

Company Registered Number: R0000733

ULSTER BANK LIMITED
ANNUAL REPORT AND ACCOUNTS
31 December 2022

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Strategic report

Presentation of Information

Ulster Bank Limited ('UBL' or 'the Company') is a wholly owned subsidiary of National Westminster Bank Plc ('NatWest Bank'). NatWest Bank is in turn a wholly-owned subsidiary of NatWest Holdings Limited ('NatWest Holdings'). The ultimate holding company is NatWest Group plc ('NWG' or the 'ultimate holding company'). 'NatWest Group' or 'the Group' refers to the ultimate holding company and its subsidiary and associated undertakings.

The Company presents its financial statements in pounds sterling ('£' or 'sterling'). The abbreviation '£m' represents millions of pounds sterling and the abbreviation '£k' represents thousands of pounds sterling. The abbreviation '€' represents 'euros'.

The directors of the Company present their strategic and directors' reports, together with the audited financial statements of the Company for the financial year ended 31 December 2022. The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Principal activities

The Company manages certain legal titles on collateral linked to loans written by the Company where the beneficial ownership transferred to NatWest Bank as part of the Banking Business Transfer Scheme, effected 3 May 2021.

An application was submitted to the Prudential Regulation Authority (PRA) to cancel the Company's permissions under Part 4A of the Financial Services and Markets Act 2000. On 29 December 2022, the PRA confirmed the cancellation of these permissions. As a result, the Company is no longer classified as a credit institution.

Business review

The Company did not trade during the financial year under review nor do the directors expect that it will do so in the foreseeable future.

At the end of the financial year, total assets were £42 million (2021 - £522 million).

Outlook

The Company will continue to manage certain legal titles on collateral linked to loans written by the Company where the beneficial ownership transferred to NatWest Bank.

Principal risks and uncertainties

The Group provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance and risk.

The Company's only asset is a receivable from its immediate parent undertaking. Credit risk in respect of this is not considered significant as the amount is due from another Group company.

The principal risk to which the Company is exposed is operational risk.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.

Operational risk may arise from a failure to manage operations, systems, transactions and assets appropriately. This can take the form of human error, an inability to deliver change adequately or on time, the non-availability of technology services, or the loss of customer data. Systems failure, theft of the Company's property, information loss and the impact of natural, or man-made, disasters, as well as the threat of cyber attacks, are sources of operational risk. Operational risk can also arise from a failure to account for changes in law or regulations or to take appropriate measures to protect assets.

Operational risks are mitigated through the application of key preventative and detective controls.

Section 172(1) statement

This statement describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (section 172) when performing their duty to promote the success of the Company.

Board engagement with stakeholders

Since the transfer of the Company's business to NatWest Bank in 2021, the Company no longer has any customers or colleagues. As a wholly owned subsidiary of NatWest Bank the Company is aligned to the strategy and purpose of NatWest Group, as applicable.

During 2022, the Board considered routine matters, and approved the 2021 Annual Report and Accounts, a capital reduction, and the payment of interim dividends for 2022.

Relevant stakeholder interests were considered by the Board, including regulatory matters and the long-term consequences of the Board's decisions.

Further information on how NatWest Group (which includes the Company) engages with its stakeholders can be found in the NatWest Group plc 2022 Annual Report and Accounts and at www.natwestgroup.com.

Supporting effective Board discussions and decision making NatWest Group's purpose – championing potential, helping people, families and businesses to thrive – continues to influence Board discussions and decision-making.


The Board Terms of Reference reinforce the importance of considering both NatWest Group's purpose and the matters set out in section 172 in Board discussions and decision-making. Board paper templates include a section for authors to explain how the proposal or update aligns with NatWest Group's purpose and a separate section for them to include an assessment of the relevant stakeholder impacts for the directors to consider.

Strategic report

Approval of Strategic report

The Strategic report for the year ended 31 December 2022 set out on pages 1 to 2 was approved by the Board of directors on 24 April 2023.

By order of the Board:



Jan Cargill
Company Secretary
24 April 2023

Chairman
Howard Davies

Executive directors
Alison Rose DBE (CEO)
Katie Murray (CFO)

Board of directors and secretary

Chairman
Howard Davies

Executive directors
Alison Rose DBE
Katie Murray

Chief Governance Officer and Company Secretary
Jan Cargill

Auditors
Ernst & Young
Chartered Accountants and Statutory Auditor
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin D02 YA40

Registered office and Head office
11-16 Donegall Square East
Belfast BT1 5UB
Northern Ireland

Ulster Bank Limited
Registered in Northern Ireland No. R0000733.

Report of the directors

The Strategic report contains information on risk management and future developments in the business of the Company.

Internal control over financial reporting

The internal controls over financial reporting for the Company are consistent with those at NatWest Group level. The Group has designed and assessed the effectiveness of its internal control over financial reporting as of 31 December 2022 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 publication of 'Internal Control – Integrated Framework'.

Any deficiencies identified are reported to the Group Audit Committee along with management's remediation plans.

NatWest Group's auditors have audited the effectiveness of NatWest Group's internal control over financial reporting and have given an unqualified opinion.

Directors' Interests

Where directors of the Company are also directors of NatWest Group, their interests in the shares of the ultimate holding company at 31 December 2022 are shown in the Corporate governance, Annual report on remuneration section of the NatWest Group plc 2022 Annual Report and Accounts.

None of the directors held an interest in the loan capital of the ultimate holding company or in the shares or loan capital of the Company during the period from 1 January 2022 to 24 April 2023.

Directors' Indemnities

In terms of section 236 of the Companies Act 2006 (the 'Companies Act'), Qualifying Third Party Indemnity Provisions have been issued by the ultimate holding company to its directors, members of the Group and NatWest Holdings Executive Committees, individuals authorised by the PRA/FCA and certain directors and/or officers of NatWest Group's subsidiaries.

Share capital

Details of the ordinary share capital at 31 December 2022 are shown in Note 4 to the accounts.

Dividends

The directors do not recommend the payment of a final dividend on ordinary shares (2021 - nil). The Company paid £317 million of interim dividends during the year (2021 - £40 million).

Post balance sheet events

There have been no significant events between the financial year end and the date of approval of the accounts which would require a change to or additional disclosure in the accounts.

Going concern

These financial statements are prepared on an other than going concern basis following the transfer of the banking business to NatWest Bank in 2021. Assets are reflected at expected recoverable value and liabilities at expected settlement (extinguishment) value.

Political donations

During 2022, no political donations were made nor any political expenditure incurred (2021 - nil).

Directors' disclosure to auditors

Each of the directors at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act.

Auditors

Ernst & Young are the Company's auditors and have indicated their willingness to continue in office.

By order of the Board:



Jan Cargill
Company Secretary

24 April 2023

Ulster Bank Limited is registered in Northern Ireland No. R0000733

Statement of directors' responsibilities

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on pages 5 to 6.

The directors are responsible for the preparation of the Annual Report and Accounts. The directors are required by the Companies Act 2006 to prepare company accounts, for each financial year in accordance with international accounting standards in conformity with the requirements of the Companies Act. They are responsible for preparing accounts that present fairly the financial position, financial performance and cash flows of the Company. In preparing those accounts, the directors are required to:

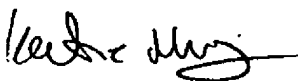
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Annual Report and Accounts complies with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic report and Report of the directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board:



Katie Murray
Chief Financial Officer

24 April 2023

Board of directors
Chairman
Howard Davies

Executive directors
Alison Rose-Slade DBE
Katie Murray

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULSTER BANK LIMITED

Opinion

We have audited the financial statements of Ulster Bank Limited ('the Company') for the year ended 31 December 2022 which comprise Income statement, Statement of comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and the related notes 1 to 8, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the Company transferred the entire business to NatWest Bank Plc in the prior year and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006 and UK adopted International Accounting Standards.
- We understood how the Company is complying with those frameworks by making inquiries of management and reviewing board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address fraud risks identified, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young Chartered Accountants, Statutory Auditor
Office: Dublin

25 April 2023

Income statement for the year ended 31 December 2022

		2022	2021
	Notes	£m	£m
Discontinued operations			
Interest receivable		-	41
Interest payable		-	(2)
Net interest income		-	39
Fees and commissions receivable		-	12
Fees and commissions payable		-	(2)
Other operating income		-	29
Non-interest income		-	39
Total income		-	78
Staff costs		-	(33)
Premises and equipment		-	(3)
Other administrative expenses		-	(31)
Depreciation, impairment and amortisation		-	(1)
Operating expenses	1	-	(68)
Operating profit before tax		-	10
Tax charge	2	-	(3)
Profit for the financial year		-	7
Attributable to:			
Ordinary shareholders		-	3
Paid-in equity holders		-	4
		-	7

Statement of comprehensive income for the year ended 31 December 2022

	2022	2021
	£m	£m
Profit for the financial year	-	7
Items that do not qualify for reclassification		
Remeasurement of retirement benefit scheme	-	209
Total comprehensive income for the financial year	-	216
Attributable to:		
Ordinary shareholders	-	212
Paid-in equity holders	-	4
	-	216

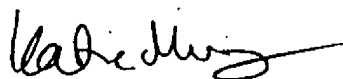
The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet as at 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Amounts due from holding companies and fellow subsidiaries	3	42	522
Total assets		42	522
Liabilities			
Amounts due to holding companies and fellow subsidiaries	3		100
Total liabilities			100
Owners' equity		42	422
Total liabilities and equity		42	522

The accompanying accounting policies and notes form an integral part of these financial statements.

The accounts were approved by the Board of Directors on 24 April 2023 and signed on its behalf by:



Katie Murray
Chief Financial Officer

Ulster Bank Limited is registered in Northern Ireland No. R0000733

Statement of changes in equity for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Called-up share capital - at 1 January		254	254
Reduction of capital	4	(254)	-
At 31 December		-	254
Paid-in equity - at 1 January		60	60
Redemption	4	(60)	-
At 31 December		-	60
Retained earnings - at 1 January		108	140
Profit attributable to ordinary shareholders		-	3
Profit attributable to paid-in equity holders		-	4
Paid-in equity coupon payments		(3)	(4)
Remeasurement of retirement benefit scheme		-	209
Other movements - retirement benefit scheme		-	(204)
Reduction of capital		254	-
Dividends paid		(317)	(40)
At 31 December		42	108
Owners' equity at 31 December		42	422
Owners' equity is attributable to:			
Ordinary shareholders		42	362
Paid-in equity holders		-	60
		42	422

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash flow statement for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Operating profit before tax from discontinued operations		-	10
Depreciation and impairment of property, plant and equipment		-	1
Elimination of foreign exchange differences		-	(9)
Other non-cash items		-	3
Net cash flows from trading activities		-	5
Decrease in loans to banks and customers		-	22
Increase in amounts due from holding companies and fellow subsidiaries		-	(2,689)
Decrease in other assets		-	9
Increase in bank and customer deposits		-	299
Decrease in amounts due to holding companies and fellow subsidiaries		-	(2,884)
Decrease in other liabilities		-	(10)
Changes in operating assets and liabilities		-	(5,253)
Income taxes paid		-	-
Net cash flows from operating activities ⁽¹⁾		-	(5,248)
Cash flows from investing activities			
Cash consideration on transfer to NatWest Bank, net of cash transferred		-	140
Net cash flows from investing activities		-	140
Cash flows from financing activities			
Redemption of subordinated liabilities		(102)	-
Paid-in equity coupon payments		(3)	(4)
Redemption of paid-in equity		(60)	-
Dividends paid		(317)	(40)
Net cash flows from financing activities		482	(44)
Effect of exchange rate changes on cash and cash equivalents		2	-
Net decrease in cash and cash equivalents		(480)	(5,152)
Cash and cash equivalents 1 January	6	522	5,674
Cash and cash equivalents 31 December	6	42	522

Note:

(1) Includes interest received of nil (2021 - £36 million) and interest paid of £142k (2021 - £3 million).

The accompanying notes form an integral part of these financial statements.

Accounting policies

1. Presentation of accounts

The Company is incorporated in the UK and registered in Northern Ireland. The accounts are presented in the functional currency, pounds sterling.

The accounts, set out on pages 7 to 14 including these accounting policies, are prepared on an other than going concern basis (see the Report of the directors, page 3) and in accordance with UK adopted International Accounting Standards (IAS). The significant accounting policies and related judgments are set out below.

These financial statements are prepared on an other than going concern basis following the transfer of the banking business to NatWest Bank in 2021. Preparation of the accounts on an other than going concern basis has not had any impact on the valuation of assets or liabilities on the Company's balance sheet. Assets are reflected at expected recoverable value and liabilities at expected settlement (extinguishment) value. The income statement is presented as discontinued operations as the transactions therein relate to the Company's former banking business.

Adoption of new and revised accounting standards

The changes to International Financial Reporting Standards (IFRS) that were effective from 1 January 2022 have had no material effect on the Company's financial statements for the financial year ended 31 December 2022.

2. Revenue recognition

Interest income or expense relates to financial instruments measured at amortised cost using the effective interest rate method. Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service, is incurred as the service is rendered. The price is usually fixed and always determinable.

3. Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition. Conversely, an asset is not derecognised by a contract under which the Company retains substantially all the risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred, the Company does not derecognise an asset over which it has retained control but limits its recognition to the extent of its continuing involvement. A financial liability is removed from the balance sheet when the obligation is discharged, or is cancelled, or expires.

4. Tax

Income tax expense or income, comprising current tax, is recorded in the income statement except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income. The tax consequences arising from servicing financial instruments classified as equity are recognised in the income statement in line with IAS 12 'Income Taxes'.

Current tax is income tax payable or recoverable in respect of

the taxable profit or loss for the year arising in profit or loss, other comprehensive income or equity. Provision is made for current tax at rates enacted or substantively enacted, at the balance sheet date.

Accounting for taxes is judgmental and carries a degree of uncertainty because tax law is subject to interpretation, which might be questioned by the relevant tax authority. The Company recognises the most likely current tax liability or asset, assessed for uncertainty using consistent judgments and estimates. Current tax assets are only recognised where their recovery is deemed probable, and current liabilities are recognised at the amount that represents the best estimate of the probable outcome having regard to their acceptance by the tax authorities.

5. Financial instruments

On initial recognition, financial instruments are measured at fair value and classified at amortised cost. They are subsequently measured at amortised cost.

Amortised cost assets – have to meet both the following criteria:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Fair value – the fair value is the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date.

6. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprises cash and deposits with banks with an original maturity of less than three months together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent.

In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's 'Conceptual Framework for Financial Reporting'.

Future accounting developments

International Financial Reporting Standards

New standards and amendments that are effective for annual periods beginning after 1 January 2023 are not considered to have a material impact.

Notes to the accounts

1. Operating expenses

The average number of persons employed by the Company, including temporary staff, during the financial year was nil (2021: 594).

The auditor's remuneration for statutory audit work for the Company was borne by NatWest Bank. Remuneration paid to the auditors for other assurance services, tax advisory and non-audit work for the Company was £nil (2021: £nil).

All directors serving during the financial year were remunerated for their services to the NatWest Group as a whole, and their remuneration cannot be apportioned in respect of their services to the Company. Details of the directors' and key management remuneration can be found in the Directors' remuneration report, set out on pages 152 to 167 of the NatWest Group 2022 Annual Report and Accounts.

2. Tax

	2022 £m	2021 £m
Current tax		
Charge for the financial year	-	(3)
Tax charge for the financial year	-	(3)

The actual tax charge differs from the expected tax charge computed by applying the main UK corporation tax rate of 19% (2021 -19%).

	2022 £m	2021 £m
Expected tax charge	-	(2)
Non-deductible items	-	(1)
Tax credit on paid-in equity	-	1
Surcharge on banking companies	-	(1)
Actual tax charge for the financial year	-	(3)

3. Financial instruments

Classification

Amounts due to/from holding companies and fellow subsidiaries are carried at amortised cost and comprise:

	2022 £m	2021 £m
Amounts due from holding companies and fellow subsidiaries		
Loans to banks - amortised cost	42	522
Amounts due to holding companies and fellow subsidiaries		
Subordinated liabilities	-	100

Valuation

The fair value of loans to banks approximates their carrying value.

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

Loans to banks

In estimating the fair value of loans to banks measured at amortised cost, the Company's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans. The principal method used to estimate fair value is to discount expected cash flows at the current offer rate for the same or similar products.

Maturity analysis

Amounts due from holding companies and fellow subsidiaries have a maturity of less than 12 months.

Notes to the accounts

4. Share capital and other equity

	Allotted, called up and fully paid		Authorised	
	2022 £	2021 £	2022 £	2021 £
Equity shares:				
Ordinary shares of £1	1	253,932,619	2,000,000,000	2,000,000,000
Equity preference shares:				
Non-cumulative redeemable preference shares of €1 each	-	-	443,400,000	420,100,000
Total share capital	1	253,932,619	2,443,400,000	2,420,100,000

	Allotted, called up and fully paid		Authorised	
	2022 units	2021 units	2022 units	2021 units
Equity shares:				
Ordinary shares of £1	1	253,932,619	2,000,000,000	2,000,000,000
Equity preference shares:				
Non-cumulative redeemable preference shares of €1 each	-	-	500,000,000	500,000,000
Total share capital	1	253,932,619	2,500,000,000	2,500,000,000

On 16 June 2022, the Company carried out a reduction of share capital under section 642 of the Companies Act 2006. 253,932,618 issued and fully paid ordinary shares of £1 were cancelled and the reserve of £254 million arising was transferred to retained earnings.

The Company paid interim dividends of £317 million per ordinary share (2021 – 15.8p per ordinary share) during the financial year, totalling £317 million (2021 - £40 million).

Paid-in equity - comprises equity instruments issued by the company other than those legally constituted as shares.

	2022 £m	2021 £m
Additional Tier 1 loan		
£60 million 7.4% perpetual loan repayable from July 2022		60

This instrument was redeemed during the financial year. The coupons on this instrument were non-cumulative and payable at the company's discretion. While taking the legal form of debt this loan was classified as equity under IAS 32 'Financial Instruments: Presentation'.

5. Analysis of changes in financing during the year

	Share capital, share premium and paid-in equity		Subordinated liabilities ⁽¹⁾	
	2022 £m	2021 £m	2022 £m	2021 £m
At 1 January	314	314	100	108
Reduction of capital	(254)	-	-	-
Redemption of paid-in equity	(60)	-	-	-
Currency translation and other adjustments	-	-	2	(8)
Redemption of subordinated liabilities	-	-	(102)	-
At 31 December	-	314	-	100

Notes:

(1) Included in amounts due to holding companies and fellow subsidiaries (Note 3). This denotes £120 million undated loan notes held by NatWest Bank Plc; repayable at the option of the Company, only with prior consent of the Prudential Regulatory Authority (PRA). Claims in respect of the Company's loan capital were subordinate to the claims of other creditors. None of the loan capital was secured and it was fully redeemed during the financial year.

Notes to the accounts

6. Analysis of cash and cash equivalents

	2022 £m	2021 £m
At 1 January	522	5,674
Net cash outflow	(480)	(5,152)
At 31 December	42	522
Comprising:		
Loans to banks ⁽¹⁾	42	522
Cash and cash equivalents	42	522

Notes:

(1) Included in amounts due from holding companies and fellow subsidiaries (Note 3).

7. Related parties

The Company's ultimate holding company is NatWest Group plc which is incorporated in the United Kingdom and registered in Scotland and its immediate holding company is National Westminster Bank Plc which is incorporated in the United Kingdom and registered in England and Wales.

At 31 December 2022, NatWest Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated accounts of both companies may be obtained from the Legal, Governance & Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ, the Registrar of Companies or at www.natwestgroup.com.

UK Government

The UK Government through HM Treasury is the ultimate controlling party of NatWest Group plc. The UK Government's shareholding is managed by UK Government Investments Limited, a company wholly owned by the UK Government. As a result the UK Government and UK Government controlled bodies are related parties of the Group.

At 31 December 2022, HM Treasury's holding in NatWest Group's ordinary shares was 45.97%.

The Company enters into transactions with these bodies on an arm's length basis; they include the payment of UK corporation taxes (Note 2).

8. Post balance sheet events

There have been no significant events between the financial year end and the date of approval of the accounts which would require a change to or additional disclosure in the accounts.