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Aman Rakkar: Okay. Perfect. So thank you very much for joining us in the European track of the Barclays Global Financial Services Conference. Really, really pleased this morning, or afternoon depending on where you are, to welcome NatWest. We've got Katie Murray, Group Chief Financial Officer who joined the bank in 2015 having joined with a wealth of experience across a number of finance firms previously. First and foremost, Katie, thank you very much for joining us. We really do appreciate your time.

Katie Murray: Very, very happy to be here. Thanks very much, Aman.

Aman Rakkar: Just before we kick off, I just want to remind anyone who is dialed in, we do have audience response survey questions on the side, on the panel. Hopefully you can see them. Strongly recommend and encourage you to do so if you can, it's quite a fun, dynamic interaction that we'll run through in 25 minutes or so. Also you do have the ability to submit questions directly to us. We will collate them in the background and you can ask Katie. So please do feel free to do both.

But just to kick things off, I guess in light of the current crisis, Katie, could you update us on what you're currently seeing in terms of business performance and activity? How are consumers and corporates responding post lockdown?

Katie Murray: Lovely. Thanks very much, Aman. And good morning and good afternoon, everybody, depending on where you are. If I look through the different kinds of lines of business, if I look at something like personal banking, as you all know,

we saw big falls off in demand in terms of April. And that kind of continued throughout the UK lockdown. What we have then sort of seen since lockdown kind of came to an end in sort of June/July sort of time is that in our new mortgage applications, they were very much nearing the pre-COVID-19 levels, and 30% higher than June. And we've continued to see that that kind of activity to continue.

There are two things at play there. One is the pent-up demand. So as you can imagine there have been a number of transactions that just stopped in the middle of lockdown. But then also within the UK, we've made some changes to our land transaction taxes, so the taxes that basically you pay at the point of purchase. That has had a particularly strong effect on a number of the properties that are being purchased. So there's a lot of activity.

A number of people, having spent however many weeks we actually spent locked up in our homes, realized that maybe some of their homes needed to be different for the next stage in life. So that's good activity going on there and which we're very pleased about.

We saw in debit and credit card spending is it really obviously fell a lot. And as a result, our deposits went up as people weren't spending, but they were also sensibly paying down a lot of their unsecured balances, which is good money management to see. And we started to see that kind of rise up a little bit again now, but I would say our balances kind of fell, but over a billion across our unsecured portfolio over that time, that's a significant fall in terms of what we had of the basis. So a bit of change coming in there.

You know, commercial was almost the opposite. So as things happened, we saw initially big drawdowns on RCF facilities, and then it started to move to the government scheme. So that BBLs and CBILs as we call them in the UK and lots of that sort of confusing acronyms, but basically the government bank lending. And so as that kind of lending kicked in, we've seeing lot of activity in there. That activity is still strong. It's nowhere near as strong as it had been at the beginning, but it is still significant.

Now, that scheme and the furlough, so the sort of income tax support, the income support scheme are due to end at the end of October and into November. And I think we'll be interested to see what happens as those then come through. But today our customers have got quite a lot of deposits because they've held back a lot of the money, but there's also been a lot of drawdown on lending.

Aman Rakkar:

Okay, perfect. I guess you touched on it as part of that response, but if we was kind of drilling into revenues, amongst the raft of challenges COVID presents, for banks anyways, is a more challenging revenue environment. I mean, can you update us on your current expectations for revenues in H2 in terms of NIM, loan growth, non-interest income. And kind of interested as well if you think

revenues can meaningfully recover in 2021. You know, what a person takes there or needs to think about.

Katie Murray:

Happy to, Aman. Almost deal with 2021 first, I think that the challenge there is almost what happens in the next number of months in terms of where we are. So I think when you say recover, I hear the word can they grow from where they are? And I think that that will be quite hard. With the 65 basis points being taken out of the rates, so growth from there is difficult.

What we have been pleased about within the commercial space is because of the volume of lending we've been doing on those government schemes, although they're low margin, they've added on income. So I quite like what they're doing to income, but I don't like what they're doing to margin. And historically Q4 and Q1, and even I think Q3 last year, we were having that same conversation in terms of mortgage growth.

But when we look to income for 2020, we look at where our consensus is sitting and we're probably not that uncomfortable with that at this stage. You know what, in fact we're comfortable. So I think we'll kind of end the year nicely through 10.8, 10.9. That's where consensus is sitting. So we should expect to kind of get there. The challenge of course is very much in relation to the repeatability of that, given the margin pressure that were on there. We're seeing a little bit of broadening in margins on mortgages. We'll see what happens in the market within there, which is good. But certainly the volume of business we've written in the commercial space is much lower margin.

Obviously NatWest markets had a good year in terms of they benefited well from an income perspective because of the volatility at the beginning of the year. Both Q1 and Q2, they printed quite nice results. That can often distract and people say, "Well but Katie, why are you doing what you're doing on NatWest markets?" But while it's a good year on income, our strategic challenge on NatWest markets is unchanged within there. So there's a lot of noise going on in the income numbers. I think what's really important is that we focus on delivery to the customer at the right place at the right speed. And then we try to seek to lower margin a little bit where we can.

Aman Rakkar:

I guess it'd be remiss of me not to just zero in quickly on NIM. It's something that I'm going to analyze as long as I'm in this job. I'm interested, I guess, into the second half of the year, what do you think the kind of personal takes are that we should be thinking about on NIM more specifically?

Katie Murray:

Yeah, thanks, Aman. So if I look at NIM, there are three things going on. There's the unwind of the hedge. And we say that's like a couple of basis points each quarter, you'd expect to come from that. And then there's what's actually happening in the customer pricing, whether that be in the deposits or whether it be in the lending that we do. And we talk there to a 2 to 4% decline. What I'm interested in, as we've seen mortgage margins start to grow a little bit more and pricing go up a little bit more - well it's the end of summer here so I wouldn't

talk about swallows in summer. But how sustainable that is or whether that's a relatively short term thing, that may be more positive. But I really kind of look at that just now.

So there you get to 46 basis points of decline. The lending piece will be interesting as to what that does, though generally, that has less of an impact in any one quarter.

And then the other interesting part of that is liquidity. So I think we all ended Q2 with much higher levels of liquidity, I think, than we would have expected in the beginning of that quarter, as people were really kind of taking lending, but then really holding on deposit. And I think the high levels of deposit we've got and the amount of quantitative easing that's gone into the market, I think we'd expect that level of liquidity still to be quite high. So a little bit of a drag for us. It's important there though, to remember that's a technical NIM drag. It impacts the denominator, it doesn't impact income. So I think it's one of the things for me. While we'll all talk about NIM, it's important to remember that a fallen NIM from liquidity is about the maths rather than the impact on the income piece.

Aman Rakkar:

Okay. Thanks for that. Just a gentle reminder to anyone who's not done the ARS questions. Hopefully you can see them in the side panels on the left. I'd really strongly encourage you to do it. It'd be quite good fun to see the answers. And again, gentle reminder, if you've got any questions again, you should be able to submit them on the panel to the left. We'll collate them and ask Katie. So, I mean, interested in the mortgage market. You've made significant market share gains for a number of years now. I think you took about 14% of new lending in H1 versus a kind of stock of 10 and a half. Housing market seems pretty buoyant at the moment. Interested in how sustainable do you think the current backdrop is and has your appetite for mortgages changed at all?

Katie Murray:

So what I would say is, I think, first of all, our appetite remains very strong. We look at the 10 and a half percent against the 14% market share, and also importantly against that sort of 15% share of main current accounts. We feel there's a gap there. We feel that there's still really strong growth to have and that we've invested a lot in this product. So it's a paperless journey, and so therefore it's well suited to a COVID environment. I think in terms of what's invested already, and we'd started the whole process of actually doing our meetings and things by video. So again, we were well placed to continue to progress in there. Our customers have a single sign-on through the app and through their mortgage manager. So it's an easy product for us, for customers to use.

And what's been really pleasing is we've won the UK best mortgage provider for the last two years, which is I think important in terms of the UK market. So as we look at it, we see it's an important that we continue to grow. I talked earlier, but what you've seen in mortgages already, the kind of nice strong growth that we're getting there and whether that's the stamp duty or the kind of break in the system, we would expect things to subside.

So the stamp duty break just, for guidance for our international listeners is that that will come off at the end of March. And so in the UK, to buy a house, there has been quite a lot of conversation in the local press here about just actually given the volumes that we're all seeing in terms of mortgages, actually the length of time to buy a house is expanding just by the time you get valuers and process and legals and all that through. So I would think that we would start to see that kind of peak. And clearly, if you were thinking of buying, you'd be trying to buy now, rather than waiting til after the land tax has got a bit of a benefit. So you'd expect it to be a little bit of a drop off in that. And we work hard to make sure we work with our customers.

I do think the thing to remember, though, is a lot of our share has also been because we've done the right things in terms of retention of the mortgages that we already have. And so we've been pleased to see that percentage retention go up to 79% H1, and so as well as acquiring new mortgages, it's important that when your new mortgage becomes a one year anniversary mortgage, that you hold onto it at that stage as well. I'm really pleased with the performance that we've seen in that space also. So I think it's very strong. I can't believe it will stay as strong, and the timing of land taxes must have a bit of an impact on it as well. But we're still comfortable, we've got great room to grow in that space.

Aman Rakkar: Yeah. Cool. I guess just one quick follow up on that, and that is around the margins that banks are enjoying them on that new lending. It was a conversation point with you and other banks. Interested in, do you think that this dynamic of wider asset margins and more specifically wider mortgage margins is sustainable? And if it is sustained, is this something that we should be thinking about as a positive driver for NIM? Was it just getting dominated by other bits and pieces?

Katie Murray: Yeah. So, I mean, NIM, when you specifically get into mortgages, at the moment it's quite complicated. You obviously be aware there's two things going on. You pay a slightly different margin for a new mortgage versus a re-mortgage, but when that's almost kind of in the last quarter, it only really kind of uplifted because that quarter was so remortgaged and dependent again so the maths kind of gets you into a bit of a space there.

But when I look at it, I do think there is some potential for it to remain. It really depends what happens in the competitive market space. And if it does, then clearly given that the swap curve has fallen as well, that would be positive for margins. We are continuing to come off on our books at the moment. What's coming off has been priced, I think it's at 135, I want to say. So a little bit higher than where we are pricing new. So this kind of increase in front book pricing will help push that new up a little bit. I think let's wait to see given the volume and the size of our book, whether it's enough to actually sustain the increase. I'm not yet sure. I'd be calling the gap just yet, Aman.

Aman Rakkar: Okay, perfect. Okay, cool. Let's change focus a bit to the potential offsets that you guys might be thinking about to a more challenging revenue environment.

I'm thinking more specifically about costs, where you guys have a strong track record. Interested in how you are currently thinking about responding to that revenue pressure, and how you're thinking about re profiling the cost base. How has COVID and some of the kinds of behavioral or structural learnings that you may have discovered as part of that affected your thinking? Do you think you can go harder, faster? Do you think you need less people? Less resource, less real estate?

Katie Murray:

So just to make sure we've got a few numbers out there, so the target of 250 million for this year, and we're confident that we'll we'll do that. We generally seek to take 3 to 4% of our cost base out each year. We haven't changed that as we move into next year. I do think that this year has provided some opportunities. I think if we'd all thought that we would be working from home, as clearly I am behind me, and doing it for such an extended period of time... I think I came home to work almost exactly six months ago, and the idea that we were doing it other than a few days of results for six months is quite significant. Our guidance to our staff is that actually they should expect to be a home into 2021.

And so by the time you've had nine maybe plus months of working at home, actually it very much has become the new norm. And the feedback from our staff is that in the main, they like it. They don't want to do it 100% of the time because actually you need to get together for some connectivity. So what we are doing at the moment is we're really looking at some of our real estate. You will have heard in our H1 numbers that we're not opening one of our buildings. So we took a provision against closing that permanently. That's the building that just happens to be down the road from me here in London, which means we've changed our London footprint dramatically over the last number of years. I think we went from five major buildings. Now we'll have the Strand and 250 Bishopsgate. So really very different, very significant change.

We're also making some of the changes in other buildings around the country as well. And then we're changing those buildings internally. So they become much more collaboration hubs. So you get your whole team in to do the work that you need to do when you're together. And then you would... They'll then go back to work at home when they don't need to be together. Because I think what we've all shown is that driving for an hour to get to the office, to sit and not meet with people, to drive home again for an hour isn't the best use of time. So that gives us opportunities.

I think what we've also seen is there's some people opportunities in terms of the way you manage your workforce, when you're working in this different way. And then clearly we've saved a little bit of cost because people aren't traveling. And that's not an insignificant number. Obviously this year we've incurred some other costs and things like that as well. So I do think that there are options. What I always talk about, Aman, there's three ways you save costs. It's basically around your IT and your processes, what you do with your property footprint, and ultimately what you do with your people. And we've continued to pull all of

these levers. I think this has opened our eyes as to how you could pull some of the leavers slightly differently. And that will help us deliver the next levels of savings as well.

Aman Rakkar: Yeah, I guess just interested, I guess there had been some news flow in the last couple of months regarding your cost base. I guess, interested in, when you sit there in one hour and and you look three to five years forward, could you envisage NatWest group operating with a substantially lower nominal cost base than it is now? Or do you think actually savings are a bit harder to realize?

Katie Murray: I think savings are always hard to realize. I think they're never easy. The easy ones are when you close down an entire division, and even then that's difficult. So look, I think if you take 3 to 4% and you compound it over a number of years, you see that it's kind of, by that stage, it's come down quite significantly in terms of what you see there. And that were always looking to see, can we go further? Are there more things that we can digitize? You know, how can we make sure we remove any duplication that we have? But at this stage I think what we've kind of given you is probably is good to work with. And when you compound it, you do get quite a big number.

Aman Rakkar: Yeah. Yeah. Understandable. Okay, cool. We can switch focus again slightly to asset quality. Obviously COVID presents a number of challenges for banks. We've talked about the revenue pressure, obviously a lot of uncertainty around the loan loss outcome. Interested in how comfortable you feel with the coverage against your key portfolios, and what do you see as the biggest area of concern around the outlook? So is it unemployment as we approach the end of furlough? Is that the single biggest risk that you think that exists to you're provisioning?

Katie Murray: Yeah. We guided 3.5 to 4.5 billion for the year. We've obviously over time guided to a kind of 30 to 40 basis point kind of number over time. And we were clearly running well below that and obviously for this year, a kind of 100 to 130 basis points is the year of peak that we'd always kind of talked about being there. So we're comfortable still with that range. I think when we look at it, the unemployment figures is really important for us. I think what happens on property and real estate, we obviously spend quite a lot of time looking at as well. I think also what we're really interested in is also just kind of how companies are using the money that they've borrowed. Are they using it to pay the day to day working capital bills? Or are they using it to fund investments, which is obviously more positive?

Now at the moment, what we can see is they're not using it, that it's generally being held on the balance sheet and we're not seeing a kind of move down either in particularly in personal or in commercial. But certainly as I look at it, you've got to look at a whole kind of basket of different stats within there. Unemployment, certainly from the personal side. On the commercial side, I think the economics play a very big part as well in terms of what's there and just

actually how people are doing business. So on that side, we're probably much more interested in a lot of the economic factors as well.

Aman Rakkar: Okay. Thanks for that. I guess one kind of related point would be around the Bank of England, who appear to be adopting a more conservative assessment of potential loan losses in the system. They're not really at the bank level, but the kind of quantum of aggregate losses they're talking about, it does seem to be higher than what we're hearing from the banks. I'm kind of interested in your thoughts around why you think that might be. Is there some kind of assumptions that are not really visible? [crosstalk 00:21:11]

Katie Murray: I think what I would put it down to is very much as the Bank of England taking a more kind of negative view. I think the Bank of England is naturally more conservative or pessimistic. And whereas banks, at least in the accounting sense, I think try to give a more realistic view of what's our kind of best estimate at that time. I know that the Bank of England produces its stress data to inform a lot of that view. That stress data is, if I look at the economics today, is worse than some of the reality of what we're looking into just now. And obviously wouldn't have all the government schemes, though the regulator would definitely have considered some of those government schemes as well. But certainly the stress data does generally assume a faster sort of migration to default.

So I think it's a little bit about speed. And if I look at the Bank of England, they're looking at a multi year, and at the moment we're giving you guidance for one year. Which is not to say I'm sitting with guidance for another year that I'm not giving you that gives some kind of doomsday scenario that gets us all in that place. But I think it's so important how we see the next six months really work their way through the system in terms of really getting to grips with what's actually happening in that space.

Aman Rakkar: Okay. Okay. I guess just a final reminder to everyone who dialed in. Please do, if you've not had the chance to complete the ARS survey questions, please do follow the link and answer the six key short questions. And just as a final reminder, please do feel free to send any questions directly to us. We have had actually a couple and it does relate to the next question I was going to ask you. It was around capital and capital return. You know, at 17.2%, the CET1 ratio is clearly a real source of strength. But you know, earnings do look like they are going to be weakened this year, not least because of the impairment charge. And then we've also got the regulatory intervention around suspension of distributions for this year. Interested in how well placed do you think NatWest is to resume any dividends in February, 2021? Obviously you have to make an assumption around the regulator there.

Katie Murray: Look, I think what we said, we entered the crisis in a real position of strength. With a CET 1 ratio of 17.2%, and that equates to 830 basis points or 15 billion pounds of CET1 headroom above minimum requirements. It's our clear intention to return to paying dividends as soon as we can. Our target has always

been a to reach a payout ratio of 40% over time. And capital return is the absolutely clear preference that we have. So there's nothing unchanged on that. We will continue to monitor events working with the regulator as it's appropriate to do so. I think we're all looking to see how impairments kind of work their way through the system and also what kind of quantum they might be on a kind of multi-year basis. But at this stage, it's absolutely our intention to return to paying dividends as soon as we're able to do so.

Aman Rakkar: So that payout policy is a medium term guidance.

Katie Murray: Yeah.

Katie Murray: I mean, it's the guidance that is the way we've worked over the last couple of years. I'm conscious we are a very new dividend payer as well, but it would be the medium term. And obviously if you look at this year in terms of the impairments, how we navigate that is going to be interesting as well.

Aman Rakkar: Yeah. Yeah. Okay, cool. All right. So let's switch to the ARS questions. Hopefully you all have had a chance to answer them. You still got time to do so if you'd like. I'm going to... So Katie, I don't know if you've got the link in front of you. For the benefit of anyone who may not be looking at the ARS and the results, I'm going to read them out and I'll read out the options and I'll tell you what's most popular.

So first question, what would cause you to become more positive on NatWest shares? Number one, positive revenue surprises? Number two, greater cost savings? Number three, better asset quality? Number four, stronger capital, higher dividends? Number five reduction in the UK government ownership? Number six, resolution of Brexit uncertainty?

Okay. So for the answer, I think it's a tie. We've got positive revenue surprises and resolution of Brexit uncertainty. I think each of those answers is probably about 35% each. They're the two stand out answers. The others are kind of low single digit. I guess, no surprise on the revenues. And listen, it would be remiss of me not to ask you around Brexit and... How should we think about what an increasingly likely no-deal Brexit, what that might mean for NatWest?

Katie Murray: As we look at it, when we've done all of our preparations, we did our preparations based on a no-deal Brexit so that no matter what happened we were ready to be there for our customers. The reality is whatever is good or bad for the UK economy mirrors itself into our results. And if we see companies and individuals struggling, then we will have the impact of that on our financial statements, similarly like everybody else. But what we made sure is that we had what we needed to have to be in place to be able to make sure that we dealt with that.

Aman Rakkar: Okay, perfect. All right. We'll just switch to the next question. So what do you expect to be the biggest influence on NatWest revenues in the next 12 months? Volumes, pricing, policy rates, fees and commissions? So volumes is the standout option here, standout answer here. I don't think any great surprise. Just about followed by policy rates.

Number three, how do you think about NatWest's cost developments versus expectations? Likely to beat expectations thanks to cost saving initiatives? Likely to meet expectations? Likely to miss due to cost inflation? Not sure, but we'd like to see some more cost saving.

So the standout answer here is likely to meet expectations by some distance, then followed by likely to beat.

Katie Murray: And we'll be happy with meeting our guidance to you as of where we get to the end of the year.

Aman Rakkar: Yeah, you have a strong track record on cost. Let's switch to the next question. So how do you see NatWest positioned on capital and dividends? Number one, upside surprise when distributions resume from other requirements? Upside surprise from better earnings in future years? Downside surprise from RWA procyclicality still to come? Downside surprise from weak earnings? Downside surprise from increasing regulatory requirements?

The two standout answers here are upside surprise when distributions resume from low requirements and downside surprise from RWA procyclicality. I'd be interested in your thoughts on that, particularly the latter. We haven't quite seen the RWA inflation come through across the board, though I think we thought we might. And definitely not to the extent to which the Bank of England were pointing out in their desktop exercise.

Katie Murray: I think that's really because we haven't yet seen customers defaulting. If you would see loans moving into stage three as they moving into stage three, that's when you'd see the RWA procyclicality coming in. But because we're not really seeing that, that's why you're not seeing that kind inflation coming through. So I think that it will come through in time.

I think the other thing that's important to remember in NatWest's perspective is that we are obviously also this year reducing our RWA exposure to NatWest markets. So we started the year at 39. We said we'll end at about 32. So that's kind of 7 billion of positive that you see within there as well. So the procyclicality will come. We're all surprised that we're not actually seeing it coming through yet. But we're surprised because actually how well things are kind of holding in this.

Aman Rakkar: All right. Okay, cool. So question five. What are your thoughts on NatWest's level of provisioning the COVID-19 risks? Number one, very well provided

relative to peers? Number two, better provided relative to peers? Number three, broadly similar to peers? Number four, slightly under provided? Number five, significantly under provided?

I think by some way that the most popular answer there is, broadly similar to peers. The next closest kind of half as popular is better provided relative to peers.

Katie Murray: We try to kind of be in line with peers. I think there's differences in all of our books. I think we've done a lot of work in the last few years around the sort of capital management's take on some of the higher risk names. So this year we haven't had tall trees particularly. I think you should never get relaxed about that because there's a little bit of luck and timing in that sort of basis. Ours will certainly come as our provision guidance certainly suggests that it will. Our kind of highest two years, if you draw a line of aggressive to conservative, we like to be slightly right of the middle, but really the mid point is where we're very much aiming for.

Aman Rakkar: Okay. Perfect. Okay. Final ARS question. How would you view further significant restructuring at the group? Number one, very positive, given the need to address the low returning businesses? Number two, marginally positive? Number three, marginally negative? Number four, very negative, given the initial cost of execution rates? The most popular answer is marginally positive, probably about 35% of the outcome followed by very positive given the need to address low returning businesses. I mean, you've got a restructuring plan that you announced to the market beginning of this year. To be fair, the world's changed quite a bit since that was announced. But it seems like the market potentially would like to see additional restructuring.

Katie Murray: I'll take that challenge away and see what we can come up with.

Aman Rakkar: Okay, perfect. Right. So we've got a couple of other questions that have come in that I would like to just run by you from the audience. Number one, going forward if the Bank of England does move to negative interest rates, would you be able to charge your customers negative deposit rates quickly? Would you be comfortable moving first or do you need to see other competitors to start charging negative rates?

Katie Murray: I think what we've seen in our business that operate in negative rates environments is that there's a differentiation amongst the customers. You move much more quickly to commercial and corporate customers being charged on the rate basis. And then in time, I think you then look to the personal customers. Of course, there's some differences there, whereas in Europe, people pay for their banking. In the UK, they don't in general pay for their banking. So I think that will be an interesting thing for us to work our way through.

But you would certainly see it coming through on the commercial side. Not going to give you any guidance in exactly as to when that would be, but we've also done the work internally to make sure that we're in the right position to be able to do it if we had to do it. Though I would sort of take you back to our scenarios that we had as part of our first nine. What we would say is that negative rate scenario was one that we didn't see as the likely next step. But I think as Andrew Bailey says himself, you don't rule anything out at this stage.

Aman Rakkar: Okay, perfect. Another question is coming from the line. Given persistently low rates, is there any potential to grow in noninterest income revenue streams, or non-UK growth opportunities that you might be looking at?

Katie Murray: So in terms of non-UK, I would say that's not something that we'd be looking at, particularly given the history of this bank and what we've really spent the last, not quite the whole decade, but a significant part to make sure that we are a UK bank that provides support to our customers.

In terms of non-interest income, you'll obviously be aware of the conversations we've had throughout the year around some of the regulatory challenges that there have been in that space. But I do think it's somewhere that we all, and all the other banks, need to continue to look at in terms of how do we actually make sure that we're able to charge for some of the other services that we do deliver. So I think we'll continue to investigate opportunities in that space as well.

Aman Rakkar: Okay. So we've got a couple of minutes left. At your strategic update at the start of the year you presented plans to achieve an ROT of 9 to 11% over the medium term. Like I said, the world's changed quite a lot since then. COVID has presented a number of challenges. Do you still think that is achievable for NatWest? If so, is there any timing that you can apply to that?

Katie Murray: Yeah, so, I mean, we haven't talked timing on that specifically in the wider market context. What I would say is that we remain very committed to the strategic objectives that we had that we shared in 2019. But I think we can all say since we saw that 9 to 11%, it's has been a significant change in the macro environment. You'll recall that we already expected there to be a 25 basis point cut, which at the time I think we were heavily criticized for. If we had suggested that it'd be a 65 basis point cut, I think you would have thought we just completely lost our minds in that space. But you know that that's a very expensive thing for any banks. It costs us 400 million in year one. And that number kind of grows over the years that follow.

What is really important is how we come out of the economic recovery, what speed the country comes out, and then how we continue to work with our customers in that basis. And we know that we've been able to demonstrate above market volume of growth in both our personal or commercial customers. So that kind of gives you some confidence despite the kind of real impact of the rates.

So at this stage, the important things are to focus on is that 250 million of cost takeout that we said that we would do, what we're planning on doing on our RWAs within NatWest markets. And also the statements we made in reconfirmed at Q2 around the 30 to 40% capital levels we were aiming at. And I think the 9 to 11% is something we need to continue to look at over the coming months as we start to see the economic recovery and what that might mean.

Aman Rakkar: Perfect. I'm going to sneak one very final question. And we've got about a minute left. Obviously the UK government still owns 60% plus of NatWest Group. How do you think about the sell down playing out?

Katie Murray: Look, I mean, obviously we've always said any decision on timing is theirs to take. We're a buyer in this situation, not a seller. We've always said we'd like the government to reduce the stake. We're very keen to participate in that if they chose to do so. We've got the shareholder approval to be able to be in place where if they decided to participate, we would be quite keen to do that. But I think the interesting thing for them is where's fair value for the banks? Clearly it's moved with the basis point cut. I would say at the moment it's probably moved a bit too far. But it's a question you need to ask them. We are very keen to participate if the opportunity presents itself.

Aman Rakkar: Okay, perfect. I think we're on the dot. I'm going to end the session there. But before we do, I just want to say thank you, Katie. We really do appreciate you making yourself available. It's been a fascinating chat. I've really enjoyed talking to you. So thank you very much and thank you everyone else who's joined in with us.