

Opening statement to Oireachtas Committee on Finance, Public Expenditure and Reform, and

Taoiseach

8 December 2021

Chairman, members of the Committee, good afternoon and thank you for inviting us to attend today's meeting. I am joined in the room today by Ulster Bank's Chief Financial Officer and Deputy CEO Paul Stanley; Director of Compliance Fiona McMahon; and Director of Corporate Affairs Elizabeth Arnett.

The last time we spoke, we had just announced that Ulster Bank will be withdrawing from the Irish market. During that appearance, just over nine months ago, we set out our objectives to:

- Undertake a phased withdrawal from the market over an extended period of time.
- Help our customers to move to a new bank as safely and as seamlessly as possible.
- Minimise job losses, and where we cannot, to support our colleagues with reskilling.

We also gave a commitment that:

- There would be no immediate change for customers, with full banking services continuing across all channels for existing and new customers.
- We would not be closing any branches this year on the back of the announcements.
- There would be no compulsory redundancy departures this year.

We also confirmed that we had made good progress in our discussions* with other strategic banking counter parties in the Irish market and that we had:

- Announced a non-binding Memorandum of Understanding with Allied Irish Bank for the sale of the portfolio of performing commercial loans of about €4 billion and the transfer of colleagues who are wholly or mainly assigned to this loan book.
- Commenced discussions with Permanent TSB, regarding the sale of certain retail and SME assets, and operations.

*(*these discussions may or may not result in binding agreements and any agreement will be subject to relevant supervisory engagement and assessment, appropriate regulatory and other approvals.)*

Since then, we have made significant progress, while keeping our commitment to manage the withdrawal in an orderly and considered manner.

We understand the decision to withdraw is disappointing and we recognise that it will be disruptive. We are committed to ensuring that, in line with the guidance contained in the Central Bank of Ireland's Dear CEO letter on Consumer Protection Expectations in a changing retail banking landscape, issued on 25 June 2021, we build in measures to help and support customers in the process of choosing a new financial services provider and moving and closing their accounts.

We have delivered a number of significant milestones since February. You will be aware that we communicated these milestones directly to the committee as they were announced so I will take a few moments to summarise them for you.

On 11 June 2021, we announced a new colleague agreement with the Financial Services Union on which members subsequently voted in favour. This agreement includes commitments to continuing colleague learning and development, and also enhanced redundancy terms. In this context we have kept our colleagues and their representatives up to date on progress and we have committed that there will not be a Bank-wide voluntary redundancy programme until at least H2 2022, while we work toward significant milestones in our closure. Since February we have held 17 all-colleague town hall events, all of which were open for questions from all colleagues. We have also held circa 300 listening sessions with smaller groups of colleagues.

On 28 June 2021, we announced a legally binding agreement with AIB for the sale of a c.€4.2bn portfolio of performing commercial lending (plus up to €2.8bn of undrawn exposures), and the transfer of colleagues wholly or mainly assigned to this loan book. This remains subject to regulatory approvals. There is no immediate change for impacted customers, and commercial banking relationship managers will continue to actively engage with business customers throughout this process. The principle of TUPE applies to this transaction. Almost 300 Ulster Bank colleagues will transfer to AIB as part of this agreement.

On 23 July 2021, we announced a non-binding MOU with PTSB for the proposed sale of a €7.6bn perimeter comprising performing non-tracker mortgages; performing loans in our micro-SME business; Ulster Bank's Lombard Asset Finance business, including the Lombard digital platform and 25 of Ulster Bank's 88 branch locations. It is proposed that approximately 400-500 colleagues will have a right to transfer under TUPE, if and when the transaction is completed. This non-binding MOU is subject to further due diligence, the negotiation and completion of a final binding agreement and the obtaining of regulatory approvals and satisfying other conditions. Our discussions with PTSB are continuing and we will update you accordingly, in due course. As with any of our discussions, we cannot provide certainty around timelines as a number of our withdrawal initiatives are/ will be subject to Competition and Consumer Protection Commission approval.

On 29 October 2021, we closed to new business as follows: for personal customers, we are closed to new business for new and existing customers, with the main exception of mortgages which remain open for existing customers only. For business customers, all products and services remain available but for existing customers only. The exception to this is Lombard Asset Finance, which remains open for new and existing customers. We also began the process of communicating to customers about the changes that are going to happen in 2022.

I would like to now talk about what will come next for customers.

On 29 October, we signposted our plans for the next steps in our closure. For now, we are continuing to serve existing customers, so no action is required by customers yet. Towards the end of Q1 2022, on a rolling basis, Ulster Bank intends to give current and deposit account customers formal letters of notice of six months, to choose a new bank; move to that bank; and close their Ulster Bank accounts. This applies to both personal and business customers. Customers don't need to take action until they receive their letter but we are talking to them now to give as much preparation time as possible. We are here to support customers now if they want to start the move process to their chosen new provider and we would encourage those that need additional support such as vulnerable customers to speak to us as soon as they are ready. It's also worth noting at this

stage that customers will receive multiple letters from us, as we move through this process i.e., a customer could have multiple products and will receive a letter for each of these.

We are focused on providing customers with choice when it comes to closing their account. Given the number of customers that will need to change provider, we are designing a process that allows a customer to decide what journey is best for them. Some customers will want to keep direct control over the closure of their accounts and the transfer of their direct debits and standing orders etc; others will want support with that via the Switching process. We will support customers in whatever journey choice they make.

This Choose, Move, Close readiness campaign is an important step in our closure, not just for customers but for the industry too and we must work together on this to ensure the safe transition of customers to their new provider. With this in mind, we are engaging with the rest of the industry within the bounds of competition law, to allow them time to prepare for the volume of customers who will need to move or switch accounts. That's also why we are giving customers up to six months' notice, which goes beyond the compulsory notice period of two months. There will be things our customers need to do to control the transfer of their accounts. We are also engaging with the main direct debit originators, for example utility companies, phone companies etc., to give them advance notice of the changes coming to allow them time to prepare to help their own customers who will be switching accounts. We will also write to large employers so they can support our customers to move their salaries.

Ulster Bank's network of 88 branches will be an important in-person support for all customers and our commitment remains that we will not close any branches in 2021, and we do not anticipate closing any branches in H1 2022. As communicated previously, in H2 2022 we will begin to phase out traditional counter/ cash services to concentrate on in-person support for customers to move bank and/ or close accounts. I know our colleagues in branches are committed to and are already supporting customers every day to get ready for the changes coming.

We are working hard to find the most appropriate path forward for the other parts of our business which aren't in the scope of our agreements with AIB and Permanent TSB. A process is underway in respect of our tracker mortgage book and we will update you as appropriate. For customers with other products such as credit cards or personal loans, we will contact them directly with ample notice ahead of any action they may need to take.

Finally, I would like to take a moment to talk about our colleagues who have worked tremendously hard over the past ten months. It has been a challenging time for everyone but their commitment to customers has never wavered and their resilience in the face of unprecedented change will be forever to their credit. I want to thank them again for their dedication.

I thank the members of the Committee and we are now happy to take questions. I caution the members, however, that some matters that may be raised might be commercially sensitive and could impact on negotiations which are under way. It would be more appropriate to discuss those aspects directly with us upon conclusion.

ENDS.