

Ulster Bank RoI H1 2018 Financial Results

- Operating Profit of €100m (€12m in H1 2017)
- Operating Expenses reduced to €285m (€342m in H1 2017)
- Total income increased to €355m (€341m in H1 2017)
- Net impairment release of €30m (net release of €13m in H1 2017)
- Positive progress in key areas of strategic focus:
 - Ulster Bank in June announced the lowest fixed mortgage rate on the market of 2.3% fixed for two years*
 - NIM improved by 18 basis points to 1.85% driven by a funding benefit in H1 2018
 - Staff expenses reduced by €10m or 8.9% following recent restructuring initiatives
 - 7.3% reduction in risk weighted assets
 - Customer deposits increased by €0.6bn or 3.1% compared to H1 2017 supporting a 7 percentage point reduction in the loan to deposit ratio to 108%
- Ulster Bank announced its intention to sell a portfolio of non-performing loans in May
- Further progress was made towards building a more sustainable bank including raising €1 billion from a recent issuance of mortgage backed bonds.

Ulster Bank today (3rd Aug 2018) reports its H1 2018 Financial Results as part of the RBS H1 Results announcement.

Commenting Ulster Bank Interim Chief Executive Paul Stanley said:

"We have had a positive start to the year with operating profit of €100m, increasing €88m compared to H1 2017. Income growth has benefited from a number of one off items while operating expenses have reduced, primarily driven by lower strategic and conduct and litigation costs. A net impairment release of €30m reflected the benefit of a more positive economic outlook and improving credit metrics across all portfolios.

"Our capital and funding metrics continue to strengthen primarily due to a reduction in risk weighted assets and an increase in customer deposits, has supported a further reduction in our loan to deposit ratio.

"In the first half of the year, Ulster Bank paid another dividend to our parent company, launched a significant sale of non-performing loans to the market and raised €1bn from an issuance of mortgage-backed bonds.

"We have made a number of service improvements for our customers in the first half of the year, beginning our €13m branch upgrade programme, which will see free wifi in all branches to help our customers, additional service machines installed and more branches become cashless advice centres for customer financial planning, account opening and mortgage appointments. Our mortgage rates were further reduced in June, when we reduced and simplified a number of rates and introduced a 2.3% two-year fixed rate option for new and existing customers, the lowest fixed mortgage rate in Ireland. We have seen very positive customer interest and reaction to this and we hope to see it translate to helping even more customers purchase a home in 2018. In the first half of the year, we helped almost 2,000 customers purchase a home or switch mortgage. We are also growing our digital assistance programme for customers with events in branches*

and in local centres through our community bankers and TechXperts. 67% of our customer base is now digitally active.

“For business customers, we have more available to lend this year to support our customers’ investment, employment creation and business development plans and we also announced specialised funding mechanisms with the Strategic Banking Corporation of Ireland, the Credit Guarantee Scheme and the Business Growth Fund. We have also been on the road to support customers across Ireland with events with the Irish Exporters Association, the British-Irish Chamber of Commerce and the Small Firms Association.

“In July, we also announced a €15m weather fund to assist agricultural customers with cashflow issues due to the weather anomalies in the first half of the year. This fund will be available for new and existing customers until the end of the year.

“In April, we held our banking Hackathon at our innovation hub in Dogpatch labs. 150 coders, developers, designers, businesspeople and entrepreneurs came together for the annual event where participants used an open API to develop ideas as diverse as home buying, agricultural finance management, saving and alternative finance. Our internal entrepreneurship programme which we launched at the event is also progressing well with 14 colleagues being supported to develop customer and business ideas in our incubator at Dogpatch labs. This programme is an important part of our mission to develop a more open entrepreneurial culture in the Bank.

“Our staff-driven fundraising initiative ‘Do Good, Feel Good’ chose Special Olympics Ireland as our partner this year and raised €120,000 in June as well as 920 Bank-supported volunteer hours to assist the Special Olympics Ireland Games events.”

*This two year fixed rate is available to customers not seeking an exception to maximum lending rules under SI559/ CBI macroprudential rules. For more detail see:

<https://digital.ulsterbank.ie/personal/mortgages/mortgage-rates.html>

The H1 2018 IMS for RBS can be found at <https://investors.rbs.com>.