NatWest Group plc

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Rohith Chandra-Rajan: Thank you very much for joining us. I'm Rohith Chandra-Rajan. We have a run of UK banks sessions ahead of us, so I thought this might be a good time to just gauge your sentiment on the UK banks. So, we've got three quick polling questions to ask you. There are tablets on your seats, so please use those to respond. You can also use those through the session to ask questions. But also, when I ask, please feel free to raise your hands to ask – if you want to ask a question verbally.

So, if we can bring up the first question, which we have done. Your views on UK banks provision charges. So, they will rise sharply; we're in for a painful recession accompanied by a credit cycle. Second option: they'll stay low; government action is averting recession; and balance sheets are in good shape. Or the third option: they'll normalize quickly; some customers are under pressure, but balance sheets are in good shape and reserves are high.

So, a reasonably positive response. I mean a very clear one, but that the balance sheets essentially are in good shape.

The second question then is on profitability. So, sustainable RoTE for UK domestic banks is number one, less than 10% rates benefits will be competed away and spent on higher costs. The second option: around 10%, anything higher risks or windfall tax. Or thirdly, meaningfully above 10% on improved deposit profitability and cost control. So around 10%, which I guess is what we've all been aiming for from the sector over the last decade or so. I suspect we'll find out later that the banks might be hoping for better than that.

Thirdly then on capital distributions. Capital distributions from UK banks will; number one, stay high as improving profitability increases capital generation. Secondly, fall as surplus capital has been distributed and profitability doesn't compensate. Or the third option; they'll be cut by the regulator as the current crisis deepens. So very positive in terms of capital generation and distribution. Thank you very much for that. I'm sure all of those issues will crop up during our subsequent conversations.

And first, I'd very much like to welcome Alison Rose CEO NatWest. Alison, thank you for joining us.

Alison Rose: Pleasure.

Rohith: It's a pleasure to have you here in person this year.

Alison Rose: Yes. Nice to be here face-to-face.

Rohith: Thank you. So I guess thinking back to when we spoke this time last year, at that point you were targeting a 2023 RoTE of 9-10%. You're now expecting something more like 14-16%. The rates environment has changed significantly, so I guess the first question is, is that difference all down to rates or are there other factors to consider?

And then coming back to the sustainability, that 14-16% is higher than the 10% that this audience thinks that UK banks can make medium-term. So, I'd be interested to hear how you think about sustainability. The profitability for next year will include some drag on Ulster

Bank. There's a debate, obviously, about where interest rates ultimately settle and also where inflation drives costs.

Alison Rose: Great. So let me start with the sort of first question of our RoTE and the 14-16%. There are number of factors that are driving that. Clearly higher net interest margin is a big part of that. We increased our base rate assumption to 2% and 2% by the end of this year and flat into '23, which now, given the assumptions on the interest rate, looks a little conservative. So obviously the yield curve has moved since then, but there are other dynamics going on as well.

Lending volumes - we had very strong lending volume growth in the first half; 9 billion of lending, 2.6% increase. And if you look into our results, what you can see is that lending volume is across all elements of our business, which is that continued delivery of our strategy. We're not dependent on high lending volumes in order to meet our target, but we are still seeing areas of growth and that's been a positive contributor to our income.

We are still seeing recovery from the pandemic. So non-interest income is continuing to rise as businesses ramp up, as households continue to spend. So, we've seen good performance in our debit card spending and also in business as businesses ramp up post-COVID. And that trend is still continuing and has continued.

Obviously on impairments, we have assumptions on impairments below 20 to 30 basis points through the cycle, so that is a feature. And our commitments on capital and getting down to that 13-14%. So, all of those elements are part of that guidance that we've given on 14-16%. So, I think that's how I would think about those dynamics. And what we've seen, and what we're still seeing, is that post-COVID recovery and spending is a stronger element than the cost-of-living dampening coming through.

When you then extrapolate that forward, and your point around profitability into '23 and beyond, our strategy is very much focused on long-term sustainable value and long-term sustainable return. So, we are investing in our business to continue to drive growth and efficiency. When I look at our business, we have capacity to grow across our business, both from being below our natural market share in certain areas and the investment that we're making in new products.

We are also continuing to invest in reducing our operating leverage within the business. We're two years into a 3 billion investment cycle. That's been going into areas like digitization, automation, improving straight through processing. That operating leverage will continue. And obviously with interest rate rises, you're getting to a more balanced ability to drive returns across both sides of your balance sheet. So, we actively manage our deposits and our liability strategy as well. So, I think as we go forward, we see efficiency in our model. It's capital generative, we've got strong franchises, well diversified risk, and the benefits of our investment continuing to drive through, so we see positive trends in terms of that.

Rohith: Thank you. And to follow up on that, as you just outlined this, the initial strategy was focused on growth, balanced risk, and cost and capital efficiency. We're in a very different environment from when you set the strategy from an interest rate and an inflation perspective. Has that changed at all how you think about running the bank?

Alison Rose: No. Our strategy, which we said was around supporting sort of sustainable balance growth, driving operating leverage, and disciplined deployment of capital, I think those are all strategic elements that would continue to support our delivery through an economic cycle. We have a focus on delivering long-term sustainable returns for our shareholders and making sure we balance returns for all of our stakeholders. That's a core part of our platform, and that's making sure we can manage that through any economic cycle.

Clearly with higher rates we're a beneficiary of the higher rates. That is definitely a positive tailwind for us, and you can see that in our '23 guidance. And that positive rate environment means that there's more liquidity and we manage our liquidity in a different way, so that that's a key feature.

So, I think as I look at the strategy it doesn't change our strategy; good risk discipline, good deployment of capital, making sure our franchises are well balanced to deliver that is important. I mean clearly the inflationary environment is a very different environment. And I think that's where our strategy and our model works very well for our customers because what we are very focused on is managing those relationships with consumers and businesses really carefully.

A lot of households and businesses haven't had to operate in an inflationary environment. So, for consumers our strategy around helping them save more, helping them manage their budget, building economic resilience are really important conversations that we're having. So, the proactive outreach that we've been doing with our customers, things like our financial health check, 9 out of 10 of them will save people money, will help them budget, will help them save money.

And a very sector-led, disciplined-led on business is allowing us to really start thinking and working with businesses of how they manage in an inflationary environment. So long-winded answer to a very simple question, it doesn't change our strategy.

Rohith: Okay. Thank you. Very clear. And in terms of the capital efficiency part of the plan, part of that was distributions, parts of that was allocation, an allocation particularly NatWest markets, now downsized Ulster Bank. Most of the agreement is in place, at least in terms of the loan book. Is the business now the right shape for you in terms of how you see it going forward longer term?

Alison Rose: Yeah, very much so. And I think those two big decisions that I made when I took over as CEO, getting NatWest Markets into the right shape. It was absorbing far too much capital of the bank and not really as strategically focused around our customers and our clients as we wanted. That is largely complete. So, I think that that business is in good shape and you can see the strong performance in the first half of the year; 26% up on income and a much more balanced return.

And with Ulster Bank, 90% of the assets are now linked to binding agreements. And we will continue to execute that plan, which will be a capital accretive. So, as we now look at the business, we have three very strong franchises; our retail business, our private business, and our commercial and institutional business. Those are very strong franchises, importantly with capacity and ability to grow, which is good.

In retail we have gone back into unsecured in a very careful and considered way. We have capacity to grow mortgages, a much more diversified model. Corporate and institutional, a strong position in business where we are growing. NatWest Markets is now a really strong product engine, tightly controlled to support that. And our private and wealth business is now supporting our affluent and showing strong growth.

So, it's the right shape and mix for the business. We'll continue to deepen relationships. We'll continue to support customers as they transition to a low carbon economy. And we'll continue to grow in areas in a responsible way.

Rohith: And the other part of capital efficiency was distribution. So, over the last 12 months, NatWest announced £5 billion of capital distributions. You targeted 13-14% CET1 ratio, still at 14.3% after the £1.75 billion special you announced in Q2. So, I guess given that we're getting close to the top of the target range, how do you think about capital, the uses of capital going forward in terms of distributions, growth, and M&A crops up fairly consistently?

Alison Rose: Yeah. There's lots of investment bankers here that attach my name to anything that might be for sale in the market. I think that's a positive of having lots of capital. So, look, we were really pleased to announce the £1.75 billion special and share consolidation at the half year. And I think I've been very clear. Our preference is to distribute capital to our shareholders, including the commitments that I've made where specials and ordinaries have a minimum of a billion a year. And as you can see, we're already outperforming that.

So, what we've got is a business that is generating capital. I think that's a really important thing as we get closer to our 13-14% by the end of next year. Our businesses are continuing to build and generate capital. And you've seen me using a number of different tools to distribute capital through ordinaries and specials and buybacks and directed buybacks and on market buybacks. So that's a clear preference.

We will look at inorganic opportunities if they make compelling sense for shareholder value and in line with our strategy. So, I think that strong capital position with a capital generative business will allow us to drive organic growth and drive sustainable returns to shareholders.

Rohith: Thank you. I think credit quality still seems at the forefront of investors' minds. I think that's been shown up by the two sets of audience questions we had earlier. And recession usually results in high loan losses, and accounting standards require those to be recognized early now. You don't seem to be expecting provisions. Well, you're not expecting provisions to normalize before or until after 2023. And in fact, your IFRS 9 models suggest that bad debts, even in a severe recession, would be fairly limited.

So can you help us understand, I guess, what's different about NatWest's balance sheet and about how its customers are positioned now versus previous cycles to make you relatively... relaxed might not be quite the right word, but constructive in terms of the credit quality outlook.

Alison Rose: Well, I think the important thing is to start with what the shape of our book is. So, we work really hard to make sure we have a well-diversified balance sheet and strong risk management. And I think that's important going into any economic cycle. So, our wholesale loan book is very well diversified from a risk perspective. We've actively managed our capital and our risk diversification over the last five to six years, so we're very comfortable that is well diversified.

On our personal lending, 93% of our personal lending is secured, an average LTV of 53% so that is very strongly balanced, and we're very well provisioned. And I think that is the important thing. When you look at our business going into a challenging economic cycle and with that strong capital base and diversification of our book that means we can support our customers through the cycle, as we did through COVID. It's a really important part that we continue to lend and lend responsibly. In the first half of the year, we had 2.6% lending growth, £9 billion, which drove lending in a really balanced and good way in terms of our risk diversification. So, I think that's your starting point of the shape in your balance sheet.

I think then if we look at our impairment provisions, we're very well provisioned. If we look at the economic scenarios that we updated, if you look at the shape of our book, our ECL at H1 is £3.8 billion. That includes £0.8 billion of PMA. Even if we weighted 100% to our downside, that is an extra billion of provision, so it shows that we are well provisioned in terms of our book and prepared for any cycle that comes. And clearly as we are going through this, we're proactively managing our balance sheet and our risk as we do.

I think the big question that everyone's wrestling with on the macro is, what's different this time? And I think the shape of the book, the strong capital base is the diversification. It means we're being really proactive in helping our customers. Now as we look forward, customers are going to go through a very tough time. There's a number of dynamics happening for a lot of households and businesses. They haven't had to manage an inflationary environment or a high interest rate environment and that's been exacerbated by obviously the war in Ukraine and the energy costs.

But we proactively outreached to our customers, those that we think will be more affected because of impacts on their disposable income. But what you have when you look at the decile of our customer base, businesses have significantly more cash and buffer sitting on their balance sheet. There's a lot of liquidity sitting there. We still think 24% of our bounce-back loans could be repaid tomorrow because the cash is still sitting on the balance sheet of businesses. Households have built up a buffer during COVID in saving. So, there is more liquidity sitting there that gives people a buffer.

And obviously we have very strong employment. Still one of the biggest challenges I get after the energy costs of businesses talking to me is access to skills and labor and job vacancy. So, we are in a full employment scenario. So, I think strong balance sheet, good risk diversification, well provisioned, and really proactive outreach with our customers and helping them manage through this period and prepare with the liquidity that sitting in the system gives us a degree of confidence that we can constructively manage through the cycle.

Rohith: Okay. I think the other key area of discussion has been, I guess, the degree and the sustainability of rate sensitivity. We obviously saw very strong margin expansion in the first two quarters of this year. Your full year guidance implies a strong trajectory in the second half of the year. So, if rates do continue to rise, how do you see products pricing evolving on both sides of the balance sheet? And if policy rates start to get cut in a year, 18-months' time, how sustainable do you think the NII gains that you will have made by then are?

Alison Rose: So, we've updated our income guidance for the Go Forward Group to be around £12.5 billion by this year. And that interest rate rise is definitely a positive tailwind to our income performance. We're managing both sides of the balance sheet. And I think with higher interest rate rises, what we're seeing is an ability to manage both sides of the balance sheet. And I would always encourage people when they look at our business to think about the net interest margin as we manage the assets and liability side. We've seen pretty volatile moves on the swap curve on the asset side, particularly in mortgages. And the mortgage market is behaving in a very sensible way, and we've been able to put price increases through.

And on the liability side, we've been managing that actively. We look at it very much product-by-product in line with the market. We didn't pass any interest rate rises through on the first couple of rises. We have passed more through, and what I've said is, as rates rise and you get in to higher interest rates, we will look to pass on more. Around August we were saying we passed on around 15% cumulatively of the interest rate rises, slightly higher on retail, lower on commercial. A lot of our commercial clients are on managed rate so we manage that. There's more stability on the asset side.

As we go forward with our pricing strategy, we'll continue to review it product-by-product, segment-by-segment to make sure we're balancing the right behavior. What you should assume in the guidance we've given is that you would pass on more as the rates go through. We said it would average around 50%. As we're sitting here today, we're around that 20% level of cumulative pass rate.

Rohith: And you talked earlier about the credit growth you'd seen in the first half of the year. How do you see that? Has there been any change in demand over recent months or do you anticipate changes? I guess income has become increasingly stretched.

Alison Rose: Look, I think with continued lending growth – and as I said, we are not dependent on significant volume growth as we go into the second half for the guidance that we've given. A lot of it is going to be impacted by confidence and business confidence. With inflation, with interest rates, with energy prices there is going to be a squeeze on disposable income. We talked about that. And there is a distinction between the decile of borrowers across the book.

And on the business side, there's lots of liquidity sitting on transaction accounts and in business accounts, but business confidence has definitely taken a very significant hit. And I think that's going to really impact things like long-term investment and borrowing. So, as I look at the trends that we were seeing coming through the first half and into the summer, SME is still quite demand constrained because there's a lot of liquidity still sitting on balance sheets of small businesses.

What we see in mid and large size of our businesses, ramp up of businesses recovering from COVID, so demand for invoice financing, asset financing, as people manage their working capital. A lot of demand for green and sustainable financing that we continued to see in infrastructure.

And on the households, people are starting to adjust their disposable income, really good discipline that we're seeing with some of the support we've given to our customers around managing their subscription or thinking about their disposable income and how they manage that. So that slump in confidence, that will clearly affect spending patterns and demand side, and we're starting to see a little bit of that.

Rohith: And sort of broadening out the revenue discussion, you touched earlier on some momentum that you started to see in non-interest income. Revenue diversification is part of the strategy. And so is that still the case, given that rates are moving higher? Are you still looking to diversify your revenue streams and what role might M&A play? Sorry for asking the M&A question.

Alison Rose: No. That's all right. I'd expect nothing less. Look, we continue to see the opportunity to diversify. Fee income is an important part of what we want to continue to grow. And as we deepen the relationships with our customers, making sure that we're really starting to open up the wallet that we maintain from them. So, you've seen in our retail business us going back into unsecured in a very considered and careful way. We now have 6.5% market share from very, very low base. Lending to our own customers in a very risk disciplined way. We see that as an area of growth.

Mortgages remain a very attractive asset class for us. With our 16% share of current accounts, we're still below our natural market share in mortgages and we are growing that sensibly, balancing volume and value in the right way so that we're keeping that sensibly balanced. And our growth into areas like youth and affluent, very strong. Our private bank continues to grow very well.

Our robo-advisory offerings of NatWest Invest. I don't like the term robo-advisory, but I know it's a common one. But NatWest Invest, RBS Invest are continuing to grow very well. And you could see in our half year results, net new money was growing. We've continued to acquire customers; 350,000 new retail customers. We're growing market share in startups as well, and diversifying our income into things like Payit and Tyl.

So, we see good income growth within very strong franchises, and also good diversification with fee income. And obviously there is the boost coming back from the post-COVID recovery, which is still relatively new and the transaction fee is continuing to grow and that diversification is coming in. And a refocus on NatWest Markets, now finished restructuring in terms of its core business lines. You're seeing strong growth in FX and DCM and currencies as that business is really focused on our core customers and it has capacity to grow.

Rohith: Thank you. And…

Alison Rose: And I didn't answer your M&A. I will answer your M&A because you did ask it. I'm sorry. M&A, we will look at inorganic if it makes strategic sense and offers very strong strategic value for shareholders. You can see some of the small M&A that we've done such as buying mortgage books, which align with our risk appetite or RoosterMoney, which was a fintech, which really accelerated our youth strategy.

My clear preference is to distribute to shareholders. We will look at inorganic if it is a compelling value that fits with our strategic priorities and is not going to disrupt our transformation program that is delivering real value. So, there's a high bar for it to pass, but we will continue to look at opportunities if they're there.

Rohith: Okay. So, value scale and bit of focus on distribution.

Alison Rose: With discipline. We will be very disciplined.

Rohith: Thank you. And then on costs, you reiterated the intention to cut costs 3% this year. You now expect to hold them flat in 2023. I guess it comes back to the question about how you run a bank in this type of environment. Is cost management still a key focus or do you feel that actually there's enough of a revenue tailwind from rates that gives you a bit more leeway on the cost side?

Alison Rose: We will continue to be very disciplined on driving operating leverage in our business. I think with tailwinds from income, those are obviously positive, but our strategy - going back to our strategy - is to drive long-term sustainable value, and therefore continuing to drive operating leverage where it makes sense is really important. We've reiterated our cost guidance for this year. That it will be 3%. It is non-linear. I know I always say that and nobody believes me, but it is non-linear so we're comfortable with 3%. That'll likely go up in Q3 just because of the phasing of the benefit coming from our investment, the £3 billion investment program.

But a good example of the type of things that we're doing, re-engineering our customer journey, the acceleration of our digitization. In our retail bank, 61% of our customers are now entirely digital. They don't touch us in any other way than digital. So, we have a very efficient digital bank that delivers for our customers and 90% of our retail customers' needs can be met digitally - that is more efficient, more productive, and drives a better customer experience. You can see it through the NPS data, which continues to improve.

But re-engineering our customer journey, which is where our investment is going into digital and data and automation, that is very successful. And a good example that I shared was things like our current account straight through processing. In 2019, that was 17% straight through processing. It's now north of 70%. That is less hands, less people, better controlled, more productive, more efficient. So those opportunities will continue to exist for driving operating leverage within our business, which is a better experience for customers and more productive for us and a better controlled environment. So, we will keep that very good cost discipline that we have going forward.

Now we're clearly facing the same inflationary environment as everyone else. We've invested quite significantly in our staff and our colleagues. We put through the highest pay awards that we've done in five years in our normal pay round in April. And we put an intervention in, which was a permanent investment in pay. It wasn't just a cash payment. We put a pay increase for people, our lowest earning colleagues, which was around 40% of our colleagues, so we are investing in staff.

As we go into next year we said we'll continue to drive operating leverage. And that will be coming from the benefit of our investment. What we don't want to do is cut investment, which is driving that long-term value for shareholders and that continuing operating leverage

Rohith: I have had quite a few questions come through on the tablet, so thank you for those. I don't know if there's anybody in the room that would like to ask a question, do you raise your hand. While you are thinking about that I'll ask some of the ones that come through.

Back on capital, you talked about how you're a diversified, low risk bank. So, in that context, why is the 13-14% CET1 ratio the right sort of level? Wouldn't you be happy operating at the lower end or even below that range medium term?

Alison Rose: So, we think with the risk diversification of our book we're really thinking about how we manage consistently through the cycle. That having a safe, secure, resilient bank, well managed, good capital means that we can support our customers through the cycle without having to cut back on things like dividends or investment, which is really about the long-term value. So, I think with that diversification it means the book is well balanced.

We're obviously not risk free, so as we talked about, we will have impairments through the cycle. But that 13-14% means that we can absorb economic cycles whilst supporting our customers, whilst continuing to maintain investment and income distribution to shareholders. So, we think that balance is right when you stress test our book to make sure that we're resilient and safe and secure.

Rohith: And the new UK government has been very quick to engage with the banking sector. There's talk of, at least in terms of the press reports, a focus on growth and how the banks can be involved in that, but also supporting customers. Investors are still worried around Europe, including the UK, about a windfall tax. So, I was just wondering what your sense is in terms of how the new UK government is thinking about the banking sector.

Alison Rose: Yeah, well look, I think we really welcome the very business friendly tone that's coming out from the government. I think that's very positive. I think ensuring that the banks are resilient, well-capitalized and investible is a really important part of a thriving economy. And so, our ability to deploy capital into the economy means that the economy can continue to grow and we can support our customers through the cycle. So, we really welcome the growth agenda and, and the focus on continuing to grow.

Obviously, windfall tax, that's for the government. But there is already a banker's levy that we pay, that we contribute to, which has been in place since the financial crisis. So, I think continuing to support a well-functioning, well-capitalized, but also a competitive banking sector is really important so that we can continue to compete effectively on behalf of our customers and support the economy to grow.

Rohith: And moving back to the nuts and bolts of the business. You talked about swap rate moves and mortgage pricing earlier. We obviously had a big leg up in terms of swap rates in August, in particular. Where do you see pricing settling, if that's possible, if your crystal ball tells you that? Why do you think the mortgage market's still attractive? And how do you see prospects for the housing market in the UK?

Alison Rose: So, one of the things I would encourage everyone to do is to really focus on both sides of the balance sheet. I think now with rates coming back to what I would describe as more normal levels, and obviously we're in a cycle at the moment we can make returns across our balance sheet. So, we balance both the assets and liability side of our balance sheet, and you can see the strong performance in NIM. So, I would always encourage you to focus on that.

But in terms of the mortgage market, obviously there were very volatile moves in the swap market. We responded to those by putting pricing up. I mean obviously there's always a lag with the speed and the volatility that was in the swap curve, but we put through 20 to 30 price increases in the mortgage market. Where the margins are settling in the mortgage market, in terms of our application rates, we're very comfortable. They're making good returns for us. They're still RoE accretive business. It's secured. We are a predominantly fixed book as we talked about 92% of our customers are on fixed rate.

So the market has responded and re-priced to the swap curve, but obviously we have the liability side. So, our strategy is to balance returns across both the asset and liability side to get a balanced return. But the mortgages that we're writing are a good asset quality, good asset class, good loan to value average 53%, and continue to perform well and drive good returns for us.

In terms of the housing market, it continues to be very resilient, relatively stable. The market is behaving in a very orderly way from a competitive perspective. And as you look into our provisioning and our stress testing, you can see that we're able to withstand any sort of cycles that go through. So, we're comfortable, good asset quality, good return, and look at the balanced return across both sides of the balance sheet.

Rohith: Then on credit quality, I mean NatWest is the biggest SME lender in the UK. Can you help us with some insights in terms of how those business owners and those businesses are behaving currently? How you're helping them navigate what's clearly a difficult environment? And really, I guess, this boils down to why you're so confident in the asset quality outlook.

Alison Rose: I mean I think we are the largest lender into business. A couple of dynamics I would say. For SMEs, the things – and sort of small, medium and large size businesses, I think about them in those categories. What worries me is there is a lot of fatigue in business post-COVID, and that is a challenge. But what you're seeing is business has performed very resiliently. There is good liquidity sitting on balance sheets. There's still overdraft utilization, revolving credit utilization remains relatively stable and quite low.

On the SME side, there's a lot of liquidity that was put in place as part of the COVID support programs. 24% of bounce back loans are still sitting on balance sheets. In the mid-corporate side, we're seeing businesses still in the ramp back up post-COVID with asset financing, invoice financing. And on the large corporate side, again, access to capital markets has remain very open, right the way through the period. And again, it gives diversification. So, I think businesses have behaved very resiliently.

We take a very sector-specific view of our book. We have relationship managed led, sector led, risk appetite led, so we really do drill down into the subsectors of business. We can see those sectors that are challenged or will be facing challenges from a drop off in consumer demand or different dynamics across the market. We're proactively outreaching to our customers. We've written and interacted with a lot of our SMEs and businesses where we know they might be facing particular strains, particularly dealing with things like working capital cycle, supply chain disruption, inflation environment, currency volatility. Those are all areas that we have been proactively putting tools in place to help businesses.

Where we can see sectors that might be facing real challenges, we're putting very specific support out in place. So, a good example is the agriculture sector. We lend to 42,000 farmers up and down the country. We've put a £1.25 billion lending package in place. They have particularly been at the forefront of the energy challenges with increase in energy prices, increase in nitrates, commodity animal feed prices. Did you know, for example, the cost of salt's gone up by 73% because of those dynamics, so a particular challenge for pork farmers, so we're putting in targeted support for those sectors. A lot of support to help businesses manage through this period and real proactive engagement.

We've also frozen all increase in fees for SME businesses. We know that has more value to them, for example, than interest rate rises where they want to stay liquid and transactional. And then we are a local bank. We have relationship managers and teams in all of the regional economies around the country so we can be very focused on the regional economic dynamics and the ecosystem that we support. So, a very proactive outreach and engagement with all of our business customers.

Rohith: That's been great, Alison Rose. I can see from the clock in front of me that we're almost exactly out of time, so thank you very much for that.

Alison Rose: Thank you.