

Good morning. Thank you for the invitation to appear this morning.

As this is my first appearance here at the Committee, I feel it's respectful to members to take a few moments to introduce myself. Last September, I moved to Ireland from Manchester, and I'm privileged to have taken up the role as CEO of Ulster Bank. I've worked in financial services for almost 39 years in a variety of roles across Retail, Corporate, Operations and Risk Management. In my last post in RBS, I was Managing Director of NatWest and Royal Bank of Scotland Personal Banking where I was responsible for leading the team for the day-to-day banking needs of approximately 15 million customers across the UK.

I am joined this morning by my colleagues Paul Stanley who is the Chief Financial Officer and Deputy CEO and by Ciaran Coyle, Managing Director of Personal Banking.

In the invitation letter, the Committee expressed an interest in Brexit preparedness and in the Accountability Framework for the banking sector in Ireland and I will cover those in my opening statement.

Let me start by giving you some insights into the progress we are making in Ulster Bank. Our strategy is to continue to leverage our parent and build a stronger, safe and sustainable bank; offering hi-tech and hi-touch solutions to provide 'effortless' everyday banking services that our customers value, and to be there for them for what matters to them. We believe that a blend of digital and physical banking is the winning combination because our customers tell us that is what they want and value.

To support our strategy, we continue to have a focus on innovation, we have expanded our partnership with Dogpatch Labs, a leading co-working space for technology start-ups. Some of our own colleagues are developing their entrepreneurial talent and creativity to deliver innovative solutions for our customers. We recently co-hosted a fifth annual Hackathon weekend which brought together members of the community, including the tech community to design innovative banking solutions for customers.

Underpinning, and fundamental to our strategy, we will continue to transform our culture to one where customers are consistently at the heart of everything we do, served and supported by professional colleagues.

In terms of progress since Ulster Bank's last appearance before the Committee:

We've made tangible progress on our priorities,

In terms of lending to support our customers and the economy, a core part of our strategy is to help our personal customers to buy a home and to save money by switching to lower rates. This aligns with our investment to improve the service, and offer market leading fixed rates. Last year we saw a 13% increase in new mortgage lending to €1.13bn. That momentum has continued into this year.

We also lent €1.4bn to our business customers and with a good start to 2019, we expect that figure to grow this year. Our Lombard Asset Finance business saw volumes increase by 40%, almost €200 million of new lending. We were very conscious that 2018 was a particularly challenging year for the agri-food sector, so we introduced a weather fund to support customers in a year of unprecedented weather events. We expanded our relationship with the Strategic Banking Corporation of Ireland (SBCI) through their Brexit loan scheme and joined the Business Growth Fund backers for businesses. We also intend to participate in the new Future Growth Loan Scheme.

We continue to see more customers change the way they bank. Today, 7 out of 10 active personal current account customers choose to bank using digital channels and in the first quarter of this year, we have seen a 31% increase in mobile payments and transfers compared with Q1 2018.

We're listening to what our customers want from us and innovating to make our customer experience effortless everyday and brilliant when it matters. In the last year we have introduced new apps and services such as ClearSpend, which gives businesses better control of their expenses, Manage my

Mortgage for our residential mortgage customers – enabling them to make changes to their mortgage online – and we launched Cora, our new AI-driven digital banking assistant to help answer customer queries 24/7. We've also been adding more features such as FaceID and paperless processes for our everyday banking products, making the digital experience simpler and more secure for customers.

As I mentioned, our strategy is 'hi-tech and hi-touch'. So, we've invested in our physical presence, we've expanded our mortgage broker panel, we've increased the number of mobile mortgage managers across the country offering flexible meeting times and locations, chosen by our customers. We have five mobile banks, a Community Protection Advisor and our team of Community Bankers. We're continuously improving our branch network, 41 branches have been invested in, and we plan to do more this year.

New needs arise for our customers, and last year we launched Friends Against Scams. We're committed to playing our part in the fight against fraud, so we trained colleagues across the bank. We are educating customers on how to protect themselves against the horrific practices of scams which, when they happen, can impact consumers so badly.

Since we were last before Committee we have made progress on reducing our non-performing loans which are just over 10% but there is more to do. Our regulators have set out capital requirements for non-performing loans, those requirements mean that over the coming years we will need to increase the capital we hold up to a point where we will have to hold enough capital for the full amount of the loan. That capital is then tied up and we cannot use it to support loan growth which would contribute to the Irish economy.

Our priority though, is to work with our customers to put in place long term, sustainable arrangements so that as many customers as possible can remain in their home and paying off their mortgage. We have invested in additional resources to ensure that every customer has every opportunity to engage with us to enter into a long term solution. We have found that when customers have worked with us, a solution can be found for four out of five, meaning they can remain in their home.

We have also made significant progress on our customer remediation programmes to put right our wrongs of the past and learn from our mistakes. We completed a thorough process to identify all impacted 'tracker' customers and we do not anticipate any new or additional impacted groupings of tracker customers to emerge at this point. We have made redress and compensation payments to all Tracker Mortgage Examination customers for whom we have contact details.

The thorough review identified other issues relating to errors on the accounts of business and mortgage customers which we will have resolved by the middle of this year and end of this year respectively. Let me take the opportunity now, as my first time in front of the Committee to sincerely apologise for these mistakes in our past and for the impact on our customers.

Turning to Brexit, it is top of mind for many customers, although for many of our business customers, they tell us that labour shortages, both skilled and unskilled is a bigger issue.

Supporting our customers is a top priority, and we continue to do this, firstly, by communicating what we can do to support them to understand the impacts of Brexit and secondly, drawing to their attention all the government and agency supports available, which are excellent. We see different types of businesses that can and are adapting - many are well prepared with sound contingency plans.

There are particular challenges for some customers who export to the UK or who use the UK as a land bridge to the European market. Where additional resources and guarantees are required in respect of customs and tariffs we are ready to support our customers.

We continue to monitor the impact of the UK decision to leave the EU on the Bank and our customers and have been preparing for a number of scenarios including a 'no deal' situation as part of our contingency planning as a stand-alone Bank and as part of RBS. There has been no material impact

noted to date, however we are conscious of the potential for future impacts on the Bank, our customers and our operations. A bank-wide Brexit response programme has been mobilised to assess those impacts and to develop contingencies under a number of Brexit scenarios to ensure that we can continue to serve our customers well.

Regardless of the outcomes of the Brexit negotiations, our aim is to support customers with the same level of service and range of products as we do today and to help them address any related challenges.

The Committee also asked me to address the topic of the Accountability Framework; I welcome the introduction of the Senior Executive Accountability Regime. I know from my own experience in the UK how such a regime can make a difference to promoting stronger accountability, ethics and culture in Financial Services.

Increased accountability will be better for our customers and for society as a whole and while a Senior Executive Accountability Regime alone won't transform culture within the Banking Industry, it will help.

I'd like to finish on the topic of culture. Much has been said about banking culture, at this Committee and at other fora in recent times.

We in Ulster Bank have learned many lessons, we got things wrong, we are fixing mistakes from the past and learning from them. We are committed to rebuilding trust with our customers and with Irish society. We recognise we have much to do and we are changing, we are making different decisions today from those we may have made in the past.

In Ulster Bank we have defined our culture as “the way we do things - it is consistently living our values to act in the best interests of our customers, colleagues and stakeholders” .

Our four core values - Serving Customers, Working Together, Doing the Right Thing, Thinking Long Term - guide our priorities, activities and decision-making.

We've strengthened our risk and control environment to reduce the possibility of errors occurring. We're building a customer-focused culture where colleagues are encouraged to help customers be financially fitter and to 'speak up' if and when they have any concerns.

Tone from the top is something I and my leadership team are conscious of every day. This is one of the reasons why I have personally committed to completing the Institute of Bankers Professional Diploma in Leading Cultural Change & Ethical Behaviours in Financial Services, and to sit on the board of the Irish Banking Culture Board.

I am pleased to report we have made progress over the last 12 months across our customer, operational and financial metrics, along with the continued execution of our strategy to transform Ulster Bank.

Thank you. I look forward to your questions.