careful consideration of the impact on our customers, our colleagues and other stakeholders.

Nothing changes today for our staff or our customers. There will be no compulsory departures or branch closures in the Republic of Ireland this year, as a result of this announcement. Also, Ulster Bank's Limited banking business in Northern Ireland is unaffected.

As Howard said, it's an understatement to say 2020 was the year that I had anticipated when we set out our purpose lead strategy last February. But, I'm very pleased and proud of how quickly and effectively the bank responded to the COVID-19 crisis and I'd like to thank my colleagues for the incredible resilience, dedication and empathy they have shown throughout this period.

In total, last year, we approved £14.1 billion of loans the UK Government lending teams provided around 258,000 mortgage holidays and kept 95 percent of our branch network open.

As a relationship bank that sits at the heart of communities up and down the country, we also provided support to some of the most vulnerable people in society.

From transforming part of our Gogarburn headquarters into a food bank distribution hub to raising £10 million by match funding customer donations to the National Emergencies Trust.

And I think stories like this fill me with pride and reflect the strong culture and values of our organisation.

Putting our purpose strategy at the heart of our business is not just the right thing to do. There is a strong commercial imperator here. If our customers and communities succeed, so will – so will we.

Our priority area of focus – removing barriers to enterprise, building financial capability and tackling climate change – will be crucial as we build a greener, more inclusive economy.

On enterprise, we migrated our twelve free Entrepreneur Accelerator hubs to be delivered digitally and welcomed over 1,200 new entrepreneurs to virtual accelerator programmes.

On financial capability, we reached 2.9 million people through activities such as free Financial Health Checks, our financial education program MoneySense and training on fraud awareness. And we also helped over £0.5 million people start saving with us for the first time.

And, on climate change, we achieved net zero on our own operations through emission reductions in carbon credits. We reduced our exposure to the oil and gas sector by almost 16 percent and we helped business customers raise £12 billion of climate and sustainable financing and funding. And, for our personal customers, we launched our Green Mortgage in October as well as piloting a Carbon Footprint Tracker.

NatWest Group was also announced as the principal banking partner for the critical COP26 Conference that's being held in Glasgow later this year.

Despite the challenges of the pandemic, we executed well against our strategy and exceeded our financial target for 2020.

We drew lending across our retail and commercial businesses by 7 percent against our target of greater than 3 percent. We reduced costs by £277 million against our target of £250 million and we continue to reshape NatWest Markets, reducing Risk-Weighted Assets to less than £27 billion, well below our £32 billion target.

Looking forward, we had set the following financial target across a three-year plan to 2023 – to deliver lending growth above market rate across UK and RBSI retail and commercial businesses each year, to reduce costs by around 4 percent each year, excluding the impacts of the phased withdrawal from the Republic of Ireland and, to operate with a CET1 capital ratio of 13 to 14 percent.

We're building a relationship bank for a digital world and our purpose-led strategy remains focused on driving sustainable returns to shareholders and we are targeting a Return on Tangible Equity of 9 to 10 percent by 2023.

COVID-19 has notably accelerated the rate of digital adoption and we plan to accelerate our own digital transformation to meet the rapidly evolving needs of our customers.

58 percent of our retail customers now only use digital to interact with us, up from 46 percent a year ago and video banking meetings increased from less than 100 a week in January last year to around 15,000 a week in January this year.

Our increased investment in digital will deepen our relationships with customers, resulting in attractive growth opportunities and lower costs across the business.

So, in summary, 2020 was the year we stepped up quickly to support all our customers' colleagues and communities. And, although the economic outlook remains uncertain, we look forward with renewed hope and positivity. The rapid progress of the vaccination programs is clearly welcome, even if the duration of the current lockdown is unclear.

In this environment, our robust balance sheet, sector leading capital strength underpinned by a resilient business with strong capacity for growth, gives us a flexibility to navigate the uncertain outlook, support our customers and deliver sustainable returns.

Thank you. Very happy to be open to questions.

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Howard Davies, Chairman

Thanks, Alison. Sharon, over to you for questions.

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Operator

Thank you. Ladies and gentlemen, if you would like to ask a question, please press the 'star' key followed by the digit '1' on your telephone keypad.

We will pause for a moment to give everyone an opportunity to signal for questions. Thank you and your first question today comes from Iain Withers from Reuters. Please go ahead.

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Iain Withers, Reuters

Hi. Morning. A couple of questions. The first one's on the – on the outlook. The provisioning is still quite high given the underlying loan losses you're experiencing. Do you think you might be able to reduce that provisioning in the future if the economy recovers as you hope it will? And just on – of the bank, does – from requests in Ireland that you don't sell part of that business to private equity, I was just wondering if you're able to kind of rule it out. Thanks.

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Alison Rose, Chief Executive

Thanks. Well, on impairments, the £3.2 billion for the year is below the guided range of the £3.5 billion to the £4.5 billion. And, as I said, at the moment, this is a forward-looking provision.

The actual real held impairments that we're seeing at the moment remain relatively benign. What we would expect is to move back to a more normalised impairment view going forward and we've indicated that you should think about that in the cycle to 30 to 40 basis points on an ongoing basis.

But, clearly, all of the support that's been put in place through the Government schemes and all the support means the actual real impairments are not really coming through yet so it's – but the outlook still remains uncertain.

On Ulster Bank, what we've announced today is the phased withdrawal over the coming years and we intend to do that in a very responsible way. We've also talked about some discussions that we're having on a preliminary basis with a number of parties with a memorandum of understanding with AIB and early discussions with PTSB.

And our preference is to continue to focus our discussions with counterparties who can provide customers with full banking services in the Irish markets. So, we will consider all of that as we go forward thinking about our customers and our colleagues.

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Operator

Thank you. And your next question comes from the line of Stefania Spezzati from Bloomberg News. Please go ahead. Your line is open.

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Stefania Spezzati, Bloomberg

Hi. Good morning. So, I was wondering with your renewed targets for the next three years – if you could elaborate a bit more – how do you plan to achieve them, especially the cost targets, considering that it is not including Ulster Bank withdrawal.

So, what do you plan to cut, basically more costs, in the next three years? How to you plan to achieve the return on tangible equity if basically that there is – you expect the outlook to improve in the coming years?

And then, my next question would be on the COVID loans. How do you plan the recovering collection of those since it seems that the product of creating an entity at industry level has been put aside for now? Thank you.

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Alison Rose, Chief Executive

Thank you, Stefania. So, on costs, we are continuing to target a cost-reduction of around 4 percent a year to 2023 and that will come from a number of different areas.

Clearly, we're accelerating our digital transformation. That is going to be key to reducing costs. We're – looking at our customer journeys, which are really how we interact with our customers, and they account for around 30 percent of our cost space.

So, we're using our experience to transform our customer journeys and some examples of that – we launched a digital mortgage switching that allows customers to change their mortgage online in as little as 10 minutes. Manually, that would have taken 23 days. So, we'll focus on customer journeys really as part of that, as well as evolving how we work in the future and our property footprint. But our commitment is continuing to take costs out of around 4 percent a year.

On the COVID loans, as you know, we've advanced £14 billion under the Government's teams, which have been critical to supporting business during this period. We're participating in what's called the Bounce Back Loans Recoveries Collaboration Group.

It's a working group to really make sure that we're establishing really clear protocols. That customers have consistent treatments on how they're approached and supported as we go through the recoveries of these loans and that's a really important aspect for our customers. Understand how they're going to be treated. As you know, those loans have been advanced in a very digital way under the terms of the Government schemes.

And now, as some of those loans start falling for and due repayment later on this year. Or maybe, extended under the pay as you grow, we're going to work very closely with our customers that make sure there's good collaboration on protocols, which we've worked with the treasury and UK Finance on.

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Operator

Thank you. And your next question comes from the line of Ben Martin from The Times. Please go ahead. Your line is open.

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Ben Martin, The Times

Good morning. You talked about sort of the continued digital transformation. What would this mean for the branch network? You planning on closing branches either this year or next year? And, if so, what would that mean for jobs? And also, just on the outlook for interest rates, we saw that the forecasts for the central bank to cut rates to zero. You're not expecting negative rates?

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Alison Rose, Chief Executive

Thank you. So, on branches, I've talked before about the sort of 16,000 points of presence we have of – and we have over sort of 800 branches. And our branch network is incredibly important to us and it's been a real lifeline to customers. Particularly during COVID, where we kept 95 percent of our branches open.

So, what we have seen is a real acceleration in customer behaviour in terms of use of digital. And, just to give you a sense, 58 percent of our customers in active current account holders, now only interact with us digitally. 78 percent of our customers – are regular users of digital. And the stat that I just mentioned on video banking is a real indication of how customer behaviour is changing.

So, any – we'll keep our network and all of our points of presence under review on a regular basis, but we will be guided by our customer behaviour in that.

Katie, do you want to pick up the interest rate.

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Katie Murray, Chief Finance Officer

Absolutely. Thanks, Alison. Hi, Ben. If we look at the interest rate, our scenario does have that we go from 10 basis points down to zero. We don't have negative rates in our view, as a likelihood. And I would even say it's possibly sitting (stated) that 10 basis point fall feels a little bit conservative.

The reality is, in this – in 2021, the impact of that on income, given the timing of it, has a pretty marginal impact on our income. So, it could be a small positive, if it were to come but we definitely don't see negatives as something that's likely at this stage.

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Operator

Thank you. And your next question comes from the line of Kalyeena Makartoff from The Guardian. Please go ahead. Your line is open.

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Kalyeena Makartoff, The Guardian

Hi. Good morning. Alison, as a start off, would you be able to tell us whether you're considering waiving your bonuses, some of your pay, again, this year, in light of the ongoing crisis?

And just to elaborate on the cost cuts, again, are you able to rule out job cuts? And, in terms of the property footprint, if it's not branches, can you tell us sort of what part of the property footprint do you think is most likely to be considered for a reduction? Thanks.

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Howard Davies, Chairman

Hi, Kalyeena. Let me pick up on the bonus point and then Alison can pick up again on the costs. As you know, both Alison and I took a voluntary 25 percent cut in our basic pay last year and Alison also said she was not accepting any variable pay for last year.

And we made a significant donation to the NHS charity as a – as a sign of our recognition of the impact of the crisis on the NHS and on the economy at that time.

We've got no plans at this point to do that again this year. We'll, obviously, have to observe how the economy and the bank develops, but we don't have any plans to repeat that at the moment.

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Alison Rose, Chief Executive

On costs, just picking that up, the way that we're all going to work in the future, I think, is continuing to evolve. So, we'll – that will impact our property footprint.

I think there's always going to be a place for large offices as we bring colleagues together, but we will evolve that. We will continue to keep under review our branch network and our points of presence, as I mentioned that that will be driven by customer behaviour in terms of any decisions that we make.

As you know, way I don't comment on job losses and our staff. I will always talk to them first about any decisions that would impact them.

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Operator

Thank you. Your next question comes from a line of Lucy White, Daily Mail. Please go ahead. Your line is open.

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Lucy White, Daily Mail

Morning. Just on the branch reduction, or potential branch reductions, and access to cash, obviously, the FCA's been holding these working groups on access to cash, which the bank's been participating in.

How best do you think is the way to maintain access to cash for customers? Are you still committed to remaining a part of the Post Office network and Link?

And then, if I may as well, on NatWest Markets, obviously, we saw the investment bank holding up profits at Barclays yesterday. Are you still happy that it was the right decision to downsize NatWest Markets?

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Alison Rose, Chief Executive

Yes, thanks, Lucy. Well, look on access to cash. We're committed to protecting cash in the UK for as long as customers want to use it and we've been part of that group in terms of committing to the discussion. We've recommitted to protecting critical ATMs and delivering solutions at pace. And particularly, during this COVID period, we've been using our innovations and partnerships to really support customers.

So, that's included delivering £5.2 million of cash to vulnerable customers and we also launched something called a Companion Card, which was to ensure that people, carers, could do shopping for people who were shielding.

We have been working with the industry to create the Community Access to Cash Pilots Programme and some of those locations were announced in September. So, that's a route to testing innovative solutions.

So, we're very committed and focussed on that. What you have seen is cash usage has dropped quite significantly. So, in the same way that we're seeing the uses of digital accelerating, we've seen a 44 percent drop in branch transactions.

We've seen a 20 to 30 drop in cash usage. So, there are some underlying trends. But our commitments is there and we also recognise our responsibility to help those who find the change difficult to digital and other channels.

So, a lot of the work that our staff have been doing in branches and in call centres has been really supporting customers make the transition as well. So, we're very committed to that.

On NatWest Markets, I'm very pleased with the performance of NatWest Markets. The team has done a very good job in making significant progress on executing and reshaping the business.

It's worth remembering the reason why we made the decision to refocus NatWest Markets. It was absorbing too much capital; it was not contributing to returns and it needed to be more focused around supporting customers.

So, the work that has been done there has been very positive in reshaping the business to refocus around customers. It's using significantly less capital. It's performing incredibly well and is ahead of plan in terms of its restructuring.

So, I'm very comfortable with the decision we made to make that a very connected part of the business supporting our customers, less volatile earnings, less use of capital, but positively contributing.

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Operator

Thank you. Your next question comes from the line of Tracy Boles, the Sun. Please go ahead. Your line is open.

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Tracy Boles, The Sun

Hello. Most of my question's been answered, but good morning. Could I clarify the mortgage product that you mentioned? So, was it video or is it online? How does it work, the one that's gone down from 23 days to a few minutes? That would be my first question.

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Alison Rose, Chief Executive

Yes. So, it's mortgage switching. So, for our customers who have mortgage, you can now do that journey online themselves.

So, they can do it very, very quickly rather than to a manual process and they can do it on their mobile, which is really significantly important. So, that's a great experience for our customers. And actually, what we've seen is our retention rate of mortgages have gone up from almost 70 percent last year to closer to 80 percent this year.

So, it's a better experience for our customers and they can do it on mobile very quickly and efficiently for them.

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Operator

Thank you. And your next question comes from August Graham, PA. Please go ahead. Your line is open.

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August Graham, PA

Good morning, guys. I just wanted to mention Ireland briefly, if I may. You talk about minimising job losses there, but could you give us a little bit more indication of what that actually means. Are you hoping that you might be able save the majority of jobs in – with Ulster Bank in Ireland?

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Alison Rose, Chief Executive

So, our focus is making sure that our phased withdrawal is done in a very considered and orderly way and a very responsible way around supporting customers and colleagues.

As we mentioned in the announcements today, we are in discussions with a number of strategic banking counterparties about their interest in buying parts of the business.

One of those is a non-binding memorandum of understanding with AIB Group, who are looking at performing commercial loans and that would include, as part of that discussion, a transfer of colleagues who would be assigned to looking after that.

So, it's very much at the forefront of my mind that this withdrawal is done in an orderly way, thinking about customers and colleagues, and we'll work very closely with people on that.

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Operator

Thank you and your next question comes from the line of Lucy Burton, The Telegraph. Please go ahead. Your line is open.

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Lucy Burton, The Telegraph

Hi. Just a quick one on offices. I wondered if you're expecting staff to just go back to the office full time after this, or if you were planning for a permanent change in the way staff works.

And just a second one. Are there any other businesses you're looking to exit? There's a report in Sky News yesterday that you're looking to sell Adam & Co. as well. Thanks.

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Alison Rose, Chief Executive

Well, one of the things that is clear from the pandemic is working from home has offered a different way of working for lots of our colleagues.

Our return to work will always be guided by the Government's guidance. My priority is the health and safety of my colleagues and my customers. What we will see – anticipating is a hybrid working model going forward with more flexibility for staff.

But there will always be a need for offices and people coming together. So, it won't go back to what it was before. It won't stay what it is today. We're looking at working very closely with our colleagues on more of a hybrid working approach.

In terms of focus going forward, we're focused on growing our business and continuing to invest in the business, both in terms of products and services for our customers.

We've got a significant investment that's going into a digital, as well as new product that I've talked about, such as Tyl and PayIt, which are more fee-based products that we're developing, or green mortgage for our customers.

And part of our strategic focus is simplifying our product offering and making sure it's more efficient. So, we will continue to evolve on model from that perspective.

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Operator

Thank you. And your next question comes from the line of Joe Brennan, The Irish Times. Please go ahead. Your line is open.

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Joe Brennan, The Irish Times

Hi, Alison. Just a few questions in relation to Ulster Bank. Firstly, just in terms of – what kind of costs are you talking about in terms the gradual wind-down of Ulster Bank in the Republic.

And also, how much surplus capital have you estimated may be returned in time to NatWest as a result of the phase wind-down?

And separately, aside from the loan book, there's a sizeable deposit book in Ireland. About €22 billion obviously at a time when banks are struggling with excess liquidity. How do you see yourself dealing with that? Do you think that maybe you will end up kind of charging negative rates on small depositors, retail depositors, to try and encourage them to move elsewhere?

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Alison Rose, Chief Executive
So, thank you for the questions. So, let me try and address some of that for you. So, obviously today we're announcing the start of beginning a phased withdrawal.

And it will take a number of years for us to do that and our focus is managing that in a very considered way. And we've talked a little bit about some of the discussions that we're having and we're very mindful of supporting our customers through this transition and there were early stage discussions.

In terms of looking at what the impact is, we expect the withdrawal from the Republic of Ireland to be capital accreted over a multi-year process. We've made our capital return announcements today factoring in our plans with the phased withdrawal from Ireland.

So, that is an important part. It's too soon to talk about when we can repatriate capital, but we do expect this to be a multi-year process.

In terms of the plan for our customers and our colleagues the message I would give today is there is no change for customers and colleagues today.

We will continue to support our customers and colleagues during this period and our withdrawal will take it a number of years to do that. So, that would be the comment I would make, just in terms of summarising where we are.

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Operator
Thank you. And your next question comes from the line of Donal O'Donovan, The Irish Independent. Please go ahead. Your line is open.

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Donal O'Donovan, The Irish Independent

Hello. Hi, again. I have some questions on Ulster Bank. Particularly, can you elaborate on the discussions that you're having with other banks?

Obviously, loan book sales are part of that discussion, but is transfer of deposit – is transitioning accounts and kind of – at banking services to AIB, Permanent TSB and – A, another – is that part of that discussion that you're having and can you give any guidance at all on the timescale of the phased withdrawal?

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Alison Rose, Chief Executive

So, we can't give you any further guidance than I've given you on the phased withdrawal. We'll do it in a very considered way and with careful consideration on the impact on our customers and colleagues.

We intend to do it in a responsible way that centres around our customers and a way that ensures the balancing beneath the rule of our stakeholders. We have talked today about the non-binding memorandum of understanding with AIB.

We think that is something we will continue and preliminary and early discussions with PTSB and other strategic banking counterparties, about their interest in buying certain retail and SME assets.

As I say, there's no change for customers during this period. We'll continue to support them, and our preference is to focus our discussions with counterparties who can provide customers with full banking services.

Clearly, as we have more information, we will update you on it, but it will take a number of years and it will be done in an orderly and considered way.

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Operator

Thank you and your next question comes from the line of Paul Cogan from Virgin Media TV. Please go ahead. You line is open.

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Paul Cogan, Virgin Media TV

Oh, hi. More questions in relation to Ulster. That – you said your aim with Ulster had been to reduce costs, expand the business and deal with legacy issues. What was it in the end that resolved you to making the decision to get out of the Republic? Was it those legacy issues? For example, the tracker book and so on.

And, secondly, had there been any discussions or briefings with regards to the Irish Government? You're obviously keenly interested in the outcome of this process, with regards to not only staff, but competition in the Irish market?

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Alison Rose, Chief Executive

Yes. So, I think – first of all, I'd like to repeat that my colleagues in Ulster Bank have done an exceptional job during this period in supporting customers and resolving legacy issues.

The strategic review has very much focused around the comprehensive review of the business going forward. And our conclusion is that the Ulster Bank business in the Republic of Ireland will not be in a position to achieve an acceptable level of sustainable returns over its planning horizon.

There are a number of reasons for that. The macro economic challenges, the low interest rate environment have made the situation more challenging and the external environment clearly, by COVID, has been an issue.

So, on that evaluation, we have decided to begin the phased withdrawal that I've talked about. We have obviously been very thoughtful around engaging with our key stakeholders because we are keen to ensure that this is done in an orderly way and balances the needs of all of our stakeholders. Howard, would you like to comment?

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Howard Davies, Chairman

Yes. Could I just comment on the Government? I've had several discussions with Paschal Donohoe, including, most recently, this morning. I won't say that the Irish Government welcomes this decision. They do not. But it is supportive of the plans to dispose of parts of the business to AIB. Supportive of the discussions that were having with PTSB which is not finalised by any means, but he is supportive of that. But I'm sure he will answer for himself later in the day.

But, on your specific question, are there communications? Yes, there are lines of communication open. We've had very straightforward discussions with the Irish government about our plans.

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Operator

Thank you. And your next question comes from the line of Scott Wright, Herald Newspaper. Please go ahead. Your line is open.

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Scott Wright, Herald

Yes. Good morning, everyone. I was wondering, Alison, if you had any comments on the speculation around the future of Adam & Co.? And, also, could you tell me how many people Adam & Co. employs in Edinburgh?

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Alison Rose, Chief Executive

No, I have – I have no comment to make on that. No update on that.

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Operator

Thank you. We will now take our final question. And the question comes from Terry Murden, Daily Business. Please go ahead. Your line is open.

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Terry Murden, Daily Business

Good morning. Yes, I was also going to ask about Adam & Co. But I'll pass on that one. Could I – could I just ask you something about what you said on the radio this morning, Alison?

You said – you were asked if the bank is still Scottish and you replied that Scotland is a hugely important part of the business. That doesn't sound unequivocally Scottish. It suggests that Edinburgh is no longer the head office. Just a subsidiary office. Will you be formalising that, from now on – that London is actually the HQ of the bank?

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Alison Rose, Chief Executive

There's no change to our head office. My answer to the question was in relation to how important Royal Bank of Scotland in the Scottish business is to us, which is what I was responding to.

We support one in three businesses in Scotland. One in five people. One in seven households. We're one of the largest private sector employers in Scotland, but there was no change to our head office at all. So, if that was misconstrued, I apologise. It was emphasising how important Scotland and Scottish business is to us.

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Operator

Thank you, Alison. And I will now hand the call back to yourself for closing remarks.

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Howard Davies, Chairman

Thank you very much, Sharon and thanks to all of those who attended. Obviously, our press office will be ever alert and available to answer any further questions you have during the day. Thank you for the interest you've taken in our results this morning. Thanks.

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Operator

Thank you very much.

That does conclude today's call. Thank you for your participation.

You may now disconnect.

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