

Ulster Bank Half Year 2020 Financial Results

Ulster Bank today (31 July 2020) reports its H1 2020 Financial Results as part of the NatWest Group H1 Results announcement.

Key Financial Highlights:

- Operating Loss of €276m (Operating profit of €26m in H1 2019)
- Operating Expenses reduced to €283m (€322m in H1 2019)
- Total income decreased to €285m (€324m in H1 2019)
- Net impairment charge of €278m (net release of €24m in H1 2019)
- 10.8% reduction in risk weighted assets to €14.1bn (€15.8bn in H1 2019)
- Net loans to customers decreased to €20.5bn (€21.2bn in H1 2019)
- Customer deposits increased by €0.7bn or 3.3% compared to H1 2019, supporting a 7 ppts reduction in the loan to deposit ratio to 93%.
- Cost to income ratio of 98.4% (99.3% in H1 2019)
- CET1 Ratio of 26.7%

Commenting Ulster Bank Chief Executive Jane Howard said:

“In H1, we report an operating loss of €276m, a considerable reversal compared to an operating profit of €26m in H1 2019. This is attributable mainly to a €278m net impairment charge, reflecting the likely impacts of the deterioration in our economy. We have supported our personal and business customers with over 16,800 payment breaks since the outset of the pandemic. During this period, we have also seen a sharp decline in demand for new lending, which is demonstrated by a fall in net loans to customers compared to H1 2019 due mainly to decreased business activity and increased impairment charges, while customer deposits have increased. Total income has decreased at a time when costs remain a key challenge, reflecting lower business activity as a result of COVID-19 and the non-repeat of an €11m one-off benefit in H1 2019. Operating expenses have reduced, reflecting a 9.7% reduction in headcount and reduced project costs compared to H1 2019.

“With pressure on our income, costs remain a challenge for our business, made even more acute when the impact of COVID-19 is overlaid. Our economy, our customers and our business have been and will continue to be impacted by the pandemic. As we respond, we are taking into account a fundamental reshape of the environment and how we provide what our customers want. Our customers have increasingly turned to digital as part of the pandemic restrictions and our activity has accelerated in response. As an employer, our ways of working have taken a quantum leap, with the vast majority of colleagues now working from home. While the full impact of COVID-19 is as yet unknown, there are challenging times ahead, however we remain in a strong capital and liquidity

position which combined with our purpose and strong customer focus, will assist us to serve our customers well and to play an active, responsible part in the recovery of the Irish economy.

“We have a strong, customer-focused culture underpinning everything we do and in these unprecedented times, our Purpose – to champion potential, helping people, families and businesses to thrive – remains our driving force and has strengthened our resolve. When we announced our Purpose in February, none of us could have predicted how quickly we would be called upon to demonstrate the depth of our commitment to all of our customers, and we have worked to be Purpose-led to support our colleagues, customers and communities.

“We continue to concentrate resources on areas to help customers with the support they need. For example our dedicated opening hours and phonelines for frontline workers and elderly customers; our companion card to help customers who may be reliant on another person to purchase essential goods; our fraud awareness campaign; meetings via video, payment breaks and our working capital support fund for business customers; as well as a mortgage switcher campaign to encourage people to consider the potential savings. These are some examples of the tangible help for what matters deployed over the past months for all customers.

“I would like to give my personal thanks to all of our colleagues, and acknowledge their resilience and dedication to our customers, communities and one another, especially our essential front line workers and their families.”

Ends.