

Ulster Bank Announces Full Year 2018 Financial Results

- Operating Profit of €15m (Operating Loss €151m in 2017)
- Operating Expenses reduced to €657m (€772m 2017)
- Total income was in line with prior year €689m (€689m in 2017)
- Net impairment charge of €17m (net charge of €68m 2017)
- Positive progress in key areas of strategic focus:
 - Net Interest Margin (NIM) improved by 12 basis points to 1.79% driven by a funding benefit, improving asset mix and lower cost of deposits
 - €3.8 billion or 18.8% reduction in risk weighted assets
 - Customer deposits increased by €1.0bn compared to 2017 supporting a 10 percentage point improvement in the loan to deposit ratio to 105%
- Ulster Bank completed a sale of a portfolio of non-performing loans in Q4 2018, reducing our non-performing loan ratio to 11.3% with further work to do in 2019
- Further progress was made towards building a more sustainable bank including raising €1 billion from an issuance of mortgage backed bonds

Ulster Bank Chief Executive Jane Howard said:

“In 2018, we made tangible progress on our priorities to build a simpler, safer and more customer focused bank. Today we report a modest profit of €15m which is underpinned by a significant improvement in NIM, reduction in our non performing loan ratio, increased customer deposits and new mortgage lending growth, reflecting our decision to supplement our excellent service with market-leading fixed rates for our customers. In 2018 we also paid a dividend of €1.5bn to our shareholder and raised €1bn of stable funding through the issuance of mortgage backed bonds.

“2018 saw a 13% increase in new mortgage lending to €1.13bn, supporting customers buying a home and switching mortgage as we enhanced our services and in July we launched the lowest fixed mortgage rates to new and existing customers. For commercial customers, we lent €1.4bn, which was broadly in line with prior year 2017. We also expanded our relationship with the SBCI through their Brexit loan scheme and joined the Business Growth Fund, backers for businesses looking to diversify their equity and capital. Our colleagues are focused on providing help and support to our customers who are planning for possible Brexit scenarios. We will continue to monitor the situation and regularly review our plans to ensure we’re ready for Brexit, our aim is to support customers with the same level of service and range of products as we do today. 2018 was a particularly challenging time for our agri-food sector and we introduced a €15m weather fund to support new and existing customers through cash flow pressures in a year of unprecedented weather events.

“Our investments to help customers to bank with us more easily and conveniently saw a number of successes in 2018. Our number of digitally active personal current account customers increased to 69% as our customers used new features such as FaceID and temporary card freezing for our Mastercard credit cards, while the introduction of self-service options to more than 60% of branches facilitated customers to self-serve. Adding to this, our community bankers, mobile mortgage managers and mobile branches have extended our reach to serve our customers across the country.

In 2019, we plan to expand our Friends Against Scams programme to our customers as part of our fraud prevention and education activity.

“As we innovate to improve customer service, our colleague-facing start-up programme was launched in 2018 and a number of business ideas have been brought from inception to commercial propositions through RBS and Dogpatch support. We plan to expand this in 2019, further strengthening the entrepreneurial culture in the Bank. In 2018 we also extended our partnership with Dogpatch Labs in Dublin where the Ulster Bank innovation team are based which connects us with the wider innovation fin-tech eco system in Ireland and where many businesses are supported to realise their commercial potential.

“In Q4 2018 we completed a sale of non-performing loans to strengthen our balance sheet. In 2018 we made a provision for a further loan sale in 2019. In this context, we have enhanced our contact strategy with customers in long term arrears. We would strongly encourage any customer who is in difficulty to talk to us; we have colleagues available to help customers based on their individual circumstances.

“In building financial strength, we have made significant progress on our customer remediation programmes to put right our wrongs of the past and to learn from our mistakes. We have increased the resources on these programmes to put things right for customers as quickly as possible. We expect the Tracker Mortgage Examination to complete redress and compensation, having made payments to impacted customers, by the end of April. Issues such as these have happened too frequently in our past and we cannot apologise enough for the impact that this has had on our customers and our colleagues as they work to put this right.

“Cost reduction remains a priority for the business. Our cost to income ratio is high, reflecting high remediation costs and the important steps we are taking to strengthen our risk and control environment combined with the continued cost of supporting our non performing loan portfolio. We will focus on reducing costs in the right areas in 2019, while also investing in innovative service improvements to provide the best service, every day to our customers.

“Underpinning all of this financial activity, we are improving our culture by consistently living our values which guide our colleagues in providing relevant and meaningful help to our customers while making Ulster Bank a great place to work. Across the business, we are fully focused on our customers. I want to give my personal thanks to all of our colleagues for their continued commitment to Ulster Bank and most importantly to our customers. Testament to this is our ‘Business Working Responsibly’ mark from Business in the Community Ireland and our colleague-led partnership with Special Olympics Ireland which provided 920 Bank-supported volunteer hours and €120,000 for their work on the Ireland games held in 2018.”

Ends.