

**Ulster Bank 2017 Full Year Results**  
**Adjusted Operating Profit of €109m – Operating Loss of €151m – driven by**  
**restructuring, litigation and conduct provisions**  
**Underlying performance shows increased lending, improved NIM and**  
**reduced expenses**

- Adjusted Operating Profit of €109m (€280m in 2016) - Operating loss of €151m (€24m profit in 2016)
- Adjusted operating expenses reduced to €516m (€559m in 2016)
- Adjusted income of €693m (€701m in 2016) impacted by a reduction in income on free funds, partially offset by one-off items, higher lending income and reduced funding costs
- Impairment loss of €68m (release of €138m in 2016) including a provision in relation to a change in our NPL strategy to allow for potential loan portfolio sale
- Conduct & Litigation provision of €192m (€211m in 2016) related to customer remediation and project costs associated with legacy business issues
- Positive progress in key areas of strategic focus:
  - New lending of €2.6bn increased by 3.4% (€2.5bn in 2016)
    - €1.0bn in new mortgage lending to customers buying a home – Ulster Bank offers the lowest fixed mortgage rates to new and existing customers
    - €1.4bn in new lending to business with even more available in 2018.
  - NIM improved by 5 basis points to 1.67% driven by improved deposit and loan margins, one-off income adjustments and successful deleveraging of low-yielding loans
  - 12.9% reduction in headcount
  - 4.3% reduction in risk weighted assets
  - 5.3% increase in customer deposit balances compared to 2016 supporting a 6 ppt reduction in the loan to deposit ratio
- UBIDAC CET1 ratio in excess of 22% following €1.5bn dividend to parent in January 2018

**23 February 2018** Ulster Bank today reports its 2017 Financial Results as part of the RBS Full Year Financial Results announcement.

Commenting Ulster Bank Chief Executive Gerry Mallon said:

*“2017 has been a year of significant progress in many key areas with some difficult decisions in others. Our focus remains on ensuring that Ulster Bank is best positioned to compete and grow for the benefit of our customers, economy and shareholder whilst seeking to regain customer trust by addressing mistakes of the past.*

*“We have reported an adjusted operating profit of €109m (operating loss of €151m), reduced our expenses, increased lending to customers, reduced risk weighted assets, paid a €1.5bn dividend to our parent and made improvements to our NIM, reflecting our work to build a safer, more efficient and sustainable Bank.*

*“We continue to innovate in digital banking, in 2017 we also launched Apple Pay and Android Pay and we have seen an excellent response to these services as well as additional new digital services such as future dated payments and improved credit card services through our app so we can continue to serve customers in the quickest and most convenient ways for them.*

*“Consistent with the industry-wide regulatory requirement to reduce Non-Performing Loans [NPLs] we have included an impairment provision to allow for potential sales of distressed loan portfolios that are in long-term arrears and are unsustainable.*

## **Legacy Issues**

*“We have also made a full-year provision of €192m to resolve legacy conduct and litigation issues. This includes a further provision of €87m in Q4 relating to the Tracker Mortgage Examination [TME]. We are nearing conclusion of our discussions with the Central Bank on this issue and hope to be in a position to update on the final numbers of impacted customers in the near future.*

*“In addition, following the findings of our Tracker Examination, we have been conducting a review of business practices, processes and customer journeys with a view to ensuring that any legacy issues are put right for our customers. In our interim report last August, we made a provision in relation to inconsistencies in documentation relating to non-tracker mortgage holders and commercial loan customers. In this context, we have made a further provision in the final quarter of 2017 of €62m (€101m for the full year), to complete the file review, communicate with and remediate impacted customers.*

*“We recognise that full and timely resolution of these issues is essential for customers and in rebuilding trust in Ulster Bank. Whereas our errors have resulted in both positive and negative impacts for customers our follow up will be solely with disadvantaged customers to whom we apologise unreservedly.”*

Ends.