



Treasury Committee

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Dame Alison Rose
Chief Executive Officer
NatWest Group
Via email

1 March 2023

Dear Dame Alison,

Thank you again for appearing before the Committee on 7 February.

Profits and net interest margins

Since the session, NatWest Group has reported:

- profits before tax of £5.1 billion in 2022, an increase of 34 per cent on the £3.8 billion in 2021, and
- a net interest margin (a measure of the difference between the interest NatWest Group pays to savers and the interest it receives from borrowers) of 2.85 per cent, an increase of 24 per cent, or 55 basis points, from 2.30 per cent in 2021.

The Bank of England has increased Bank Rate from 0.25 per cent in January 2022 to 4 per cent currently. However, the interest rate on the NatWest 'flexible saver' account for deposits below £25,000 is still only 0.65 per cent.

Our constituents may reasonably surmise that NatWest has taken the opportunity of a rising Bank rate and a reluctance of customers to switch to increase net margins and profits. Please can you give details of how NatWest determines how increases in the Bank rate are passed on to its savers, and why the interest rate on its 'flexible saver' account is so much lower than the Bank rate.

Remuneration

We understand that you received total remuneration of £5.2 million in 2022 (up 46 per cent from £3.6 million in 2021). Please could you outline how, if at all, your remuneration is linked to (a) profits, (b) net margins, (c) performance of the savings business, (d) performance of the mortgage business.

Follow-up questions from the session

In addition, please could you respond to questions in the Annex of this letter, some of which were raised by Members in the session.

We would be grateful for a response on these points by 13 March 2023. In line with our usual practice, we would expect to publish this letter and your response on our website.

Yours sincerely,

Harriett Baldwin MP
Chair of the Treasury Committee

Annex

1. What are your profits and revenue generated from savings products in 2021 and 2022? Please provide a breakdown of revenue between different types of savings products, if feasible. [Q33]
2. To what extent have you seen house prices for homes in flood risk areas be weaker than general trends? [Q76]
 - Are banks able to identify how many of their customers are living in flood risk areas; and how many, therefore, by 2035, banks would not be looking at offering long-term mortgages to? [Q76]
3. How many business bank accounts have you closed in 2021 and 2022, without the customer requesting it? Please provide a breakdown of the reasons. [Q81]?
4. What is the value of deposits in your instant easy access saving accounts? How many customers have over £5000 in savings in instant easy access saving accounts?
5. What proportion of customers re-mortgage with you as their current provider and how has this changed in recent years?
6. HM Treasury's [Basic Bank Accounts Report 2022](#) shows that NatWest Group holds 15 per cent share of personal bank accounts but only 10 per cent share of basic bank accounts. What is the reason for NatWest's share of basic bank accounts being so low?
 - HM Treasury's [Basic Bank Accounts Report 2022](#) also highlights that NatWest Group refused the most applications for the basic bank account out of all the banks (almost 25,000 applications were rejected from July 2021 to June 2022, which is the roughly the same number as NatWest opened in the same period). What is the reason for NatWest Group's high refusal rate?
 - NatWest Group also closed more basic bank accounts between July 2021 to June 2022 than it opened in the reporting period. Why is that?
 - What is the process for customers who want to apply for a basic bank account rather than a standard bank account? Can customers apply for a basic bank account (without an overdraft facility) from the NatWest website without having to apply for a standard bank account; and if not, why [Q79]?
 - What are you doing to ensure that customers are aware of the availability of the basic bank account, either on the NatWest website or at branches?
7. What are you doing to ensure that your customers have access to cash, when bank branches close?
 - How many bank branches are you intending to close in the next two years?