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Ulster Bank Ireland DAC

# Strategic Report

## Financial Year Ending December 2020

## Strategic report

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## Approval of Strategic Report

The Strategic Report for the year ended 31 December 2020 was approved by the Board of directors on 21 April 2021.

### By order of the Board.

<b>Company Secretary</b>	Colin Kelly
<b>Chairman</b>	Martin Murphy
<b>Executive directors</b>	Jane Howard Paul Stanley
<b>Independent non-executive directors</b>	Dermot Browne* Rosemary Quinlan Gervaise Slowey

\*Resigned on 31/03/2021

## Approach to non-financial performance reporting

European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and Groups) Regulations 2017. The Bank complies with the above regulations by publishing the required disclosures in its strategic report, which constitutes a separate, non-financial information statement to the Bank's 2020 Annual Accounts. This document is made available on the Bank's website ([www.ulsterbank.ie](http://www.ulsterbank.ie)) within six months of the Bank's financial year end date. We have also begun reporting in accordance with guidance from the International Integrated Reporting Council and the recommendations of the Taskforce on Climate-related Finance Disclosures (TCFD).

## Phased withdrawal from the Republic of Ireland

### Special note

This Strategic Report covers the financial year ending 2020. On 19 February 2021 Ulster Bank Ireland DAC announced that, following a strategic review undertaken by NatWest Group (NWG), it will commence a phased withdrawal managed in an orderly and considered manner, from the Republic of Ireland over the coming years. The decision to withdraw from the market does not impact Ulster Bank in Northern Ireland.

I acknowledge that the decision by NatWest to withdraw from the Republic of Ireland is disappointing and we understand that it is a difficult and worrying time for our colleagues across the Bank, as well as our customers.

We want to be clear that there will be no change for customers at this time. Changes will happen over the coming months and years and in the meantime Ulster Bank will continue to offer a full banking service in our branches, online and through normal channels for existing and new customers and we will keep this under continuous review. Customers do not need to take any action as a consequence of this announcement and we will communicate with customers in a timely manner over the coming weeks and months.

The welfare of our colleagues is of paramount importance to us and we are consulting with employee representative bodies to determine how best to plan and manage an orderly withdrawal of the Bank over the coming years. There will be no new compulsory departures from the Bank in 2021. We are acutely aware of our responsibilities to our colleagues and wholeheartedly committed to managing this process in a fair and responsible manner.

The phased withdrawal will include the careful and responsible execution of a strategy over time to deliver constructive solutions for our customers and their banking services in Ireland.

As part of this phased withdrawal, a non-binding Memorandum of Understanding (MoU) with Allied Irish Banks, p.l.c. has been agreed for the sale of a c.€4bn portfolio of performing commercial loans, and the transfer of the colleagues wholly or mainly assigned to this loan book. The potential sale contemplated by the MoU remains subject to due diligence, further negotiation and agreement of final terms and definitive documentation.

This process is subject to all of the relevant supervisory engagement and assessment, regulatory and other approvals. Ulster Bank relationship managers will continue to actively engage with business customers throughout this process.

NatWest Group is also in early discussions with Permanent TSB Group Holdings p.l.c. among other strategic banking counterparties about their potential interest in buying certain retail and SME assets, liabilities and certain operations. These discussions may or may not result in agreement. Our preference is to continue to focus our discussions with counterparties who can provide customers with full banking services in the Irish market. Ulster Bank will continue to communicate with customers throughout this process.

We will engage with customers, colleagues, their representatives and our communities in the coming months to listen to their concerns, work with them and alongside them, and to update them on how change will be responsibly managed through the phased withdrawal process. Ulster Bank and NatWest will work hard to minimise the impact on colleagues and customers and ultimately to provide a successful banking transition for customers. In the meantime, we remain open for business across all of our channels for both existing and new customers.

**Martin Murphy**  
Chairman

## Our Purpose

We have been guided by Our Purpose in all of our customer and colleague interactions and in how we execute our strategy.



Our Purpose is our North Star – it is the cornerstone of everything we do. It recognises that our business is made up of a network of relationships with multiple stakeholders with different interests.

We know relationships run deeper than transactions and that we need to balance the interests of all our stakeholders. In 2020, our Purpose could be seen in action, as we put in place extraordinary measures to support our customers, colleagues and communities through the COVID-19 pandemic. Our Purpose will be our guide in how we execute the phased withdrawal over the coming months and years.



## Our Culture and Values

The strength of our culture underpins everything we do. At Ulster Bank, we define culture as “the way we do things - consistently living our values to act in the best interests of our customers, colleagues and stakeholders”.

We are a founding member of the Irish Banking Culture Board, an independent body which has been established to rebuild trust and embed a customer-focused culture across the banking sector. We deliver on our promises and live by our Values as one bank.

### Serving customers

We exist to serve customers.  
We earn their trust by focusing on their needs and delivering excellent service.

### Doing the right thing

We do the right thing.  
We take risk seriously and manage it prudently.  
We prize fairness and diversity and exercise judgement with thought and integrity.

### Thinking long term

We know we succeed only when our customers and communities succeed.  
We do business in an open, direct and sustainable way.

### Working together

We care for each other and work best as one team  
We bring the best of ourselves to work and support one another to realise our potential.

## Supporting our customers, colleagues and communities through COVID-19

The past year has shown Ulster Bank at its best as we responded to the challenges of COVID-19.

The dramatic spread of COVID-19 has disrupted lives and livelihoods, with effects being experienced throughout communities and businesses worldwide. We moved quickly to set up the necessary infrastructure to support our customers, colleagues and communities. Throughout 2020 we have put in place extraordinary measures of financial and non-financial support, underpinned by something every bit as powerful – humanity, kindness and respect.

### Supporting our customers by pivoting our operations at pace



We have helped over 13,000 personal customers with payment breaks.

### Supporting our colleagues has been a priority during the crisis



95% of colleagues think we are doing a good job of responding to the pandemic.

### Supporting our communities by helping the most vulnerable in society



Launched 'Banking My Way', providing support to customers in vulnerable situations.



We have helped over 3,000 business customers with payment breaks.



Over 2,000 colleagues working from home, providing customer support safely and securely.



Protecting customers against fraud and scams through social media, radio awareness and dedicated web pages.



Supporting SMEs across Ireland with €500m Working Capital support fund.



Launched a range of wellbeing supports for colleagues including our free virtual GP service and new online wellbeing programme, SilverCloud.



Raised over €140,000 for 50 charities through Do Good Feel Good, Staff Charity Fund, Pennies from Heaven and other events.

## 2020 financial performance

The past year presented some extraordinary challenges for our customers, colleagues and communities. We provided exceptional levels of support to those who needed it, demonstrating our Purpose to champion potential and help people, families and businesses through a very challenging year.

Against this backdrop, and a full year impairment loss of €281m to provide for the uncertain economic environment created by the COVID-19 pandemic, we reported an overall operating loss before tax of €267m for 2020, compared to a profit of €84m in 2019.

Operating (loss)/profit before tax			€m	Operating profit before impairment (loss)/release			€m
2020		(267)		2020		14	
2019		84		2019		46	

Net loans to customers			€bn	Loan to deposit ratio			%
2020		20.0		2020		92	
2019		21.4		2019		98	





Net loans to customers reduced by €1.4 billion in comparison to 2019 reflecting lower levels of personal and commercial lending, and increased loan provisions.

Customer deposits were marginally higher than 2019 reflecting a year-end placement which offset earlier reductions in commercial balances due to deposit pricing changes.

Total income			€m	Operating expenses			€m
2020		576		2020		(562)	
2019		642		2019		(596)	

Net interest income decreased by 2% to €450 million in 2020 primarily reflecting lower interest income on lending driven by a reduction in volumes due to the impacts of COVID-19 and an increase in interest payable on MREL-eligible bail-in debt issued in December 2019. This was partially offset by an increase in interest income recognised on effective hedges, a decrease in interest payable on customer deposits, interest receivable on Targeted Longer-Term Refinancing Operations deposits and the introduction of negative interest rates on certain commercial deposits.

Operating expenses decreased by 6% to €562 million in 2020 reflecting a decrease in staff costs linked to a reduction in the overall headcount and lower restructuring costs, and a decrease in property related charges. This was partially offset by an increase in the cost of services provided from other NatWest Group entities, including investment in technology, and a one-off gain in 2019 relating to the defined benefit pension scheme.

Non-performing loan ratio			%	Impairment (loss)/release			€m
2020		5.7		2020		(281)	
2019		9.7		2019		38	

The non-performing loan ratio reduced from 9.7% at 31 December 2019 to 5.7% at 31 December 2020. This reduction was due to both the sale of non-performing loans and helping customers move to sustainable repayment solutions.

The impairment loss of €281 million (2019 - €38 million release) primarily reflects increased credit risk due to the uncertain economic environment created by the COVID-19 pandemic. The unprecedented level of institutional and government support as a result of the pandemic limited the number of Stage 3 defaults in 2020.

## 2020 progress against our strategic priorities and focus areas

### Sharpened capital allocation

Using and allocating our capital better to optimise returns from a safe and secure base.

CET1 ratio	%	Risk-weighted assets	€bn
2020	28.1	2020	14.1
2019	26.5	2019	15.0

The Group's capital position remained strong during 2020, as evidenced by the CET1 ratio of 28.1% at 31 December 2020 (2019 - 26.5%). Total risk weighted assets (RWAs) decreased from €15.0 billion in 2019 to €14.1 billion at the balance sheet date.

### Powered by innovation & partnerships

Harnessing internal digital expertise and partnerships we use new technology to deliver excellent customer experience.



Digital Commercial Lending Platform launched, with turnaround time on loan applications of 24 hours, compared with a previous turnaround time of 18 days.



Video Banker Service is now available in 32 Branch locations, Telephony, Private Banking and our Mortgages teams.



Free anti-malware software (MalwareBytes) provided to our customers, helping to protect them against fraud.

### Supporting customers at every stage of their lives

Building deeper relationships and evolving our propositions to meet the needs of our customers throughout their lives.

New mortgage lending in Ireland

**€1.0bn**

2019 €1.4bn

Personal and business customers supported with payment breaks

**~16,000**

2019 -

Personal Financial Reviews & Digital Financial Health Checks completed

**20,288**

2019 38,574

### Simple to deal with

Through simplification and driving efficiency to become simpler, improving both customer experience and colleague engagement.

Digitally active users

**74%**

2020 70%

Active customer base using mobile

**54%**

2019 48%

Colleague engagement score

**85%**

2019 84%

### Enterprise

New lending to businesses in Ireland

**€1.0bn**

2019 €1.6bn

### Learning

Professional Qualifications sponsored for colleagues

**214**

2019 224

### Climate

Green House Gas (GHG) operational emissions (Scopes 1 & 2) reduction\*

**61%**

2019 49% \*Against 2014 baseline



## Chairman's statement

**Martin Murphy**  
Chairman

2020 was a year that none of us could have predicted. In February, when we launched our new Purpose-led strategy, we did not think that our resolve would be tested so quickly and with the unrelenting challenge, force and tragedy that COVID-19 has brought to our communities and economy.

I am proud to have witnessed our colleagues going above and beyond to provide seamless and valuable support to our customers during the ongoing pandemic. This included supporting 16,000 personal and business customers with payment breaks. We also moved quickly to provide other practical supports such as a special helpline number for frontline health workers and a 'companion card' for more vulnerable customers, allowing them to retain control over their money while relying on others to do important day-to-day activities for them such as grocery shopping.

### Wider Customer Support

In addition to supporting our customers through the challenges of COVID-19, Ulster Bank has delivered a number of initiatives to help our customers thrive. This included reduced mortgage rates and helping 4,400 customers to buy or move home, or switch mortgage. We also embarked on a significant educational push to help our customers be more aware of the risks of fraud and scams. And we launched a green mortgage product to support our customers to consider buying more environmentally efficient homes.

For business customers we introduced Apple and Google Pay; launched a new business banking lending platform to improve and accelerate customer's access to capital; and in addition to our ongoing support for government support programmes such as the Credit Guarantee Scheme, we also launched our COVID-19 working capital support fund for business customers.

### Brexit

The Bank continues to assess the potential impact of Brexit on business activity and loan performance, following the implementation of the EU-UK Trade and Cooperation Agreement ('TCA') on 1 January 2021.

Operational readiness was delivered under the Bank's Brexit programme and we continue to focus on actively supporting our customers in the post transition arrangements.

### Financial Performance

Our financial performance in 2020 is set against a continuing environment of uncertainty as we deal with an ongoing pandemic and other challenges such as Brexit.

Against this backdrop, and a full year impairment loss of €281m to provide for the uncertain economic environment created by the COVID-19 pandemic, we reported an overall operating loss of €267m for 2020, compared to a profit of €84m in 2019.

Like many businesses, our business has been severely impacted by the effects of Covid-19. We took a large impairment charge at H1 to reflect the uncertain economic environment and the pandemic has also been a reason for our reduced income levels. Despite this, we have reported a modest pre-impairment profit of €14m, as our operating expenses reduced by €34m, reflecting a decrease in staff costs linked to a reduction in the overall headcount and lower restructuring costs, and a decrease in property related charges.

### Colleague engagement

Engaging and motivating our colleagues is critical to delivering on our Purpose. Over 73% of colleagues completed engagement surveys in 2020, achieving a 2020 employee engagement score of 85, up from 84 in 2019. The Bank continues to significantly outperform the Global Financial Services Norm ('GFSN') in 12 out of 16 categories, including the key indicators of 'Employee Engagement Index', 'Leadership Index' and 'My Manager'.

Taking on board feedback from colleague engagement surveys, we have invested significantly in personal and professional development resources, including providing over 3,000 hours of training, sponsorship of 214 Professional Qualifications and the continuation of our Coaching Mastery programme, designed to enhance the coaching skills of the Group's management and leadership population.

Our female development programmes are supporting our colleagues to reach their full potential.

The focus on Wellbeing became even more critical in 2020 as over 2,000 of our colleagues began to work from home on a fulltime basis as a result of COVID-19, whilst the Bank's cash centre and branch staff continued to serve customers under extremely challenging circumstances. The Bank provided support to colleagues in a variety of ways, including access to mental health and financial wellbeing resources, ensuring colleagues could continue to safely and securely serve customer.

### Our stakeholders

The Board continues to focus on improving culture which it has defined as "the way we do things – consistently living our values to act in the best interests of our customers, colleagues and stakeholders." The Group is a founding member of the Irish Banking Culture Board, an independent body which has been established to rebuild trust and embed a customer-focused culture across the banking sector.

### Looking forward

Although COVID-19 dominated much of 2020, we have focused on customers and prioritised colleague wellbeing.

While the full impact of COVID-19 is still unknown, we remain in a strong capital and liquidity position which, combined with our Purpose, culture and strong customer focus, will assist us to serve our customers well in uncertain times.

Finally, UBIDAC is committed to delivering a smooth transition for customers and colleagues as we move through the phased withdrawal process over the coming months and years.





## Chief Executive's statement

**Jane Howard**  
Chief Executive

Through the uncertainty and challenges of 2020, delivering on our strategy to be digital-first, supported by professional, highly skilled frontline colleagues, has helped us to support our customers when they needed it most.

Our priority has been the health and safety of our customers and our colleagues. We moved at pace, reacting quickly to support the financial health of all our customers through the COVID-19 pandemic and accelerated our digital capabilities to support increased customer demand and need for digital services, which has enabled them to continue to bank safely.

### Supporting our customers

Our branch colleagues kept our branches open and our ways of working have taken a quantum leap with over 2,000 colleague working from home, providing customer support safely and securely.

We helped our customers by launching a dedicated phoneline for healthcare workers and vulnerable customers and creating a companion card for vulnerable customers and their trusted carers. We launched "Banking My Way" to help us better support our more vulnerable customers, enabling them to tell us about any challenges they face including disability, bereavement, addiction, or illness, for example. We protected customers against fraud and scams including social media campaigns reaching over 1.1m people and launched a nationwide radio campaign featuring our Community Protection Advisors reaching over 75% of all adults in ROI.

The impact that the crisis would have on customers' finances was clear, so we quickly put in place support measures; we introduced mortgage payment breaks and temporarily removed some credit card fees as well as rapidly adapting our operations to support our business customers by allowing them to apply for supports online and introducing a €500m Working Capital support fund for SMEs across Ireland. We introduced payment breaks for business customers and participated in Government Schemes to support businesses.

We launched a new mortgage switcher campaign to offer real help for customers who may be reviewing their finances and launched 'Home Saver' a new regular savings account aimed at supporting savers on their journey to owning their own home.

In Q4 we reduced our mortgage interest rates, offering Ireland's lowest four and ten-year fixed rates, and lowest two-year fixed rate for up to 80% Loan to Value (LTV) and announced new enhancements to our Home Buying Platform. These enhancements allowed us to deliver our first truly digital paperless mortgage journey, helping customers to progress their application digitally, combined with brilliant colleague support whenever suits them.

### Supporting our colleagues

Throughout the pandemic, we moved quickly to provide support for colleagues, providing early reassurance on pay. Most importantly, we adopted strict social distancing measures to protect branch colleagues and provided property and technology bundles to support home working wherever possible.

We provided new wellbeing resources launching our new free virtual GP service for all colleagues as part of our 2020 People Pledge to provide digital, 24/7 access to a doctor for everyone. We introduced Silvercloud to provide programmes to maintain mental and physical wellbeing. Our Wellbeing hub provides colleagues with a wealth of information and offers practical and emotional help and the Employee Assistance Programme is a free, independent and confidential support service available to all colleagues.

We are fortunate that so many of our colleagues could work from home and colleague health and wellbeing continued to be our priority, with an ongoing process of feedback and review to ensure that we are taking the best course for our business and colleagues.

### Supporting our communities

In addition to our climate commitments, we recognise our role in helping local communities. We were pleased to support our colleagues in finding new ways to help charities and communities

who faced considerable challenges during a turbulent year. Traditional fundraising events were replaced with the likes of our bank wide virtual coffee morning, which raised more than €15,000 for Age Action's COVID-19 relief efforts. We also introduced "Pennies from Heaven", an additional payroll giving scheme allowing colleagues to support COVID-19 relief efforts across Irish communities. Through colleague events and payroll giving programmes, we raised €140,000 for 50 charities across Ireland in 2020.

Building financial capability remained a focus for us, as we adapted our MoneySense for school's programme to deliver digital workshops to schools, and home-schooling families throughout COVID-19.

### Supporting the environment

We take our environmental responsibilities seriously at Ulster Bank, with Climate being one of the three core pillars of our Purpose. Having reduced our operational GHG emissions (Scopes 1 & 2) by 61% since 2014, we became Net Carbon Zero in 2020, offsetting as much carbon as we emitted. Indeed, we remain committed to supporting NatWest Group's Climate ambitions, such as becoming Climate positive by 2025. We continue to purchase 100% of our energy from renewable energy sources and maintained our Zero Waste to Landfill accreditation in 2020.

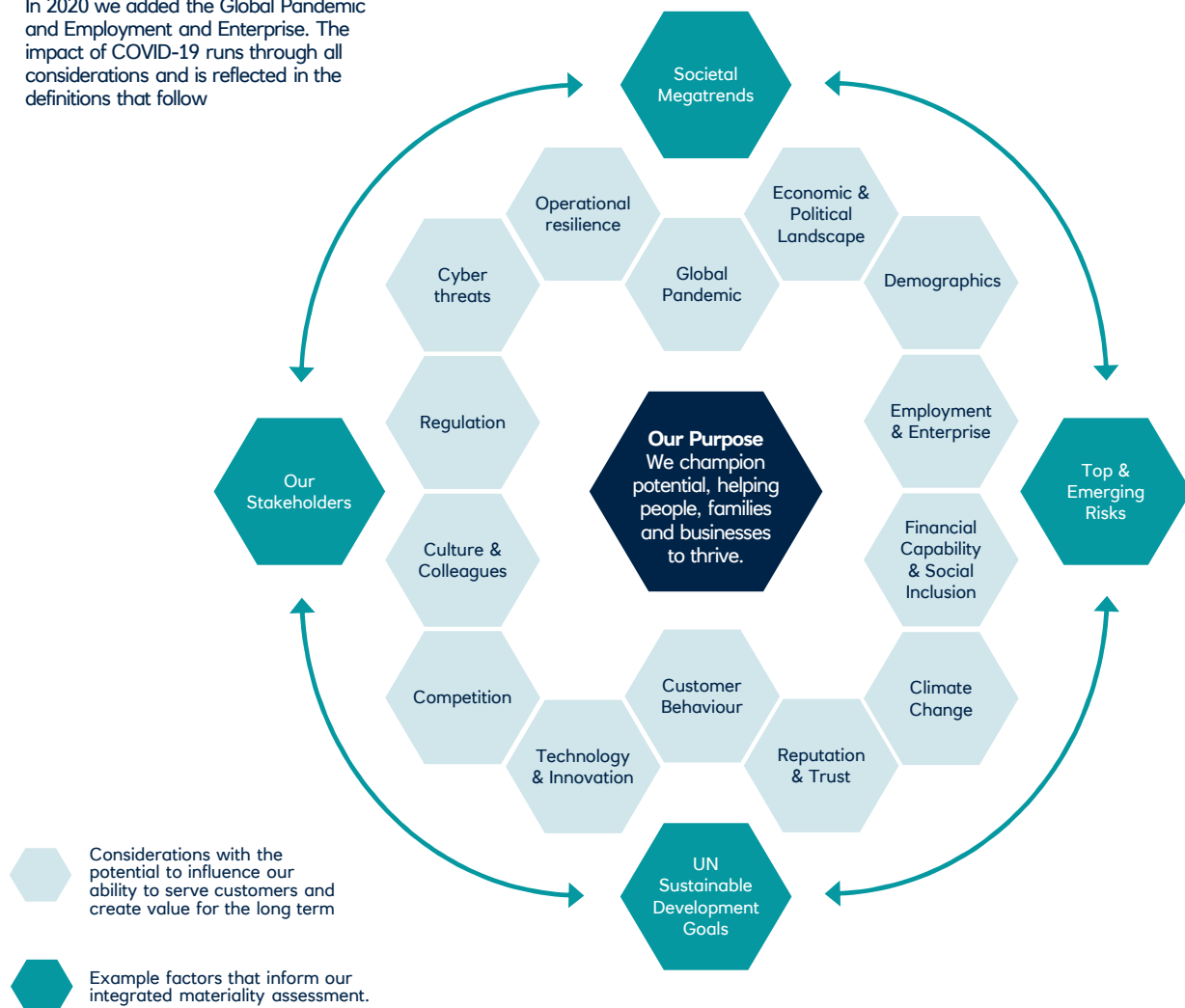
We continue to play an active role in industry efforts to build a more sustainable future, including committing to Business in the Community Ireland's Low Carbon Pledge. Having reduced our operational GHG emissions (Scopes 1 & 2) by 61% since 2014, exceeding NatWest Group's Science Based Target of 45% by 2020.

Following the decision by NatWest to withdraw from the Republic of Ireland we want to be clear that customers do not need to take any action as a consequence of this announcement and we will communicate with customers in a timely manner over the months ahead. We will also be working with our colleagues to develop a new Purpose for the Bank, which will help to guide us through this next stage.

## Our operating environment

This illustration of our operating environment provides an integrated materiality assessment of the most important considerations with the potential to influence our ability to serve customers and create value.

In 2020 we added the Global Pandemic and Employment and Enterprise. The impact of COVID-19 runs through all considerations and is reflected in the definitions that follow



### Global pandemic

COVID-19 has had global ramifications on health, economies, societies, and the environment. Trends accelerated, gaps widened, and light was thrown on inequality acting as a catalyst for business and society to reflect. The pandemic put our Purpose at Ulster Bank into action, supporting individuals, families and businesses with the immediate and longer-term impacts. We responded quickly to the elevated credit risks via active portfolio management including adjustment of risk appetite, proactive customer contact strategies, scenario analysis and adopting a prudent approach to impairments. Our participation in government initiatives supported customers during the crisis and included various government support schemes. High uncertainty remains on the ultimate impact of the pandemic, and strategy is being adapted in response.

### Economic and political landscape

The global spread of the coronavirus and associated containment measures resulted in unprecedented sharp sudden stops in economic activity across a wide range of countries, including Ireland. Impacts on some sectors and parts of the economy have been extreme at times. However, there are also important signs of relative resilience in overall Irish output and the housing market, aided by the fact that the economy entered this episode in very solid shape and showing no signs of major imbalances in its overall underlying macro-financial position. Moreover, the shock to aggregate output has also been importantly cushioned by strength in some key multi-national dominated sectors, including pharma/chem and ICT.

Greater weakness in domestic-oriented sectors has been evident in a number of key metrics, including measures of domestic-oriented output, consumer spending and extreme volatility and dislocation in the labour market.

Meanwhile, house prices have showed notable resilience, partly reflecting the fact that the COVID-19 labour market impacts have been skewed towards younger age groups, and lower-paid sectors, with such groups less likely to be active in the home-buying market.

Looking ahead, while uncertainty remains elevated, public health restrictions mean that the Irish economy is likely to remain under pressure over the near-term. However, vaccine roll-out plans continue to underpin expectations around medium-term recovery prospects.

### Employment and Enterprise

Unemployment rose to its highest level since 2012 during 2020. Government support schemes were successful in limiting a more material impact on the labour market, while government-backed lending schemes provided liquidity across the SME and corporate sectors. Ulster Bank champion Irish businesses and Enterprise is one of our three key areas of focus. We acted to support businesses throughout 2020.

### Regulation

We operate in a highly regulated market, which continues to evolve in scope to include competition, financial risks from climate change, customer vulnerability, operational resilience and cyber-attack. Ulster Bank is committed to complying with all regulation and welcomes the positive impact on customers and other stakeholders.

### Demographics

Demographic shifts mean that the needs and behaviours of our customers are changing. In 2020 this was amplified by lockdowns and social distancing leading to some demographics adopting new technologies for the first time. Key trends continue to impact our customers, including retiring later and working longer, renting for longer or buying a house later in life and often with the support of family members and more focus on financial planning for retirement. Ulster Bank is committed to supporting the evolving needs of customers ranging from home ownership to digital banking and supporting customers at every stage of their lives.

### Technology and Innovation

Customer behaviours continue to change, and new business models emerge, through advancing technology. In addition, COVID-19 has increased our customers' reliance on technology with a further shift to digital, reinforcing the need for modern capabilities and resilient systems. Through 2020 our parent, NatWest Group has invested £550 million on technology, helping to deliver innovative solutions for our customers whilst simplifying processes, reducing cost and improving our resilience and stability. Year-on-year investment has reduced in response to the COVID-19 pandemic and in order to deliver change effectively, prioritisation has heightened.

### Financial Capability, Exclusion and Social Inequality

For Ulster Bank, supporting financial capability and confidence sits within our three areas of focus. It goes beyond delivering fair products and great service. It means helping customers, wider society and future generations to develop good money management skills so they are empowered to make better financial decisions. Customers are supported by a diverse range of tailored banking services and products. In 2020 we increased focus on supporting customers facing financial difficulty, or in vulnerable situations, and helping more people to start saving.

### Operational Resilience

To provide continuity of service for customers with minimal disruption, NatWest Group continues to monitor and assess a diverse and evolving array of threats, both external and internal, as well as developing, strengthening or adapting existing control capability to be able to absorb and adapt to such disruptions.

### Cyber Security

Like all banks, we experience a high threat from cyber attacks both directly and to our supply chain, re-enforcing the importance of due diligence with the third parties on which we rely.

We continue to invest significant resources in the development and evolution of cyber security controls and capability that are designed to minimise the potential effect of cyber-attacks.

### Reputation and Trust

Ulster Bank strives to restore trust and build a reputation as a Purpose-led bank; championing potential, helping people, families and businesses to thrive. As a relationship bank for an increasingly digital world our strategic priorities are to be simple to deal with, supporting customers at every stage, powered by innovation and partnerships and sharpened capital allocation. Customer NPS and stakeholder engagement and advocacy act as measures of satisfaction, reputation and trust.

### Technology and Innovation

The pace of technological change continues to accelerate, influencing the behaviours of our customers and redefining traditional business models. Technologies such as cloud computing and machine learning offer huge opportunities but also create new risks that must be closely managed.

### Competition

Ulster Bank operates in a highly competitive market, raising the threat of a sustained loss of business volumes or sustained margin pressure related to changes in regulation, developments in financial technology (including digital money) and major shifts in customer behaviour.

### Climate Change

Ulster Bank recognises climate change as a top risk and strategic priority. Ensuring banks manage the financial risks associated with climate change has also risen up the regulatory agenda. We will continue to work with NatWest Group to integrate climate-related financial risks into the risk framework and to proactively support our customers transition to a low carbon future.

### Culture and Colleagues

In 2020 we supported colleagues as they transitioned to new ways of working, focusing on wellbeing, while continuing to build an inclusive bank which is a great place for all colleagues to work. Becoming a learning organisation sits within one of our three areas of focus as we prepare colleagues for the future and embed our Purpose.

## How we create value

### 1. Our resources



#### Financial

We make use of shareholder capital and other forms of financial capital, including over €20bn in customer deposits.



#### Natural

We understand we are part of the natural world, benefiting from resources including paper and water to conduct our business activities. NatWest Group, which includes Ulster Bank, were jointly the first organisation worldwide to sign up to all the Climate Group initiatives on electric vehicles (EV100), energy productivity (EP100), and renewable power (RE100).



#### Infrastructure

Customer infrastructure includes online and mobile banking, video banking, our branches, our An Post partnership, intermediary channels, contact centres, telephony, webchat and cash management services, as well as self-service options such as ATMs and Cash Deposit Machines. We also depend on our property and technology infrastructure, and that of our supply chain, to run the bank's systems and operations.

In support of these channels during 2020 our technology systems have been available 99.97% of the time.



#### Human

We rely on an engaged, healthy and inclusive workforce to deliver our strategy to our personal and business customers in the Republic of Ireland.

Our relationships with all stakeholder groups help to shape and support our strategy and operations. This includes our shareholders and regulators, suppliers, consumer and campaign groups, local communities and more.

### 2. Our business activities

#### Our strategy

Our strategy is to deliver on Our Purpose and drive sustainable returns to shareholders through four strategic priorities. These are: supporting customers at every stage of their lives; being simple to deal with; powered by innovation and partnerships, and; sharpened capital allocation (refer to page 4 for more information).

#### Our Customers

We provide financial services to personal, business and larger corporate and institutional customers in the Republic of Ireland.

We believe in treating customers fairly, offering flexibility in how customers choose to bank with us and providing extra help to vulnerable customers and those in financial difficulty. This means keeping their funds safe and secure, improving financial capability and supporting enterprise.

#### Our Business Model

We earn income from interest gained on loans to our personal, business and commercial customers, as well as fees from customer transactions and other services.

We pay interest to customers and investors who have placed deposits with us and bought our debt securities. The attributable profit generated is either reinvested to improve products and services for our customers or returned to our parent and shareholder, NatWest Group, as capital dividend repayments.

#### Our Products and Services

We provide a comprehensive range of banking products and related financial services to personal, business and commercial customers. We serve our customers 24/7 through our networks of branches, dedicated business relationship managers, mobile banking, digital banking, contact centres, broker channels, ATMs and our strategic partnership with An Post.

We are helping people to build and grow businesses through innovative enterprise programmes and finance projects. We also support larger corporate customers in Ireland and offer financing, risk management and trading solutions.

#### Our Customers

We work with a diverse range of partners to help shape our business strategy and deliver positive outcomes for customers and society. This includes our supply chain, communities, academia, regulators, expert advisors, consumer groups and charities, as well as strategic partners. We are also members of, or signatories to, a large number of organisations, trade bodies and frameworks that help us create long-term value and balance the interests of stakeholders.

### 3. How we create value for our customers and society

	<b>Protecting our customers</b>	<ul style="list-style-type: none"> <li>Free anti-malware software (MalwareBytes) provided to our customers.</li> <li>Scam awareness training delivered to all frontline colleagues, helping protect our customers against fraud.</li> </ul>	<b>Keeping money safe and accessible for our customers</b>
	<b>Building financial capability</b>	<ul style="list-style-type: none"> <li>20,288 Personal Financial Reviews were completed in 2020 with customers around the country.</li> <li>837 school children took part in MoneySense classroom workshops in 2020 (January to March), with the programme reaching 135,927 pupils across Ireland since 2015.</li> <li>99 colleagues are fully qualified Personal Bankers.</li> <li>Helped over 11,000 customers open a savings account.</li> </ul>	<b>Empowering customers to make better financial decisions and achieve their goals</b>
	<b>Jobs and the economy</b>	<ul style="list-style-type: none"> <li>Third largest bank in Republic of Ireland, with a workforce of over 2,700 people.</li> <li>In 2020 we lent €1.0bn to Irish businesses, who in turn employ thousands of people across the country.</li> <li>€54m contributed in taxes and levies to the Irish Government in 2020.</li> </ul>	<b>A responsible business supporting employment across Ireland</b>
	<b>Supporting enterprise</b>	<ul style="list-style-type: none"> <li>Partner in three SBCI lending schemes, Brexit and Future Growth Loan schemes, and the new Credit Guarantee Scheme launched in Q3 2020.</li> <li>€230m share of these schemes, continuing our support of enterprise.</li> </ul>	<b>Helping people develop, build and grow businesses</b>
	<b>Improving digital capability</b>	<ul style="list-style-type: none"> <li>73% of the Bank's personal current account customers were digitally active, with 54% of customers now using our mobile app.</li> <li>Over 1,000 of our Personal Banking colleagues have now completed Digital Mastery training.</li> </ul>	<b>Offering customers more choice and ways to bank</b>
	<b>Making a difference for the environment</b>	<ul style="list-style-type: none"> <li>Signatory of Business In The Community (BITC) Ireland's Low Carbon Pledge.</li> <li>Net zero in 2020, offsetting all Scope 1, 2 and 3 (business travel) emissions from our own operations through the purchase of internationally recognised carbon credits.</li> <li>A founding signatory of the UNEP Principle for Responsible Banking, through NatWest Group.</li> <li>First bank in Ireland to achieve Zero Waste to Landfill accreditation, through the Carbon Trust.</li> <li>As part of our RE100 commitment, Ulster Bank purchases 100% of its energy from renewable energy sources.</li> </ul>	<b>Addressing the risks and opportunities climate change presents to us and our customers</b>
	<b>Community and charitable giving</b>	<ul style="list-style-type: none"> <li>€70,640 raised for 22 charities through staff fundraising during 2020.</li> <li>Our Staff Charity Fund donated €71,700 to local charitable causes and organisations in 2020.</li> </ul>	<b>Our colleagues make a difference supporting charities &amp; local communities</b>
	<b>An inclusive culture</b>	<ul style="list-style-type: none"> <li>Progress continued on our inclusion agenda to value diversity in all its forms to be gender balanced, ethnically diverse, disability smart and LGBT innovative.</li> <li>43% female representation amongst both our Board and Executive members.</li> </ul>	<b>Building a great place to work that reflects the society we are proud to serve</b>
	<b>Housing</b>	<ul style="list-style-type: none"> <li>Lent over €481m to first time buyers in 2020.</li> <li>Provided €1.0bn of new mortgage lending, helping over 4,400 customers to buy or move home, or switch mortgage.</li> <li>Continued our support to the Irish construction sector, helping to finance over 1,100 new homes across the country.</li> </ul>	<b>We are helping customers to get onto the property ladder</b>





## Promoting Education

Ulster Bank has supported the DCU Access Programme since 2005, helping students from socio-economically disadvantaged backgrounds to pursue their goal of third level education.

Since its inception in 1990, the programme has supported more than 4,220 students. DCU reserves 10% of all undergraduate places for Access students and has an outreach programme that engages with more than 10,000 students each year in 63 linked schools in disadvantaged north Dublin communities.

In 2020, Chloe Fowler graduated from DCU and became the first past pupil to return to her former school in Dublin's inner city as a teacher.

*"Growing up, I always knew I wanted to be a primary school teacher. When I was in school, I had some amazing teachers who really inspired me, but I wondered why I never had a teacher who was from the same area, or who spoke like me.*

*By becoming a teacher, I want to show children from areas that are seen as disadvantaged that they can do anything they want in the future. In my secondary school, less than half of my year went on to college. I worked hard but unfortunately, I just missed out on the points for my course. I was devastated, really at a loss of what to do next. When the DCU Access Service emailed me with a place for my course, I cried with relief.*

*There are a lot of hidden costs when you're studying to become a teacher – like going to the Gaeltacht, or printing and preparing your materials for class when you're on placement. The Access scholarship has really helped take away some of that financial pressure.*

*DCU's Access Programme has given me the chance to realise my dream and now I can give back as a teacher, to the children who need to see they can achieve their dreams as well."*

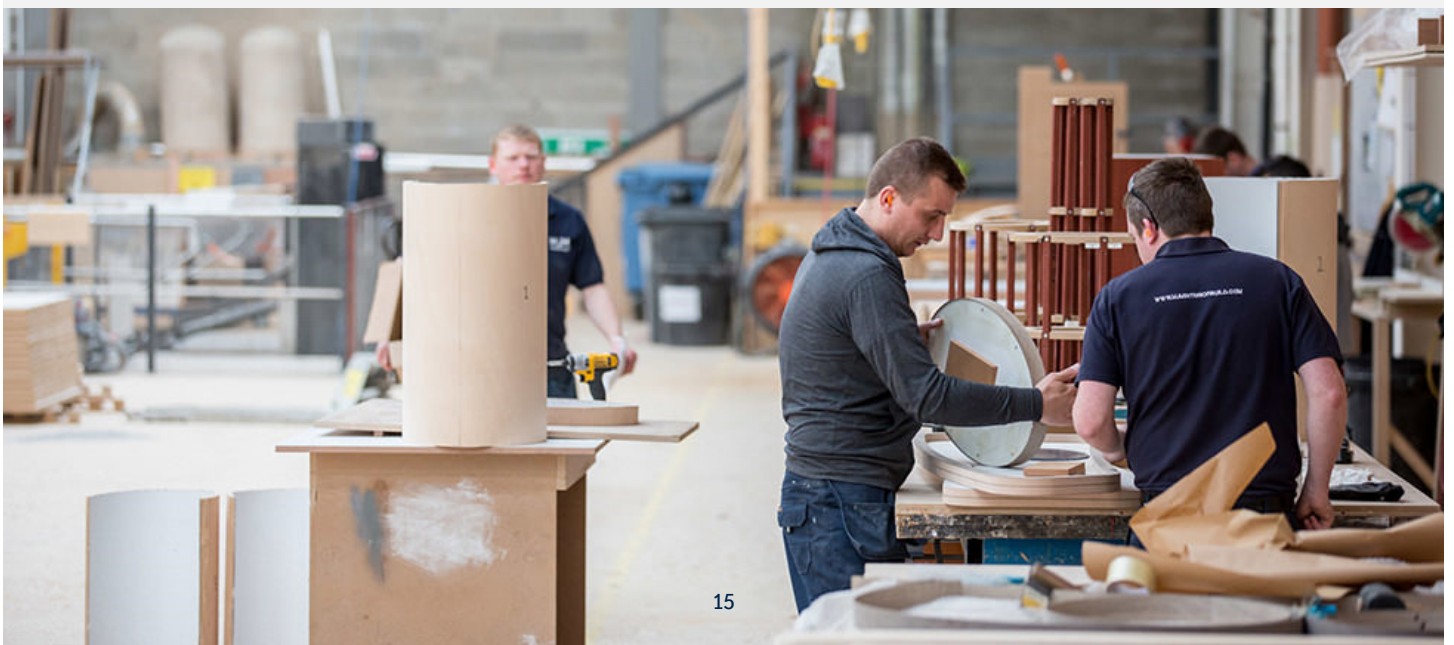


## Our business

Ulster Bank provides a comprehensive range of financial services through its Personal and Commercial Banking divisions.

Personal Banking provides a wide range of retail banking products and related financial services to personal customers, via our national network of branches and direct channels, including internet, mobile and telephony.

Commercial Banking provides services to Start Ups, SME, Commercial and larger Corporate customers in Ireland. This includes financing business assets and invoices, as well as providing specialist finance and transaction services, through a dedicated network of relationship managers.



## Personal Banking

Our Personal Banking business is committed to making banking effortless every day and brilliant when it matters. As part of our digital-first strategy we have continued to invest in our online and mobile banking channels, underpinned by our professional colleagues who are dedicated to helping our customers.

### Supporting our customers when they needed us most

Our Purpose is to help people, families and businesses to thrive. This has never been so important than responding to COVID-19.

We have provided extensive support for our customers, colleagues and communities in 2020, including over 13,000 customer payment breaks, provided many of our colleagues with the capability to work from home safely and securely, and kept all customer channels open and fully operational.

Customer behaviours shifted quickly and dramatically in 2020, requiring an enhanced focus on keeping our customers safe from fraud and scams through online customer events, free malware protection and media support.

In addressing the impact of COVID-19 we have also advanced our strategic transformation priorities and sustainable growth. We have provided €1bn of new mortgage lending, improved our loan to deposit ratio by 10%, reduced our overall cost base, and continued to enhance our customer propositions, particularly through ongoing investment in digital capability.

### Seamlessly connecting customers and experiences

One of the key pillars in our strategy is to deliver simple digital experiences, underpinned by brilliant human support when it matters.

In 2020 we delivered a range of new customer offerings. These included launching our new Video Banker service, remotely connecting customers with a named colleague from a location of their choice.

We also embedded Digital Financial Health checks in our branches, greatly improving the customer journey and supporting them to become financially fitter.

We further developed Cora, our Artificial Intelligence Digital Assistant, which now supports over 130 financial categories and answers 65% of customer queries at first point of contact.

We continued to invest in our Mobile Banking app, with the addition of Pay Your Contacts, Spending, and Savings Goals, helping increase total customers actively using our mobile app to over 54%, with over 74% digitally active.

### Delivering safe and sustainable growth

In 2020 we provided €1bn of new mortgage lending, helping over 4,400 customers to buy or move home, or switch mortgage. This was driven by optimised investment in our Home Buying Platform, which now offers a truly multi-channel digital paperless mortgage journey, including automated identification and verification in as little as 15 minutes, reducing the overall customer journey by up to 5 days.

In addition to reducing our own environmental impact, we are committed to helping our customers transition to a low carbon future. In 2020 this included launching our new four-year fixed rate Green Mortgage, for homes with a B2 Building Energy Rating (BER), as well a new sustainability section on our website to engage customers about the climate challenge.

New fixed term and home saver propositions have helped to support customer savings habits towards getting on the property ladder, leading to customer deposits growth of 5% and building a more cost effective, balanced and diversified funding base.



### Putting a face to Personal Banking

Our new Video Banker service is confidential, secure, and easy to use – enabling our personal customers to talk face-to-face with us about their Current and Savings accounts, Credit Card, Overdraft, Personal Loan and Mortgage applications, and complete a Digital Financial Health Check – all from the comfort and safety of their own homes.

Video Banker is now available in our Telephony Centre and 32 branch locations across Ireland. Calls are provided through Zoom and are free of charge via Wi-Fi. Both customers and colleagues have welcomed the service, with 99% of customers surveyed saying they would use the service again.



## Commercial Banking

Helping businesses succeed is at the core of what we do. With a strong regional network that provides deep sector and business insight to SMEs and Corporates, our Purpose is to champion potential and support enterprise, to help Irish businesses and the Irish economy succeed.

In Commercial Banking, we responded rapidly and comprehensively to our customers' needs following the outbreak of COVID-19. We delivered timely assurance to our customers that our support was in place, announcing a €500m support fund in March 2020.

We provided more than 4,000 payment breaks to over 3,000 of our Commercial customers and put in place over 1,000 temporary overdrafts to support our customers through the pandemic. In addition, we provided additional liquidity to our Corporate customers and provided fee-free facilities.

The extension of the payment break offered us a further opportunity to support our customers and as we move to the end of the payment break, we continue to provide pro-active and tailored support to those customers who require additional support. In keeping with our Purpose, to help businesses to thrive, we have sought to help our business customers through this difficult year.

Across Commercial Banking we delivered €1bn of new lending to business customers of all sizes in 2020. While lockdowns and reduced economic activity has impacted demand for credit, we continue to proactively look for new ways and opportunities to support our customers and Irish businesses with new credit facilities across a range of sectors.

Support for our key Corporate sectors has continued with new transactions in the Food and Drink, Healthcare, and Renewable Energy sectors. We have also continued to bring the best of NatWest capability to the Irish market supporting our larger corporate customers with acquisition and Debt Capital Markets issuance.

Partnering with the Strategic Banking Corporation of Ireland, we have provided access to the three government support schemes across our SME and smaller business customers. In our SME teams, these schemes will continue to provide access to much needed capital and liquidity to our business customers.

Our SME customers provide much needed employment and business services throughout the Irish economy in all sectors and geographies and we are proud to continue to support their efforts.

Agriculture is a key focus sector for Commercial Banking and 2020 saw us deepen our partnerships and commitment to this critically important sector. We have worked closely with Agri representative bodies and directly with our farming customers to ensure continued support to them this year.

Brexit remains a key issue for Irish business. We have engaged a proactive customer communications campaign to highlight actions that businesses need to take to ensure they are prepared. We have provided FX hedging, Trade Finance, Working Capital and SBCI backed lending to companies to help mitigate potential Brexit impacts.

We are continuing to support the Irish business community through our strategic partnerships and ongoing provision of credit and other products, recognising the role we can play in helping our customers recover from the impact of COVID-19.

### Transforming customer journeys

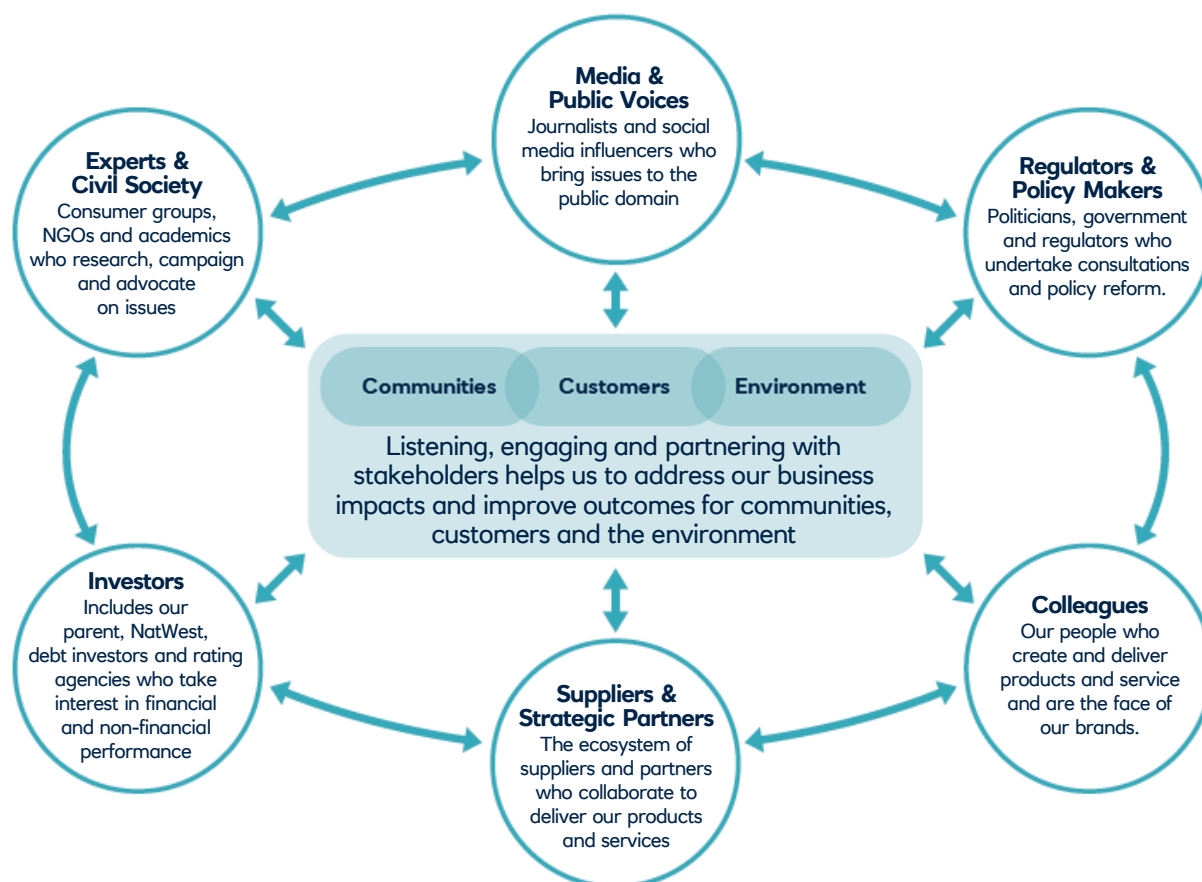
Our new digital onboarding platform enables new customers to provide their identification information to open accounts and to send us a selfie using leading HooYu technology.

This platform will also allow our customers to provide other account opening documentation safely and securely online to progress lending applications up to €500k and provide us with other important legal documentation.

Our new digital lending platform, U-Connect, provides existing customers with a fully digital, self end-to-end lending journey, for lending applications up to €50k.



## Stakeholder engagement



Through continuous engagement and two-way dialogue with a broad range of stakeholders, we make informed decisions that strengthen our ongoing business strategy.

Ulster Bank engages with a number of industry representative bodies, including the Small Firms Association (SFA), Irish SME Association (ISME), Banking & Payments Federation Ireland (BPFI), Irish Business and Employers Confederation (IBEC), Agricultural Science Association (ASA), British Irish Chamber of Commerce, Cork Chamber of Commerce and the Dublin Chamber of Commerce.

We are supporting businesses impacted by COVID-19 and working together with the Strategic Banking Corporation of Ireland and the Department of Business, Enterprise and Innovation to offer supports to help businesses. We are committed to helping our customers and colleagues through the challenges and opportunities that the UK leaving the European Union potentially brings.

Our dedicated Brexit Hub, which is available on our website, includes frequently asked questions and practical guides to help during the transition period.

We continue to engage with the Banking & Payments Federation Ireland alongside the other financial institutions across the country, collaborating across a number of areas for the benefit of our customers and the wider society.

We have a strong relationship with our parent, NatWest, and we work closely with our counterparts across a number of areas of the business to benefit from their investment, experience and expertise.

The Irish Banking Culture Board (IBCB) was established in 2018 and is helping to ensure that the Irish banking industry is focused on the best interests of customers, colleagues and communities, to help rebuild trust in the Irish banking sector. Our CEO, Jane Howard, sits on the Board of IBCB, and colleagues from across the business are actively engaged in a number of the IBCB working groups, including Financial Education and Vulnerable Customers.



## Making life easier for our customers

We are committed to finding innovative solutions that keep our customers safe and able to pay for the things they need, when they need them.

In 2020, we launched 'Banking My Way' a free service, to help customers who need additional support or adjustments to request bespoke assistance to make banking easier. We share the information on our internal systems, so our customers don't need to repeat requirements every time they interact with us.

We also introduced the 'companion card' enabling vulnerable customers and those in extended isolation to give trusted volunteers a way to pay for their essential goods. The card can be topped up by up to €120 every 5 days and given to a trusted person or carer to enable them to make purchases on behalf of the individual.

In addition to the dedicated vulnerable customer phone line, the Bank has introduced elderly or carer in-branch opening hours and a range of supports for our personal and business customers. Customers can also request a 'Get Cash' code that enables a trusted third-party to make ATM withdrawals up to €130 on someone's behalf from any Ulster Bank ATM.

These innovations have been introduced in response to the COVID-19 pandemic to help our customers and enhance their ability to pay for essentials whilst protecting themselves.

## Our Colleagues

### Living our Purpose

Engaging and developing our colleagues is critical to living our Purpose and creating a culture where we are consistently living our values to ensure we act in the best interests of our customers, colleagues and stakeholders. 2020 was an unprecedented year, with COVID-19 impacting our colleagues in different ways, including the majority working from home.

We remain focused on creating an inclusive learning organisation for everyone through our wide range of colleague listening events, the prominence of our values and continued investment in professional and personal development. This included the sponsorship of 80 QFA (Qualified Financial Advisor) modules and 134 Professional Qualifications in 2020, while continuing our Coaching Mastery programme, which is designed to enhance a Leader's coaching skills.

We have clear goals to reinforce our values and set priorities each year to continue our progress on building a stronger culture. We have supported our Senior Leaders this year through facilitated debate and discussion, 'Big Conversations' on the connection between Purpose and culture, including an upskill on Servant Leadership. These 'Big Conversations' have in turn been rolled out to local teams, continuing to build knowledge and understanding of our Purpose and culture.

We gather feedback from our colleagues through our employee engagement survey and other key performance indicators, which help us to assess our progress and respond accordingly. We do this along with feedback from our regulators and industry bodies.

Over 73% of our colleagues completed our most recent engagement survey. We've built on the positive results from last year, achieving a 2020 employee engagement score of 85, which is up from 84 in 2019. Ulster Bank continues to significantly outperform the Global Financial Services Norm (GFSN) in 12 out of 16 categories, including the key indicators of Employee Engagement Index, Leadership Index and My Manager.

### Creating a healthy culture

When colleagues wish to report concerns relating to wrongdoing or misconduct they can raise these via Speak Up, the Bank's whistleblowing service. Our engagement survey continues to show a high score when asking colleagues if they feel safe to speak up, as well as understanding the process of how they do that.

As most of our colleagues are now working from home we have focussed some of our Wellbeing activity on psychological safety, including an 'Intro to psychological safety while working remotely' learning module for all colleagues.

### Performance and Reward

Our approach to performance management provides clarity for our colleagues about how their contribution links to our ambition, with all colleagues having goals set across a balanced scorecard of measures.

Since January we have been using our Critical People Capability (CPC) Behaviours as part of our performance management process. These behaviours set out clear expectations for how we achieve our performance goals and helps us all to develop for the future. The behaviours are Improver Innovator; Change Ready; Critical Thinker; Connected; and Trusted Advisor.

In light of the impact of COVID-19, where required, goals and expectations were adjusted to reflect the changing needs of our business. Across the Bank, colleagues have stepped up to support our customers and each other, putting our Purpose into action and displaying flexibility and resilience through difficult and uncertain circumstances.

Our pay strategy aims to deliver a clear, simple and transparent pay policy which promotes the long term success of Ulster Bank and a culture where colleagues are rewarded for delivering sustained, long term business performance. Base salaries are reviewed annually and reflect individual performance in the previous year. A flexible benefit offering and pension funding is also available to colleagues.

### Developing Skills and Capabilities

Having the right people, with the right capabilities, doing the right work is critical to the success of any organisation. We continue to invest in developing the key knowledge, skills and behaviours of our colleagues using our five Critical People Capabilities.

We continue to invest in developing these capabilities across our workforce and aligning them to our behaviours, Purpose and goals. We identify and develop the capability required to serve customers well, by developing the digital, data & leadership capabilities of the organisation.

We develop our talented colleagues to their fullest potential through targeted talent development interventions with a specific focus on lateral movement for key talent.

In 2020 we designed, developed and delivered a digital mastery and data curriculum for all colleagues. These programmes are designed to help all colleagues build their capability against these important skills, which are seen as critical now and in the future.

We have also supported a number of colleagues on a two year apprenticeship programme to complete a Higher Diploma in Financial Services Analytics with the National College of Ireland, in association with Financial Services Ireland. This is a great opportunity for colleagues to develop important data skills and capabilities, which are of great value to the Bank and our digital-first strategy.

Shine is our bank-wide Talent Development programme and gives 50 participants the opportunity to focus on their development through a structured programme. The aim of the programme is to build a pipeline of Talented Future Leaders throughout the organisation at all job levels. Shine began in early 2020 and was adapted to a virtual programme later in the year to accommodate our new ways of working. Modules cover topics such as Change, Risk and Compliance scenarios and communicating with impact. The NatWest Group's NextGen talent programme continued in 2020, which includes a number of Ulster Bank colleagues.



Ulster Bank was awarded IBEC's workplace wellness accreditation, The KeepWell Mark, in 2019. This accreditation is an evidence-based award that recognises employers for investing in workplace health and wellbeing. Ulster Bank are one of the first banks in Ireland to achieve the award since its launch in September 2017.

Performance Excellence continues to provide the framework for much of what we do with our colleagues and customers by way of Sales, Service and Leadership. These programmes provide the tools and techniques for Leaders to use, enabling consistency and efficiency within their Teams. More than 70 Leaders receive 1:1 coaching from our Performance Consultant Team, with an average of 150 coaching sessions taking place each month. Our Coaching Mastery programme continues to help Leaders to enhance their coaching skills, with 54 completing mastery this year. Additionally, 620 Leaders participated in 12 group coaching clinics on Leading Service Excellence. These clinics were designed to support Leaders to embed a service culture for customers and colleagues alike, in the new remote-working environment.

We also continue to support and develop our female colleagues. This year has seen our female colleagues supported through our active networking community, Ulster Bank Women's Network (UBWN), which engages colleagues around topics such as returning to work from maternity leave. Ten colleagues from Ulster Bank are part of the NatWest Group-wide Gender Development programme, which is designed to develop leadership skills and provide networking and career development opportunities. A number of our female colleagues are participating in the Breakthrough programme, which is another NatWest Group development programme.

### Human Rights and Modern Slavery

At Ulster Bank, we understand that respecting human rights is the right thing to do. We do not tolerate or condone abuse of human rights within our business, supply chain or within our sphere of influence. Our approach to respecting human rights is guided by the United Nations Guiding Principles on Business and Human Rights and aligned to Our Purpose-led strategy and Our Values of "Doing the Right Thing" and "Thinking Long Term".

We seek to tackle modern slavery through a continued implementation of policies covering our customers, colleagues and suppliers, and by monitoring our financing and supply chain for this activity.

In 2020 NatWest Group published its 2019 Modern Slavery Act Statement and updated its Human Rights Statement. Visit [natwest.com](https://natwest.com) for further information.

### Health and Wellbeing

Our 'Live Well, Being You' wellbeing campaign is about helping our colleagues bring the best of themselves to work. We believe everyone should be able to be themselves at work and achieve a healthy life balance in a place where we support colleague wellbeing. Our four wellbeing pillars focus on Mental, Physical, Social and Financial Wellbeing. Our focus on Wellbeing became even more critical this year as many of our colleagues are now working from home.

Highlights of what we were able to achieve during the year to support our colleagues were: Commitment to Pay at the outset of the pandemic; dedicated Wellbeing COVID-19 Hub; virtual health and financial wellbeing webinars; the launch of SilverCloud - our new digital mental health platform; and access to a virtual GP 24/7 for all our colleagues.

We created a focused, communications campaign concept, 'Live well through lockdown' that shows how we continue to be a Purpose-led business by championing the wellbeing and recognition of our people. In November, we launched a bank-wide challenge called SMILES (Sport, Make, Inspire, Learn, Entertain) to support our colleagues' wellbeing and help everyone stay active and connect with each other.

### Our Customers

Our relationship with our customers is governed by a wide range of risk considerations, including our Anti-Money Laundering (AML) and Environmental, Social, and Ethical (ESE) risk assessments on current and new customers, to consider whether any of their activities carry human rights infringements.

### Our People

We are an equal opportunities employer. In addition to complying with all applicable Irish and EU employment laws, we have internal policies and tools in place such as Our Code, a revised Yes Check that supports our Purpose and Speak Up to support a great place to work for our people.

### Our Suppliers

Our Supplier Code of Conduct (SCoC) continues to be a contractual requirement and we expect our suppliers to uphold the same values and commitments we have made on social and environmental impacts.



# Inclusion

We are proud to be an inclusive bank.

Inclusion is about making sure everyone can bring the best of themselves to work every day. We want to create a culture where people feel comfortable being their true selves, knowing we'll support them.

Our Diversity and Inclusion strategy, along with Our Values, promotes diversity in all areas of recruitment and employment. The overall aim of our Diversity and Inclusion strategy is to provide an inclusive culture and environment in which all of our colleagues can bring the best of themselves to work.

Building a working environment where all our colleagues can develop to their full potential is important to us irrespective of their age, belief, disability, ethnic or national origin, gender, gender identity, marital or civil partnership status, political opinion, race, religion or sexual orientation.

We work to avoid limiting potential through bias, prejudice or discrimination. We recognise the beneficial contribution of a diverse mix of uniquely talented individuals for the delivery of great service to our diverse customer base.

Key principles of our Diversity and Inclusion Policy include that we attract, motivate and retain the best talent. We base the employment relationship on the principles of fairness, respect and inclusion.

We comply with local laws on equality and Our Code, which sets out the Bank's expected behaviours and standards of conduct, to build and develop an inclusive workforce – to understand and respond to our diverse customer base.

We also have Wellbeing plans and initiatives in place that support Inclusion, for example our Employee Assistance Programme and our Moments that Matter toolkits and guidelines.

## Gender Balanced

As at the end of 2020 our permanent headcount was 2,718 (40% men and 60% women).

As at the 31 December 2020 we have 43% female representation at both our Board and Executive level, with 35% at Senior Manager level.

Our positive action approach is helping us to improve the balance of women in senior roles, in line with our aspiration to have a fully balanced workforce at all levels of the Bank.

## Disability Smart

People with disabilities are always considered for employment and subsequent training, career development and promotion based on merit. If colleagues develop a disability, it is the Bank's policy, wherever possible, to keep individuals in their existing jobs or to re-deploy them into suitable alternative duties, making appropriate adjustments as necessary.

Our disability plan addresses areas for improvement including branch access, accessible services and improving colleague adjustment processes.

## Ethnically Diverse

Our overall desired outcome is to attract a diverse pool of candidates, which will help us gain an improvement in our ethnic diversity. We also aim to raise awareness amongst our employees of what it means to be ethnically diverse.

## LGBT Innovative

Our LGBT agenda continues to deliver a better experience for our LGBT colleagues and customers. We have processes in place to support updating gender and title on customer bank records and to support colleagues undergoing gender transition.

## Inclusive culture

In 2020 we continued to roll out unconscious bias learning to all our colleagues, supplemented with wider inclusion and diversity learning, to create a solid platform for the wider inclusion agenda.

98% of our colleagues have now participated in unconscious bias learning since it was introduced in 2016.

We also continue to support our employee-led networks and have flexible working practices in place across the organisation.

Ulster Bank has four employee-led networks: Rainbow Network Ireland; UB Women's Network; Enable Network; and Sustainable Futures.

## 2020 Gender profile

	Men	Women
Board member	57%	43%
Executive & attendees	57%	43%
Senior Manager	65%	35%
Manager	52%	48%
Appointed	45%	55%
Clerical	24%	76%

## Climate-related disclosures

Climate change is a significant global issue and we understand the importance of the role we have to play in mitigating harmful emissions and helping to protect the environment.

We recognise that climate change is a critical global issue that represents both financial risks and opportunities for our customers, employees, suppliers, partners and the Bank.

Ulster Bank supports the overall objectives of the Paris Climate Agreement and environmental ambitions set by the Irish Government, along with those of our parent, NatWest.

We take our environmental responsibilities seriously and continually review our operations to lessen our impact on the environment. This has included reducing our operational emissions by 61% since 2014, being the first bank in Ireland to achieve Zero Waste to Landfill accreditation in 2019 and becoming Net Zero Carbon across our own operations in 2020.

Other notable environmental commitments that Ulster Bank are committed to as part of NatWest Group include being:

- A founding signatory of the UN Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking;
- Jointly, the first company globally to commit to all three of the Climate Group's initiatives on electric vehicles (EV100), renewable energy (RE100) and energy productivity (EP100).

We are also signed up to the following external climate change commitments.

### Equator Principles

Through NatWest Group, Ulster Bank have signed up to the Equator Principles (EPs) – a risk management framework for determining, assessing and managing environmental and social risk in projects, which provides a minimum standard for due diligence and monitoring to support responsible risk decision-making. We will not provide project finance to borrowers who cannot comply with the EPs.

### BITC Low Carbon Pledge

Ulster Bank is a signatory to the Low Carbon Pledge with Business in the Community Ireland, setting us a target of reducing our Scope 1 and Scope 2 greenhouse gas emission intensity by 50% by 2030. This pledge is aligned with the NatWest Group's commitment to reduce the environmental impact of serving our customers, which targets four key areas: carbon emissions, waste generation, water and paper use.

### UN Environment Programme (UNEP) Principles for Responsible Banking

In 2019, NatWest Group became one of the Founding Signatories of the UNEP Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change. The six principles provide the framework for a sustainable banking system and help the industry to demonstrate how it makes a positive contribution to society.

### Strategy

Climate is one of three core focus areas identified as part of our Purpose-led strategy. Our Climate plans are closely aligned to those of NatWest Group and involve helping our customers to transition to a lower carbon future, reducing our own environmental impact, and mitigating the impact of Climate risks on the Bank.

Having made our own operations Net Carbon Zero in 2020, we are committed to supporting NatWest Group's Climate ambitions. These include becoming climate positive by 2025, at least halving the climate impact of the Group's financing activity by 2030 and achieving alignment with the Paris Agreement.

We will continue to support our personal and business customers' ambitions to lower their emissions and reduce their energy costs, building on our many years experience supporting the renewable energy sector in Ireland. This will include helping our mortgage customers to improve the energy efficiency of their homes and incentivise the purchasing of more energy efficient properties. These actions support both NatWest Group's Climate ambitions, as well as the Irish Government's Climate Action Plan.

### Climate related financial disclosures

We are committed to developing our disclosures in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations.



### Helping our customers go green

In addition to reducing our own environmental impact, we are committed to helping our customers transition to a low carbon future.

In 2020 this included launching our new four-year fixed rate Green Mortgage for homes with a B2 Building Energy Rating (BER). Our Green Mortgage is available to both first-time buyers who are purchasing a new or second hand home, or switchers who either already own a home, with a building energy rating (BER) of B2 or higher. It is also available to existing customers that want to product switch to the Green product as long as their property has the BER of B2 or higher.

### Governance

It is recognised that climate change, including the associated financial risks, must have greater prominence at both senior management and board levels across the Bank. Board and Executive-level activity in 2020 focused on increasing the knowledge and understanding of the financial risks and strategic opportunities associated with climate change. Areas of future focus and development include establishing a climate risk operating model to support Board-level reporting, risk appetite integration and strategic delivery.

### Risk management

Climate risk was classified as a top risk again in 2020 and we are working to integrate climate related financial risks into our core risk frameworks.

At Ulster Bank, climate risk management builds upon established Environmental, Social, Ethical (ESE) Risk Management sector policies. All credit approvals are subject to these ESE policies, which restrict exposures to high carbon emitting subsectors, for example including mining and energy.

We will be assessing the potential financial impact of climate change on our residential mortgage portfolio, with a focus on flood risk from a physical risk perspective and energy efficiency (BER), from a transitional risk perspective. We intend to leverage the experience and expertise of our parent in the UK and using established methodologies and data from third party providers to establish a property level view of our Irish mortgage book.

### Energy lending policies

As part of NatWest Group, we have strict energy lending policies, meaning Ulster Bank in Ireland will not provide project-specific finance to:

- New coal fired power stations
- New thermal coal mines
- Oil sands projects
- Arctic oil projects
- Unsustainable vegetation or peatland clearance projects

We will also not provide finance to: Mining companies generating more than 40% of their revenues from thermal coal (a reduction from 65%). Power companies generating more than 40% of their electricity from coal (a reduction from 65%).

Factors to be considered from a flood risk assessment perspective include surface flooding, river, ground water and coastal flooding on a range of scenarios.

In wholesale credit portfolios we will be working to embed consideration of climate change risks into our sector framework, which forms the basis for the Bank's risk appetite to sectors, initially on a qualitative basis, with quantitative analysis, initially of flood and BER related risk in our Commercial Real Estate portfolio developed using applicable methodologies from the assessment of our retail mortgage portfolio. Work to further embed climate change risk considerations within risk frameworks will be underpinned by bank-wide training and education programmes for staff.

We will also be undertaking climate scenario analysis across our main lending portfolio; developing scenarios using a combination of reputable sources and internal analysis. We recognise this is a fast evolving space and will be continually reviewing and updating our approach, scenarios and assumptions as best practice emerges.

### Own operational footprint

Since 2014 we have reduced our operational GHG emissions (Scopes 1 & 2) by 61%, exceeding NatWest Group's Science Based Target of 45% by 2020.

We have also halved our energy consumption over the same period – purchasing 100% of our energy from renewable energy sources, in line with our RE100 commitment.

In 2020 we met our ambition to become Net Zero Carbon, as part of the wider NatWest Group's journey towards becoming climate positive by 2025. We achieved this through a combination of emissions reductions, in line with our 1.5-degree science-based target commitment, alongside offsetting residual Scope 1, 2 and 3 emissions through the purchase of internationally recognised TIST Carbon Credits.

In recognition of the exceptional circumstances in 2020, we have also offset all emissions from home working. NatWest Group plan to achieve Climate Positive by continuing to reduce emissions 25% by 2025 against a 2019 baseline, while maintaining carbon offsetting at 2019 residual levels.

Whilst we understand offsetting isn't the long term solution, we feel that it is the best way to mitigate our impact whilst we focus on eliminating our emissions at source.

NatWest Group, including Ulster Bank, was jointly the first company globally to commit to all three of the Climate Group's initiatives pledging to:

- Use only renewable electricity in our direct global operations by 2025 (RE100).
- Install electric vehicle charging infrastructure in more than 600 spaces across our UK & Irish portfolio by 2030 (EV100).
- Upgrade our job car fleet of around 300 vehicles to electric models by 2025 (EV100).
- Reduce our energy consumption 40% by 2025 against its 2015 baseline (EP100).

Greenhouse Gas (GHG) Emissions	2014 (Baseline)	2018	2019	2020
Location-based CO <sub>2</sub> e emissions Scope 1, 2 & 3 (tonnes)	-	-	-	3,883
Location-based CO <sub>2</sub> e emissions Scope 1 & 2 (tonnes)	8,907	5,097	4,552	3,465
Scope 1* CO <sub>2</sub> e emissions (tonnes)	1,039	947	1,111	745
Scope 2** Location-based CO <sub>2</sub> e emissions (tonnes)	7,868	4,150	3,441	2,720
Scope 3*** CO <sub>2</sub> e emissions (tonnes) (Water, Waste, Paper, Business Travel)	-	-	-	417
Location-based CO <sub>2</sub> e emissions per FTE Scope 1 & 2 (tonnes)	1.41	2.04	1.83	1.51
Total energy use (GWh)	22.21	13.3	11.6	11.5

Methodology: Our Own Operational Footprint reporting year runs from October 2019 to September 2020. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control. (\*) Scope 1 Emissions from fluorinated gas losses and fuel combustion in Ulster Bank premises/ vehicles, (\*\*) Scope 2 Emissions from electricity, district heating and cooling used in Ulster Bank premises, (4) Market-based Scope 2 Emissions and (\*\*\*) Scope 3 Emissions associated with business travel by Ulster Bank colleagues and paper, waste and water use have been calculated using the Greenhouse Gas Protocol Corporate Standard and associated guidance. When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Greenhouse Gas Company Reporting (Department for Business, Energy & Industrial Strategy, 2020), CO<sub>2</sub> Emissions from Fuel Combustion (International Energy Agency, 2019) or relevant local authorities as required.

Since 2014 we have cut our operational GHG emissions (Scopes 1 & 2) by 61%, exceeding NatWest Group's Science Based Target of 45% by 2020.



## Risk overview

Prudent risk management is central to the successful delivery of our strategy.

A strong culture, including risk culture, helps the achievement of our strategic goals, with the right behaviours, supported by a sustainable Risk Management Framework (RMF).

The RMF is one of four Board approved Frameworks that form the pillars of the Bank's approach to risk management, the other three being the Policy Management Framework (PMF), the Compliance Risk Framework (CRF) and the Risk Appetite Framework (RAF) (together the "Frameworks").

The Frameworks set out a structured approach to governance, risk management and compliance, the purpose of which is to support and inform the strategic objectives of Ulster Bank. The RMF facilitates an understanding of the risks the Bank faces, both strategically and in its day to day business activities. The RMF explains how these risks are identified, assessed, measured, managed, monitored and reported to enable decision-making across all levels of the Bank, in line with our vision and goals.

The scope of these Frameworks extends across all business areas, including internal control functions, and across all relevant financial and non-financial risks, to enable the Board and Executive Management to make fully informed decisions on risk taking. Effective use of the Frameworks contributes to, and is a strong indicator of a robust risk culture.

The Frameworks detail the risk and compliance strategy of the Bank, how we set risk appetite, and manage through policies, processes, limits and controls. This ensures adequate, timely and continuous identification, measurement, assessment, monitoring, management and reporting of risks at the business level and overall.

### Risk Management

Decisions relating to risk management are controlled through the governance structure of the Bank. This includes the structure of Board and Executive committees, their roles and responsibilities for risk and compliance management, and governance.

Ulster Bank uses the Three Lines of Defence model to discharge accountabilities and responsibilities for managing risk across the Bank, in line with industry practice.

Ulster Bank's business strategy is informed and shaped by an understanding of the risk landscape in which it operates. It is built around being an Irish retail and commercial bank with low risk appetite, in support of which the Bank articulates a risk strategy to ensure that the business strategy can be delivered in a safe and controlled manner.

Successful implementation of the RMF and its component parts depends on our colleagues understanding their accountabilities and discharging their risk management responsibilities in line with the RMF's requirements and their role in the Three Lines of Defence. Ulster Bank's Remuneration Policy sets out expectations of colleagues and how they are rewarded for managing risk well, in line with the behaviours the Bank expects. These behaviours are communicated to colleagues through the Critical People Capabilities. The European Banking Authority (EBA) Guidelines on Internal Governance require banks to promote sound and effective risk management through their remuneration policies and practices.

### Risk Appetite

Risk appetite, which is supported by a robust set of principles, policies and practices, defines levels of tolerance for a variety of risks. It is a key element of our RMF and culture, providing a structured approach to risk-taking, within agreed boundaries. Risk appetite is defined by the type and level of risk the Bank is willing to accept in pursuing its strategic objectives and business plans.

Our Risk Appetite Framework requires that Risk Appetite is reviewed at least annually alongside the business and financial planning process to ensure risk appetite remains appropriate to the levels of risk expected across the planning horizon.

If the business plan takes the Bank's risk profile outside of approved risk appetite, the First Line of Defence must consider if a change in strategy or a change in risk appetite is appropriate (subject to Board approval); this is also considered against the Bank's risk capacity. Similarly, if the business plan takes the Bank's risk profile significantly within approved risk appetite, First Line of Defence must decide whether more risk should be taken or if a change in risk appetite is appropriate.

### Risk and Compliance Culture

All colleagues are responsible for the management of risk. Ulster Bank requires colleagues to exhibit behaviours that support a sound risk and compliance culture, where risk is part of the way colleagues behave and think. These behaviours are driven by the Board and Senior Leadership Team through Tone from the Top, Effective Communication & Challenge, Accountability and Motivation. These key behaviours are strongly aligned to our values of 'serving customers', 'working together', 'doing the right thing' and 'thinking long term'. We have aligned our approach to conduct risk to the Consumer Protection Risk Assessment Framework.

The components of the RMF flow through the Bank's governance in an annual cycle, which ensures that agreed risk appetite is taken into account in setting business strategy allowing for the types of risk the Group is likely to face.

### Brexit

Hard forms of Brexit continue to be one of the main external risks, with the outcome of negotiations to determine the UK and EU's future relationship still uncertain.

The direct and indirect effects of the UK's exit from the EU are expected to affect many aspects of the Bank's business and operating environment, which may be material and/or cause a near-term impact on impairment. The longer term effects of Brexit on our operating environment will depend significantly on the terms of the ongoing relationship between the UK and EU and are difficult to predict.

Ulster Bank continues to assess the potential impact of possible Brexit related severe stress outcomes across its business, including capital adequacy and liquidity/funding adequacy assessments under the ICAAP and ILAAP process. Monitoring of loan performance remains elevated, with comprehensive early warning triggers in place. Sector specific risk appetite is assessed on a continual basis.

Operational readiness and continuity has been delivered under the Bank's Brexit programme and we continue to actively support preparations by our customers. One of our key initiatives has been to ensure continuity of payment services. The NatWest Group has obtained the requisite regulatory permissions (including third country licence branch approvals and access to TARGET2 clearing and settlement mechanisms) that it currently considers are required for continuity of the Bank's business as a result of the UK's departure from the EU.

#### Cyber Security

In an increasingly digital landscape, across the industry, cyber security continues to be a priority issue. Ulster Bank is fully incorporated within the NatWest Group (NWG) multi-layered defence approach, which continues to respond as the external threat evolves. The NWG Response & Recovery team is responsible for supporting all business franchises, including Ulster Bank, with impending threats and security incidents.

The Ulster Bank Cyber & Information Security team works closely with the NWG Response & Recovery team and the rest of Security, through the Bank's Threat Management Response process, to utilise the skills and knowledge available. This ensures the best possible support is provided to all areas of the Bank.

#### Financial Crime

Financial crime, including Anti Money Laundering, Countering Financing of Terrorism (AML/CFT), Sanctions, Anti Bribery and Corruption (ABC) and Anti Tax Evasion (ATE), continued to be a key area of focus for Ulster Bank during 2020. The Bank continues to closely monitor the external environment for matters that could impact our exposure and ability to fight financial crime, prevent the banking system being used by criminals or terrorists and create a hostile environment for such parties. Improvements continue to be made to the Financial Crime control environment and the overall risk appetite position for Financial Crime, while progress was evident during 2020 further work is required.

Work continues to close out residual matters in respect of the Fourth Money Laundering Directive, which was transposed into law in Ireland by the Criminal Justice Act (CJA) 2018. Preparations continued for the implementation of the Fifth Money Laundering Directive in 2021.

Work was ongoing on Customer Due Diligence standards throughout the year and extensive remediation programmes in both the Commercial Relationship managed business where all accounts are now in Periodic Review cycle and Personal Banking where identified record retrieval issues are now materially complete. As part of its plans, the Bank continued the journey in respect of a digital banking proposition delivering an improved customer experience and in Q4 2020 launched a pilot digital onboarding proposition. Ulster Bank takes seriously its obligations in respect of Sanctions, both in terms of Client and Payment screening and continued to make improvements to its operating and control environment during 2020.

We remain committed to ensuring that Ulster Bank Ireland DAC acts responsibly and ethically throughout all activities that are undertaken, both in its own right and where business is being undertaken on behalf of the Bank. Work continues on the policies, procedures and controls to improve the Control Environment, and ensure continued compliance with the Criminal Justice (Corruption Offences) Act 2018, the key legislation in the Republic of Ireland. The Bank-wide Anti Tax Evasion Policy was launched in 2019, which recognises the offence of facilitating tax evasion.

#### Anti-bribery and corruption (ABC)

Ulster Bank is committed to ensuring it acts responsibly and ethically, both when pursuing its own business opportunities and when awarding business. Consequently, it has embedded appropriate policies, mandatory procedures and controls to ensure its employees, and any other parties it does business with, understand these obligations and abide by them whenever they act for the Group. ABC training is mandatory for all staff on an annual basis, with targeted training appropriate for certain roles.

The Bank considers ABC risk in its business processes including, but not limited to, corporate donations, charitable sponsorships, political activities and commercial sponsorships. Where appropriate, ABC contract clauses are required in written agreements.

#### Asset quality

Ulster Bank made good progress in 2020 delivering on the European Central Bank (ECB) supervisory expectation for banks to reduce nonperforming loan (NPL) ratios – as well as delivering a full suite of sustainable debt solutions for our customers.

The Bank's non-performing loan ratio reduced from 9.7% at 31 December 2019 to 5.7% at 31 December 2020. The reduction was primarily due to the loan sale announced in 2019 completed in the first half of 2020.

Ulster Bank's capital and funding position remains strong evidenced by strong unchanged ratings from the major credit rating agencies.

#### Risk-weighted assets (RWAs)

RWAs reduced by €0.9bn, ending the year at €14.1bn (from €15bn in 2019). This reduction was primarily driven by a loan sale and reducing non-performing exposures.

#### Common Equity Tier 1 ratio

The Bank's capital position remained strong during 2020, as evidenced by the CET1 ratio of 28.1% at 31 December 2020 (2019 - 26.5%). The year end position remains well in excess of regulatory minimum and internal risk appetite levels.

#### Leverage ratios

Leverage ratio increased by 2.5% to 15.1% in 2020. The position remains significantly above the required minimum regulatory and risk appetite levels.

#### Stress testing

In our internal ICAAP Stress Test, Ulster Bank met its CET1 capital requirements under the hypothetical 'No Deal Brexit' adverse scenario. The Fully Loaded Basel 3 (FLB3) CET1 low-point stress capital ratio was 22.4% in 2024, at its lowest point – well above the Bank's proposed Stress CET1 Risk Appetite limit of 10.5%.

#### Liquidity and funding

Ulster Bank maintained a robust liquidity and funding risk profile in 2020. This is evidenced by regulatory Liquidity Coverage Ratio (LCR) of 250% at the end of 2020, up from 181% in 2019, and a liquidity buffer sufficient to withstand outflows from severe internal stress scenarios over a range of time horizons. The Bank's loan-to-deposit ratio was 92% at the end of 2020, down from 98% in 2019.

During 2020, UBIDAC repaid its existing ECB funding (Targeted Longer-Term Refinancing Operations, TLTRO II) of €2.0bn and replaced with €3.1bn drawn down under TLTRO III.

## 2020 Top and Emerging Risks

Ulster Bank employs a continuous process for identifying and managing its top and emerging risks. These are risks that could have a significant negative impact on the Bank's ability to operate or meet its strategic objectives.

Risk	
<b>Political and Economic Risk</b>	Ulster Bank remains vulnerable to changes and uncertainty in the external economic and political environment. Events such as a Disruptive Brexit or external macro environment indicators (inflation, interest rates, sovereign credit stress) could positively or negatively lead to strategic or operational disruption. Stress testing and scenario planning are used within the Bank to inform strategic planning and risk mitigation.
<b>Failure to Grow</b>	The prolonged low interest rate environment or rapid changes in customer behaviours driven by experiences in other industries, technology and regulatory change could impact on Ulster Bank's margins, undermining overall profitability and financial strength. Mitigants include heightened focus on cost reductions and simplifying and improving processes to give a better service.
<b>Regulatory &amp; Compliance Risk</b>	Ulster Bank continues to face stringent regulatory and supervisory requirements and persists in embedding a strong risk and compliance culture. Ulster Bank continues to engage with regulators to implement new regulation effectively to ensure future compliance. Ulster Bank has enhanced and improved its controls, and monitors the competitive and regulatory environment to meet customer needs. Progress has been made in resolving legacy issues. Ulster Bank strives to achieve the right outcome and fair treatment for customers.
<b>Cyber Attack and Technology and Service Interruption Risk</b>	<p>Cyber attacks continue to evolve in frequency, sophistication and severity. Ulster Bank is fully incorporated within the NatWest Group multi-layered defence approach which continues to respond as the external threat evolves.</p> <p>An investment programme has significantly improved the resilience and sustainability of the Bank's IT systems. Further progress is expected as the Bank continues to simplify and modernise infrastructure and applications.</p>
<b>People and Culture Risk</b>	<p>Ulster Bank has plans in place to support the retention of key staff and in succession planning with wider programmes available to support engagement and training for all employees.</p> <p>Building a healthy culture remains a priority and a multi-year programme focused on enhancing culture, including risk culture, is ongoing. Ulster Bank is participating fully with the Irish Banking Culture Board and its programme of work.</p>
<b>Outsourcing Risk</b>	Inadequate control over selection, governance and oversight of third-party suppliers could affect operational resilience. Ulster Bank is diligent in its screening of suppliers with strict contractual obligations governing supplier relationships and activity.
<b>Data Management</b>	Ineffective management of data, including a breach in data privacy, could have material negative impacts. Data strategy and planned activity aims to ensure the organisation has the capabilities to continue on its journey to become a data driven organisation with adherence to BCBS 239 regulation.
<b>Pandemic</b>	Diseases, such as COVID-19, represent a threat to society, business infrastructure and the global economy. Ulster Bank adhered to our Purpose throughout the crisis, "we champion potential, helping people, families and businesses to thrive", focusing on supporting customers, colleagues and ensuring staff health and safety.
<b>Climate Change – Related Financial Risks</b>	Accelerating climate change may lead to heightened financial risks and faster than anticipated impacts on Ulster Bank and the wider economy. Ulster Bank continues to adapt its operation and business strategy to mitigate the risks of both climate change and the transition to a low carbon economy.

## Governance at a glance

The Board has six directors comprising the Chairman, two executive directors and three independent non-executive directors.

### Our Board

#### 2020 Board of directors

##### Chairman

Martin Murphy

##### Executive directors

Jane Howard  
Paul Stanley

##### Independent non-executive directors

Dermot Browne\*  
Rosemary Quinlan  
Gervaise Slowey

##### Company secretary

Colin Kelly

#### Board changes in 2020

Helen Grimshaw (non-executive director) resigned on 15 January 2020

Des O'Shea (Chairman) resigned on 31 July 2020

Andrew Nicholson (Company Secretary) resigned on 14 August 2020

Colin Kelly (Company Secretary) appointed on 14 August 2020

Ruairí O'Flynn (Chairman) appointed on 16 September 2020

William Holmes (non-executive director) resigned on 30 September 2020

Ruairí O'Flynn (Chairman) resigned on 09 November 2020

Martin Murphy (Interim Chairman) appointed on 12 November 2020, becoming Chairman on 06 May 2021.

\*Resigned on 31/03/2021

The Board is collectively responsible for the long-term success of Ulster Bank Ireland DAC and delivery of sustainable shareholder value. The Board's role is to provide leadership of Ulster Bank within a framework of prudent and effective controls, which enables risks to be assessed and managed.

#### Our Board committees

In order to provide effective oversight and leadership, the Board has established a number of Board committees with particular responsibilities. Board and Executive Committees with delegation from the Board are outlined below.

##### Audit Committee

Assists the Board in discharging its responsibilities for the disclosure of the financial affairs of the Group. It reviews the accounting policies, financial reporting and regulatory compliance practices of the Bank, our systems and standards of internal controls, and monitors the Bank's processes for internal audit and external audit. This committee comprises of at least three members who are all non-executive directors, with a majority of independent non-executive directors.

##### Board Risk Committee

Provides oversight and advice to the Board on current and potential future risk exposures of the Bank and risk strategy. It reviews the Bank's performance on risk appetite and oversees the operation of the Group Policy Framework. This committee comprises of at least three members who are all non-executive directors, with a majority of independent non-executive directors.

##### Sustainable Banking Committee

Provides support to the Board in overseeing, supporting and challenging actions being taken by management to run the Bank as a sustainable customer-centric business, capable of generating long term value for its stakeholders. This committee comprises of at least three members who are all non-executive directors, with a majority of independent non-executive directors.

This committee was retired in December 2020 and its responsibilities assumed by the Board.

#### Performance and Remuneration Committee

The committee advises the Board on remuneration matters. Comprises at least three members who are all Independent Non Executive Directors. The committee advises the Board on remuneration matters.

#### Nominations and Governance Committee

Assists the Board in the selection and appointment of directors and senior management. This committee comprises of at least three members who are all non-executive directors, with a majority of independent non-executive directors and is chaired by the Bank's Chairman.

#### Related Party Lending Committee

Comprises at least two members, with a majority of independent non-executive directors. The committee is responsible for approving lending to related parties, which is regulated under the CBI Code of Practice on Related Party Lending 2013.

#### Executive Committee

Comprises the Bank's senior executives and supports the Chief Executive Officer in managing the Bank's businesses. It reviews strategic issues and initiatives, monitors financial performance and capital allocations.

#### Other committees

The Board may from time to time seek to establish ad hoc committees to address key areas of focus.

#### 2020 Performance Evaluation

In 2020 the Board and Committee evaluation process was conducted in-house by the Corporate Governance and Secretariat team and overseen by the Company Secretary.