Pillar 3 Disclosure 2015

Ulster Bank Ireland Limited

www.ulsterbank.com

This Pillar 3 Disclosure for 2015 is applicable to Ulster Bank Ireland Ltd ('UBIL'). UBIL is a company incorporated in the Republic of Ireland which forms part of Ulster Bank ('UBG') whose ultimate parent is The Royal Bank of Scotland plc ('RBS').

Basis of disclosure

UBIL is a significant subsidiary of an EU parent institution. Reduced disclosure requirements apply to significant subsidiaries of EU banking parents in accordance with Article 13 (1) of Regulation (EU) No 575/2013. UBIL is required by its supervisors to publish an annual disclosure in accordance with the requirements for significant subsidiaries.

UBIL Pillar 3 Disclosures for 2015 are reported as part of the significant subsidiary disclosures within the RBS Pillar 3 Annual Disclosure in attached link (http://investors.rbs.com/~/media/Files/R/RBS-IR/results-center/pillar3.pdf). Appendix 4 in this document contains a mapping table to reference each article under the Capital Requirements Regulation (CRR) relevant to significant subsidiaries to the appropriate table in the RBS Pillar 3 document or other published information. The UBIL disclosure tables within this document have been extracted from the RBS Pillar 3 document and reported in Euro. A comparison against the UBIL 2014 disclosures has been shown in the tables below.

This disclosure should be read in conjunction with the UBIL 2015 Financial Statements. The management of market risk, interest rate risk, currency and liquidity risk is outlined in Note 24 of UBIL's Financial Statements. Additional information on credit risk management is also provided in the UBIL 2015 Financial Statements.

In reading these disclosures, the following points must be noted:

- The disclosures represent a regulatory rather than an accounting consolidation. Certain aspects of the business (e.g. special purpose vehicles) are included in financial but not regulatory reporting; therefore these disclosures may not be comparable with other external disclosures by UBIL.
- The disclosures relate to the position at 31 December 2015 and have been prepared in accordance with applicable legislation effective at this date. The comments relate to the business structure, governance and risk management approach at that date.
- The information has not been subject to external audit.

Background

The Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD IV - which was enacted in Irish law by S.I. No. 158 of 2014 and S.I. No. 159 of 2014), requirements are being implemented on a phased basis from 1 January 2014, with full implementation from 1 January 2019. The capital resources disclosures for 2015 below reflect the transition arrangements of the legislation together with the Central Bank of Ireland (CBI) guidance (Implementation of Competent Authority Discretions and Options in CRD IV and CRR) on the application of transitional rules in Ireland. The Basel framework is based around the following three Pillars:

- *Pillar 1 – Minimum capital requirements:* defines rules for the calculation of credit, market and operational risk. Risk-weighted assets (RWAs) are required to be calculated for each of these three risks. For credit risk, the majority of RBS (inclusive of UBIL) uses the advanced internal ratings based (IRB) approach for calculating RWAs.
- *Pillar 2 – Supervisory review process:* requires banks to undertake an Internal Capital Adequacy Assessment Process (ICAAP) for risks either not adequately covered in, or excluded from, Pillar 1. The UBIL ICAAP, including the Pillar 2 add-on, is informed by the output of the Material Integrated Risk Assessment (MIRA) process. The ICAAP submission is followed by the SREP review process lead by the Joint Supervisory Team of the CBI, the European Central Bank (ECB) under the Single Supervisory Mechanism ('SSM'). UBIL's minimum capital requirement, including Pillar 2 requirements, is prescribed within the follow-up SREP letter from the ECB. UBIL ICAAP requirements are managed under the governance of the UB Executive Risk Committee. The risks considered to require Pillar 2 capital include Concentration Risk, Interest Rate Risk, Operational Risk and Pension Risk. The Pillar 2 capital requirement is reviewed and approved, on a semi-annual basis, by the UBIL Board of Directors.
- *Pillar 3 – Market discipline:* requires expanded disclosure to allow investors and other market participants to understand the risk profiles of individual banks. The level of risk disclosure reporting has increased within UBIL, as well as within RBS and continues to expand to encourage market transparency and stability.

Capital and risk management

UBIL is governed by the UBG and RBS capital management policies which are to maintain a strong capital base, to expand it as appropriate and to utilise it efficiently throughout its activities in order to optimise the return to shareholders while maintaining a prudent relationship between the capital base and the underlying risks of the business.
UBIL aims to maintain appropriate levels of capital, in excess of regulatory requirements, that ensure the capital position remains appropriate given the economic and competitive environment.

UBIL plans and manages capital resources in accordance with the UBIL Capital policy. UBIL capital planning is a key part of the budgeting and planning process. The Risk Weighted Assets ('RWA') by risk type for capital allocation are contained in Table 3 below. The capital plan covers a five year period and is regularly reviewed and updated. The UBIL Capital Management Unit ('CMU') and the UBIL Asset and Liability Management Committee ('ALCO') monitor the utilisation of capital by tracking the actual capital available on an on-going basis. In carrying out these policies, UBIL has regard to and has complied with the supervisory requirements of the ECB and the CBI. The following tables show the capital resources and capital requirements of UBIL under Pillar 3.

Table 1: Capital resources

	2015 €m	2014 €m
Shareholders' equity		
Shareholders' equity	7,834	6,527
Preference shares – equity	0	29
Other equity instruments	0	(29)
Regulatory adjustments and deductions	(85)	(1,156)
Defined benefit pension fund adjustment	193	410
Deferred tax assets	(286)	
Expected losses less impairments	(30)	(3)
Other regulatory adjustments	38	(1,563)
Common Equity Tier 1 (CET1) capital	7,749	5,371
Additional Tier 1 (AT1) capital	0	0
Tier 1 Deductions	0	0
Tier 1 capital	7,749	5,371
Qualifying tier 2 capital		
Qualifying instruments and related share premium	670	679
Tier 2 deductions		
Other regulatory adjustments	(10)	(6)
Tier 2 capital	660	673
Total regulatory capital	8,409	6,044
Total Risk Weighted Assets	26,186	31,065
Risk Asset Ratios		
CET1 Ratio	29.6%	17.3%
Tier 1 Ratio	29.6%	17.3%
Total Ratio	32.1%	19.5%
Leverage		
Tier 1 capital (€m)	5.7%	
Exposure (€m)	23.7%	
Leverage Ratio (%)	24.0%	

Table 1 Note:
(1) Table 1 extracted from RBS Pillar 3 Tables CAP 2 and CAP 6
(2) Capital and RWA analyses are based on CRR applicable in Ireland as promulgated by the Central Bank of Ireland (CBI transitional basis)
(3) The CET1 ratio improved from 17.3% to 29.6%. 2015 CET1 ratio benefited from the inclusion of €1.2billion of 2014 profit, which was previously unverified and removed as part of regulatory adjustments

Table 2: Minimum capital requirements

Risk type	2015 €m	2014 €m
Credit risk		
- Non-counterparty Advanced IRB	1,826	2,050
- Non-counterparty Standardised	105	250
Counterparty risk	39	44
Market risk	1	3
Operational risk	125	139
	2,096	2,486

Table 2 Notes:
(1) Table 2 extracted from RBS Pillar 3 Table CAP 3
(2) Credit risk capital requirements include both intra-group and non-customer assets
(3) Standardised capital requirements include other and transitional capital requirements that have been calculated on a standardised approach
(4) The standardised approach is used to calculate market risk capital requirements
(5) The Standardised (TSA) approach is used to calculate the operational risk capital requirement

Table 3: Risk-weighted assets by risk type

Risk type	2015 €m	2014 €m
Credit risk		
- Non-counterparty	24,143	28,745
- Counterparty	470	547
Market Risk	10	41
Operational Risk	1,563	1,732
	26,186	31,065

Table 3 Note:
(1) Table 3 extracted from RBS Pillar 3 Table CAP 3
(2) Exposures to corporates subject to slotting at 31 December 2015 amounted to €1,055.1m (31 December 2014 €705.6m)

Table 4: Non-counterparty credit risk IRB minimum capital requirements

IRB exposure class and sub-class	2015 €m	2014 €m
Central governments and Central Banks	39	30
Institutions	27	26
Corporates	391	457
Retail	1,366	1,488
Retail SME	69	72
Retail secured by real estate collateral	1,260	1,350
Qualifying revolving retail exposures	23	52
Other retail exposures	14	14
Equities	3	13
Private equity		10
Other	3	3
Non-credit obligation assets		36
	1,826	2,050

Table 4 Notes:
(1) Table 4 extracted from RBS Pillar 3 Table CAP 4
(2) Excludes counterparty credit risk assets

Table 5: Non-counterparty credit risk standardised minimum capital requirements

Standardised exposure class	2015 €m	2014 €m
Institutions	18	25
Corporates	31	209
Retail	1	1
Secured by mortgages on Commercial Real Estate		1
Past due	1	3
Other items	53	11
	104	250

Table 5 Notes:

(1) Table 5 extracted from RBS Pillar 3 Table CAP 4

(2) Excludes counterparty credit risk assets

Table 6: Counterparty credit risk capital requirements

	2015 €m	2013 €m
Counterparty credit risk	39	44

Table 6 Note:

(1) Table 6 extracted from RBS Pillar 3 Table CAP 3

Table 7: Market risk trading book and other business minimum capital requirements

	2015 €m	2014 €m
Trading book business		
Interest rate position risk requirement	1	0
Foreign exchange position risk requirement	0	3
Total position risk requirement (standardised approach)	1	3

Table 7 Note:

(1) Table 7 extracted from RBS Pillar 3 Table CAP 5

(2) For commentary on market risk movements, refer to pages 71 to 73 in 2015 UBIL Annual Report and Accounts

Table 8: Past due exposures, impaired exposures and provisions

	2015 €m	2014 €m
Impaired assets	6,455	16,381
Past due assets	27	119
Individually and collectively assessed provisions	3,794	11,226
Latent provisions	339	478
Total provisions	4,133	11,704
Charge to income statement	(921)	(1,772)

Table 8 Notes:

(1) Table 8 extracted from RBS Pillar 3 Table CR28

(2) Impaired assets excludes debt securities and equity shares totalling €10 million (2014 - €10 million)

(3) Charge to income statement excludes debt securities and equity shares totalling €1m (2014 – nil).

Table 9: Credit risk EAD and RWAs by significant subsidiary by regulatory approach and CRR exposure class

Non-counterparty credit risk	2015 EAD pre CRM €m	2015 EAD post CRM €m	2015 RWAs €m
IRB approach			
Central governments and banks	4,541	4,541	494
Institutions	1,370	1,370	342
Corporates			
- property	2,898	2,897	1,040
- others	5,525	5,371	3,843
Retail			
- mortgages	19,131	19,131	15,748
- others	1,595	1,595	1,332
Equities	7	7	26
Total IRB	35,067	34,912	22,825
STD approach			
Governments and multilateral institutions	11	11	2
Institutions	1,113	1,113	222
Corporates	385	385	385
Retail	16	16	10
Secured by mortgages on – commercial real estate	1	1	1
Past due items	12	12	19
Equity claims	7	7	20
Other items	681	681	659
Total STD	2,226	2,226	1,318
Total IRB and STD	37,293	37,138	24,143

Non-counterparty credit risk	2014 EAD pre CRM €m	2014 EAD post CRM €m	2014 RWAs €m
IRB approach			
Central governments and banks	3,502	3,505	370
Institutions	924	924	322
Corporates	10,765	10,762	1,534
- property			
- others	7,336	7,206	4,192
Retail			
- mortgages	19,931	19,931	16,873
- others	1,628	1,628	1,725
Equities	53	53	157
Non-credit obligation assets	594	594	450
Total IRB	44,733	44,603	25,623
STD approach			
Institutions	1,588	2,038	465
Corporates	505	63	633
Retail	17	17	10
Secured by mortgages on – residential property			
Secured by mortgages on – commercial real estate	10	10	10
Past due items	99	28	37
Equity claims	1	1	5
Other items	128	1,957	1,962
Total STD	2,348	4,114	3,121
Total IRB and STD	47,081	48,717	28,744

Counterparty credit risk	2015 EAD post CRM €m	2015 RWAs €m	2014 EAD post CRM €m	2014 RWAs €m
IRB approach				
Central governments and banks	4	1	3	-
Institutions	26	16	39	24
Corporates				
- property	15	8	53	71
- others	118	86	217	136
Total IRB	163	111	312	231
STD approach				
Institutions	722	358	648	315
Corporates	-	-	1	1
Total STD	722	358	649	316
Total IRB and STD	885	469	961	547

Table 9 Notes:
(1) Table 9 extracted from RBS Pillar 3 Table CR6.

Table 10: Non-counterparty credit risk by exposure class and geographical region

Counterparty credit risk	2015 UK €m	2015 ROI €m	2015 Other Europe (excl. UK & RoI) €m	2015 US €m	2015 RoW €m	2015 Total €m	2014 UK €m	2014 ROI €m	2014 Other Europe (excl. UK & RoI) €m	2014 US €m	2014 RoW €m	2014 Total €m
Of which:												
UBIL	1,237	30,339	2,805	345	513	35,239	2,288	38,810	3,064	143	30	44,335

Table10 Notes:
(1) Table10 extracted from RBS Pillar 3 Table CR9.

Table 11: Non-counterparty credit risk by exposure class and residual maturity

Counterparty credit risk	2015 EAD pre CRM Within 1 year €m	2015 EAD pre CRM After 1 year but within 5 years €m	2015 EAD pre CRM After 5 years €m	2015 EAD pre CRM Total €m	2014 EAD pre CRM Within 1 year €m	2014 EAD pre CRM After 1 year but within 5 years €m	2014 EAD pre CRM After 5 years €m	2014 EAD pre CRM Total €m
Of which:								
UBIL	8,430	5,447	21,362	35,239	16,084	5,270	22,981	44,335

Table10 Notes:
(1) Table10 extracted from RBS Pillar 3 Table CR10.

Appendix 1: Transitional own funds disclosure

		UBIL 2015 €m	UBIL 2014 €m
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	4,775	4,775
	of which: ordinary shares	*3,592*	*3,592*
2	Retained earnings	1,689	1,689
3	Accumulated other comprehensive income (and other reserves)	29	29
	Public sector capital injections grandfathered until 1 January 2018	-	—
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	1,142	1,064
6	CET1 capital before regulatory adjustments	7,635	6,493
	CET1 capital: regulatory adjustments		
7	Additional value adjustments	—	—
8	Intangible assets (net of related tax liability)	—	—
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(286)	—
11	Fair value reserves related to gains or losses on cash flow hedges	—	—
12	Negative amounts resulting from the calculation of expected loss amounts	(30)	(16)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—	—
15	Defined-benefit pension fund assets	—	—
22	Amount exceeding the 15% threshold (negative amount)	—	—
23	*Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	—	—
25	*Of which: deferred tax assets arising from temporary differences*	—	—
25a	Losses for the current financial period (negative amount)	—	—
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	—	—
26b	Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR	440	399
27	Qualifying Additional Tier 1 (AT1) deductions that exceed the AT1 capital of the institution (negative amount)	(10)	(6)
28	Total regulatory adjustments to CET1	114	377
29	CET1 capital	7,749	5,371
	AT1 capital: instruments		
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	—	—
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1) issued by subsidiaries and held by third parties	—	—
35	*of which: instruments issued by subsidiaries subject to phase out*	—	—
36	AT1 capital before regulatory adjustments	—	—

Appendix 1: Transitional own funds disclosure (continued)

		UBIL 2015 €m	UBIL 2014 €m
AT1 capital: regulatory adjustments			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	—	—
41b	Residual amounts deducted from AT1 capital with regard to deduction from Tier 2 (T2) capital during the transitional period	—	—
	of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities	—	—
43	Total regulatory adjustments to AT1 capital	—	—
44	AT1 capital	—	—
45	Tier 1 capital (T1 = CET1 + AT1)	7,749	5,371
T2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	596	595
47	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from T2	74	83
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	—	—
49	*of which: instruments issued by subsidiaries subject to phase out*	—	—
50	Credit risk adjustments	—	—
51	T2 capital before regulatory adjustments	670	678
T2 capital: regulatory adjustments			
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	—	—
56b	Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period	(10)	—
56c	Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR.	—	(6)
57	Total regulatory adjustments to T2 capital	(10)	(6)
58	T2 capital	660	672
59	Total capital (TC = T1 + T2)	8,409	6,043
60	Total risk-weighted assets	26,186	31,065

Appendix 1: Transitional own funds disclosure (continued)

		UBIL 2015 €m	UBIL 2014 €m
Capital ratios and buffers			
61	CET1 (as a percentage of risk exposure amount)	29.6%	17.3%
62	T1 (as a percentage of risk exposure amount)	29.6%	17.3%
63	Total capital (as a percentage of risk exposure amount)	32.1%	19.5%
68	CET1 available to meet buffers	25.1%	13.3%
Amounts below the threshold deduction			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	7
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	4	1
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	2	2
Available caps on the inclusion of provisions in T2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	12	39
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	137	154
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)			
82	Current cap on AT1 instruments subject to phase out arrangements	—	—
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—
84	Current cap on T2 instruments subject to phase out arrangements	111	127
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—

Appendix 2: Leverage exposures

LRSum: Summary reconciliation of accounting assets and leverage ratio exposure		2015 €m
1	Total assets as per published financial statements	30,819
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(238)
4	Adjustment for derivative financial instruments	367
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,390
7	Other adjustments	(51)
8	**Total leverage ratio exposure**	32,287
LRCom: Leverage ratio common disclosure		
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	29,887
2	Asset amounts deducted in determining Tier 1 capital	(51)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	29,836
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	658
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	403
11	**Total derivative exposures**	1,061
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	5,755
18	Adjustments for conversion to credit equivalent amounts	(4,365)
19	**Other off-balance sheet exposures**	1,390
Capital and total exposures		
20	**Tier 1 capital**	7,749
21	**Total leverage ratio exposure**	32,287
22	**Leverage ratio**	24.0%
LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	29,836
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	29,836
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	3,426
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	467
EU-7	Institutions	1,655
EU-8	Secured by mortgages of immovable properties	1,977
EU-9	Retail exposures	13,616
EU-10	Corporate	2,131
EU-11	Exposures in default	5,975
EU-12	Other exposures (e.g. equity, securitisations, and non-credit obligation assets)	589

Appendix 3: Capital Instruments Template

	Capital instruments main features template	**£1.3m perpetual floating rate tier two capital**	**€38m 11.375% perpetual tier two capital**	**£20m 11.75% perpetual tier two capital**
1	Issuer	Ulster Bank Ireland Limited	Ulster Bank Ireland Limited	Ulster Bank Ireland Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	IE0004325282	IE0004325399	IE0004325514
3	Governing law(s) of the instrument	Irish	Irish	Irish
	Regulatory treatment			
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/(sub-) consolidated/ solo&(sub-) consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2	Tier 2	Tier 2
8A	Reg Cap (PRA transitional basis) by ISIN GBP	1,316,000	27,971,822	20,000,000
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	GBP 1m	GBP 28m	GBP 20m
9A	Nominal amount of instrument	1,316,000	38,092,142	20,000,000
9a	Outstanding Nominal amount of instrument	GBP 1m	EUR 38m	GBP 20m
9b	Nominal amount of instrument (Original)	GBP 1m	EUR 38m	GBP 20m
9c	Issue price	100 per cent	100 per cent	100 per cent
9d	Redemption price	N/A	N/A	N/A
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	07-Sep-98	07-Sep-98	07-Sep-98
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
18	Coupon rate and any related index	6 month Sterling LIBOR plus 2.55 per	11.375 per cent.	11.75 per cent.

	Capital instruments main features template	£1.3m perpetual floating rate tier two capital	€38m 11.375% perpetual tier two capital	£20m 11.75% perpetual tier two capital
		cent		
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write down features (contractual)	No	No	No
	Write down features (statutory)	Statutory regime expected to be available	Statutory regime expected to be available	Statutory regime expected to be available
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to Senior Creditors	Subordinate to Senior Creditors	Subordinate to Senior Creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant features	No Waiver of Set-Off Rights	No Waiver of Set-Off Rights	No Waiver of Set-Off Rights

Appendix 4: CRR Disclosure Requirements Reference Table

The table below outlines how UBIL Pillar 3 Disclosures comply with the requirements of the Capital Requirements Regulation (CRR). It includes references to where UBIL disclosures are located in the RBS Pillar 3 Disclosure Document and if not within the RBS Pillar 3 Report, the relevant publication is specifically referred to. (Note : Tables 1 – 11 in this UBIL Pillar 3 document have been extracted from the RBS Pillar 3 document and reported in Euro).

CRR Article Reference	High level overview	Compliance Reference
Article 437	Own Funds / Capital Resources.	CAP 2 (p.8 & 9), RBS and significant subsidiaries-Capital and Leverage Ratios, Cap 6 (p.12 & 13) RBS and significant subsidiaries-Capital resources and Appendix 1 (p.84 – 87)
Article 438 - Capital Requirements		
438 (a)	Approach to assessing adequacy of capital levels.	Page 2 of this document and in addition, UBIL Annual Accounts: Note 24 and note 36.
438 (b)	Result of ICAAP on demand from authorities.	
438 (c)	Capital requirement amount for Credit Risk for each Standardised approach exposure class.	CAP 4 (p.10)
438 (d)	Capital requirement amount for Credit Risk for each Internal Ratings Based Approach exposure class.	CAP 4 (p.10) and CR 6 (p.35 – 37)
438 (e)	Capital requirement amount for Market Risk or Settlement Risk, or Large Exposures where they exceed limits.	CAP 5 (p.11)
438 (f)	Capital requirement amounts for operational risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.	CAP 2 (p.8 & 9)
438 (endnote)	Specialised lending & equity exposures in the banking book, falling under the simple risk weight approach.	CR 19 (p. 52 & 53) CR 22 (p.58)
Article 440	Capital Buffers	The capital buffer is not in force as at the time of publication. Table CR 9 (p.42)
Article 442 - Credit Risk Adjustments		
442 (a)	Disclosure of bank's definitions of past due and impaired.	UBIL Annual Accounts: Note 10 (page 44) RBS's Annual Accounts: Past due definition (page 185)
442 (b)	Approaches for calculating credit risk adjustments.	UBIL Annual Accounts: Page 60 RBS Annual Accounts: Page 272 & p.280
442 (c)	Disclosure of pre-CRM EAD by exposure class.	CR 6 (p.35 – 37)
442 (d)	Disclosures of pre-CRM EAD by geography and exposure class.	CR 9 (p.42)

CRR Article Reference	High level overview	Compliance Reference
442 (e)	Disclosures of pre-CRM EAD by industry and exposure class.	Appendix 2 (p.88 & 89)
442 (f)	Disclosures of pre-CRM EAD by residual maturity and exposure class.	CR 10 (p.43)
442 (g) to (i) and endnote	Balance of credit risk adjustments	UBIL's Annual Accounts: Note 10 (page 43 to p.46)
Article 450	Remuneration	Covered by a separate disclosure on UBIL's Financial Results & Disclosures website.
Article 451	Leverage	CAP 2 (p.8 & 9) Appendix 2 (p.88 & 89). RBS Annual Accounts: page 145
Article 453	Use of Credit Risk Mitigation	UBIL Annual Accounts: Note 9 footnote (p.36) and Note 24 (p.56, 63-67) RBS Annual Accounts: Capital & Risk Management (p.181, 182, 184, 190 & 216)

Appendix 5: Ulster Bank Ireland Limited (UBIL) Remuneration Disclosure

UBIL Remuneration Committee (UBIL RemCo)

The UBIL RemCo was established in October 2014 in accordance with Article 95 of Directive 2013/36/EU (CRD IV) as implemented in the Republic of Ireland by way of Statutory Instrument 158, paragraph 83. Disclosures in this document are made in accordance with Article 450 of the Capital Requirements Regulation (EU) No 575/2013.

The Chair and members of the UBIL RemCo are all non-executive directors of UBIL. The Committee met 5 times in 2015.

Specific responsibilities of the UBIL RemCo will be to:

- Review and adopt the RBS Remuneration Policy for the UBIL business on an annual basis, reviewing the effectiveness of its implementation and ensuring it meets regulatory requirements applicable to UBIL.
- Oversee the remuneration of senior officers in the risk management and compliance functions, the executive directors and any other employees deemed to be Senior Material Risk Takers (MRTs) within UBIL.
- Oversee the remuneration framework for other MRTs within UBIL.
- Oversee the annual bonus pool for UBIL.
- Retain oversight of pay considerations across the broader UBIL employee population.
- Review any UBIL compensation disclosure communications and any submissions to regulators in relation to compensation.

Some of the activities undertaken by the UBIL RemCo during 2015 included a review of staff retention issues and management's actions to address the issues, a review of pension arrangements before consideration by the UBIL Board, a review of benchmarking data, and an update of performance assessment and 2015/2016 pay arrangements. The UBIL RemCo adopted the RBS Remuneration Policy and also approved revised Terms of Reference to more closely reflect legal entity responsibilities and applicable regulatory requirements.

Remuneration policy and structure

As a fully owned subsidiary of The Royal Bank of Scotland Group plc (RBS), the UBIL Remuneration Policy is fully aligned to RBS's Remuneration Policy, and is compliant with CRD IV and UK regulatory requirements, evidenced by our remuneration arrangements.

The Remuneration Policy is aligned to the business strategy, objectives, values, risk appetite and long-term interests of UBIL, and in turn that of RBS and its shareholders. Our chosen performance metrics reflect the aims of delivering sustained performance against our objectives.

The policy explicitly aligns remuneration with effective risk management. A range of measures are considered to assess risk performance, specifically the overall Risk Profile, Credit, Regulatory Risk & Conduct Risk, Operational Risk, Enterprise Risk and Market Risk.

There is a clear distinction between the criteria for setting basic fixed remuneration and variable remuneration. Fixed pay is set to ensure that it reflects relevant professional experience and organisational responsibility, all considered in the wider context of the business.

Performance related remuneration is typically based on a balanced scorecard approach which measures individual and business performance against both financial and non-financial measures. The variable remuneration component is designed to reflect sustainable and risk adjusted performance against financial and strategic measures. Performance is normally assessed against a combination of short-term and long-term targets.

Deferral of annual bonus awards is applied over a minimum three year period during which time unvested awards remain at risk of forfeit (malus). For awards made in 2015 and onwards, any vested variable pay awarded to MRTs will be subject to clawback for seven years from the date of award.

UBIL does not allow variable pay that would have otherwise been subject to deferral to be taken in pension form. Our Staff Dealing rules prohibit the use of any personal hedging strategies in respect of unvested employee share awards, and this is confirmed in participant award documentation. UBIL does not pay variable remuneration through vehicles or methods that facilitate the non-compliance with the requirements in CRD IV or EU Regulation No 575/2013.

UBIL recognises that remuneration structures for the 2015 performance year need to comply with the remuneration requirements of CRD IV, including the cap which limits the maximum ratio of variable to fixed remuneration. UBIL is operating within the 1:1 ratio, consistent with the practice applicable across RBS, as no shareholder approval has been sought for a higher ratio.

The following table illustrates how each element supports the Remuneration Policy and how the arrangements are compliant with the requirements in CRD IV.

Fixed pay elements

To provide a level of competitive remuneration for performing the role with less reliance on variable pay in order to discourage excessive risk-taking and with partial delivery in RBS shares to align with long-term shareholder value.

Element of pay	Purpose and link to strategy	Operation	Maximum potential value
Base salary	To aid recruitment and retention of high performing individuals whilst paying no more than is necessary. To provide a competitive level of fixed cash remuneration, reflecting the skills and experience required, and to discourage excessive risk-taking.	Paid monthly and reviewed annually.	Determined annually and benchmarked against peer companies.
Role-based allowance	To provide fixed pay that reflects the skills and experience required for the role.	Allowances are provided to certain employees in key roles in line with market practice and qualify as fixed remuneration for regulatory requirements. They are delivered in cash and/or shares depending on the level of the allowance and the seniority of the recipient. Shares are subject to an appropriate retention period, not less than six months.	The value is usually based on a percentage of salary and based on the role performed.
Benefits	To provide a range of flexible and market competitive benefits to further aid recruitment and retention of key individuals.	A set level of funding is provided and employees can select from a range of benefits including: • Private medical insurance • Life assurance • Ill health income protection	Set level of funding for benefits which is subject to review.
Pension	To encourage planning for retirement and long-term savings.	Provision of a monthly cash pension allowance based on a percentage of salary. Opportunity to participate in a defined contribution pension scheme.	Pension allowance usually set as a percentage of salary.

Variable pay

Variable pay is intended to incentivise superior long-term performance and promote the success of UBIL and in turn RBS, with rewards aligned with shareholders and adjusted for risk, based on the achievement of stretching performance measures.

Element of pay	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics and period
Annual bonus	To support a culture where good performance against a full range of measures will be rewarded for superior performance.	The annual bonus pool is based on a balanced scorecard of measures including customer, financial, risk and people measures. Allocation from the pool depends on performance of the franchise or function and the individual. Under the deferral arrangements a significant proportion of annual bonus awards for our more senior employees are deferred over a three year period. Immediate cash awards are limited to a maximum of €2755. Awards are subject to malus and clawback. For MRTs, a minimum of 50% of any annual bonus is delivered in the form of RBS shares and subject to an additional six month retention period post vesting.	The maximum level of award is subject to any limit on the ratio of variable to fixed pay as required by regulators. This currently limits variable pay to the level of fixed pay (i.e. base salary, role-based allowance, benefits and pension).	The process considers a balanced scorecard of performance assessments. The assessments are made across financial, customer and people measures. Risk and conduct assessments are then conducted to ensure that performance achieved without the appropriate risk and conduct controls and culture is not inappropriately rewarded.
Long-term incentive	To support a culture where good performance against a full range of measures will be rewarded. To incentivise the delivery of stretching targets in line with the Strategic Plan. The selection of performance metrics will be closely aligned with Key Performance Indicators (KPIs). Performance is assessed against a range of financial and non-financial measures to encourage superior long-term value creation for shareholders.	Long-term incentive awards are paid in shares (or in other instruments if required by regulators) and subject to a combination of time and performance-based vesting requirements. A minimum three year performance period will apply. The award will have an overall five year vest period, vesting in equal tranches in years four and five. On vesting, shares for MRTs will be subject to an additional six month retention period. Delivery in shares with the ability to apply malus adjustments and clawback further supports longer-term alignment with shareholders.		Any award made will be subject to performance conditions measured over a minimum three year period. The vesting level of the award could vary between 0% and 100% dependent on the achievement of performance conditions. Typical measures may fall under the following categories: • Value • Relative Total Shareholder Return • Safe and Secure Bank • Customers and People An underpin provides discretion to reduce vesting amounts in light of underlying financial results, or conduct and risk management effectiveness.

Remuneration of the Management Body

The quantitative disclosures below are made in accordance with Article 450 of the Capital Requirements Regulation (EU) No 575/2013 in relation to 8 individuals who were members of the UBIL management body during the year.

Form of remuneration	Board Executives (1)	Non-Executive Directors (2)
Number of beneficiaries	3	5
	€m	€m
Fixed (salary, allowances, pensions and benefits)	1.62	0.36
Variable remuneration for 2015 performance		
Variable remuneration (cash) (3)	0.0	-
Deferred remuneration (bonds)	0.05	-
Deferred remuneration (shares)	0.34	-
Long-term incentive awards	0.62	-
Aggregate remuneration	2.64	0.36

(1) For executive directors, the amounts shown represent all remuneration received in carrying out duties in respect of both UBIL and Ulster Bank Limited.
(2) Non-executive directors including the Chairman receive fees only and do not receive any other form of fixed or variable remuneration. The amounts shown for this population are in respect of services for UBIL only.
(3) Values are rounded in the tables which can display a figure of €0.0m but the actual amount of variable remuneration in cash above was €4,591

Outstanding deferred remuneration paid in 2015 in respect of prior performance years

Category of deferred remuneration	Board Executives €m
Unvested from prior year	5.11
Awarded during the financial year	1.82
Paid out	1.08
Reduced from prior years	0.70
Unvested at year end	5.16

Remuneration of MRTs

The quantitative disclosures below are made in relation to 61 employees who have been identified as MRTs (including individuals who are part of the UBIL management body). The EBA has issued criteria for identifying MRT roles i.e. staff whose professional activities have a material influence over UBIL's performance or risk profile. The criteria for identifying MRTs are both Qualitative (based on the nature of the role) and Quantitative (i.e. those who exceed the stipulated total remuneration threshold based on the previous year's total remuneration). All MRTs have been identified by reference to UBIL.

1. Aggregate remuneration expenditure

During the year, there were 61 individuals identified as MRTs. Aggregate remuneration expenditure in respect of 2015 was as follows:

	Commercial	Retail	Support & Control Functions
Number of beneficiaries	15	7	39
	€m	€m	€m
Aggregate Remuneration	3.53	1.91	13.75

2. Amounts and form of fixed and variable remuneration

Fixed remuneration for 2015

Consisted of salaries, allowances, pensions and benefits.

	Senior management	Others
Number of beneficiaries	14	47
	€m	€m
Total fixed remuneration	5.55	8.53

Variable remuneration for 2015 performance

Consisted of deferred awards payable over a three year period. Cash awards were limited to a maximum of €2,755 per employee.

Form of remuneration	Senior management	Others
Number of beneficiaries	10	39
	€m	€m
Variable remuneration (cash)	0.03	0.11
Deferred remuneration (bonds)	0.30	0.85
Deferred remuneration (shares)	1.97	0.57

Long-term incentives awarded for 2015 performance

Long-term incentive awards vest subject to the extent to which performance conditions are met and can result in zero payment.

	Senior management	Others
Number of beneficiaries	6	0
	€m	€m
Long-term incentive awards	1.27	0

In accordance with Article 94(1)(g) of CRD IV, the variable component of total remuneration for MRTs at UBIL shall not exceed 100% of the fixed component. Based on the information disclosed above, the average ratio between fixed and variable remuneration for 2015 is approximately 1:0.4

3. Outstanding deferred remuneration paid in 2015

The table below includes deferred remuneration awarded or paid out in 2015 in respect of prior performance years. Deferred remuneration reduced during the year relates to long-term incentives lapsed when performance conditions are not met, long-term incentives and deferred awards forfeited on leaving and malus adjustment of prior year deferred awards and long-term incentives.

Category of deferred remuneration	Senior management €m	Others €m
Unvested from prior year	10.37	1.08
Awarded during the financial year	4.71	1.46
Paid out	3.16	1.29
Reduced from prior years	1.26	0.08
Unvested at year end	10.67	1.18

4. Sign-on and severance payments

UBIL does not operate 'Sign-on awards'. Guaranteed variable remuneration may be used for new hires in compensation for awards foregone in their previous company - no such awards have been made.
No severance payments were made outside of contractual payments or standard policy entitlements related to termination of employment such as pay in lieu of notice and benefits.

Notes on the presentation of remuneration

In the relevant tables above, assumptions have been made for the notional value of awards under the Long Term Incentive (LTI), verified by external advisors, and forfeitures through resignation for deferred awards. In addition, the share price relevant to the date of the event or valuation point has been used.

Total remuneration by band for all employees earning >€1 million	Number of employees 2015
€1.0m - €1.5m	1
€1.5m - €2.0m	1
More than €2.0m	0
Total	2

Notes:
(1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay (including actual value of LTI vesting in 2015) after the application of malus.

Appendix 6: Mortgage Arrears Resolution Targets (MART)

2015 MART disclosure will be published separately and the final hyperlink will be included below to aid ease of reference;