

Ulster Bank Opening Statement

Chairman, members of the Committee, good afternoon and thank you for inviting us to attend today's meeting. I am joined by Ulster Bank's Director of Corporate Affairs Elizabeth Arnett.

As you know, our phased withdrawal is progressing, and we have made sure to keep you informed at all stages. We have committed to:

- A phased, orderly withdrawal.
- Minimise job losses and support all colleagues with training and development.
- A preference to deal with strategic banking counterparties, where possible, who can provide customers with full banking services in the Irish market.
- Help our customers to move to a new provider as safely and as seamlessly as possible, with plenty of advance notice.
- Keep branches open throughout Choose Move Close, to ensure customers have access to branch support during their six-month notice period, where possible.
- No bank-wide voluntary redundancy scheme in the first half of 2022, and it is highly unlikely that we will see large numbers of redundancy exits this year.
- Dealing with our non-performing loans in the later stages of our withdrawal, to allow customers who are in difficulty as much time and support as possible to return to a performing position.

We are delivering on all of these commitments as our withdrawal progresses.

Today, I would like to outline the current position and the next steps for our current and deposit account customers, and we are happy to take questions on any aspect of our withdrawal in the discussion and will endeavour to answer them subject to the normal commercial considerations.

As you know, we announced our plans for the closure of our current and deposit account customers a year ago, in October 2021. Six months later, in April 2022, we formally began writing to customers to ask them to Choose a new provider, and Move and Close their current and deposit accounts, on a phased, rolling basis, giving them six months' notice to do so.

We are communicating with customers multiple times and in multiple ways throughout this six-month notice period and there are a number of channels available to close accounts. We have engaged in significant advertising and marketing campaigns, as have other important stakeholders such as financial service providers, the Banking and Payments Federation of Ireland, the Department of Social Protection and the Competition and Consumer Protection Commission. The campaigns have been constant, and you can hardly turn on the radio, open a newspaper or go online without hearing a message about moving to a new provider.

It might seem excessive sometimes but a programme of this scale that requires so many customers and stakeholders to act, requires this level of communications. Based on our independent research,

the communications have worked, and customers are universally aware of what is happening and of what they need to do.

In addition to our customer communications and in recognition that many other stakeholders external to Ulster Bank would need to play a part in ensuring customers could safely Choose, Move and Close, a year ago we commenced a proactive programme of engagement. To date we have held over 1,200 stakeholder engagements from large scale 'roadshow' events to regular, one to one meetings. Many of you, or your colleagues in your constituency or parliamentary teams have attended some of these events.

Our objective is to ensure we employ all communication channels to ensure customers are aware of the action they need to take and the supports available to them. I would like to thank all stakeholders for their ongoing support.

While communications are a central part of our activity it is second only to providing practical support and outreach to customers. In this regard we are very proud of our front-line teams and the lengths they have gone to, to support our customers and I would like to take the opportunity to acknowledge and thank them for that.

By way of example of the sorts of initiatives we are implementing to provide practical support to customers:

- We have changed our branch hours to allow more time to support customers move their accounts.
- We have hosted teams from other financial institutions in our banking halls so they are on site to open accounts for our customers.
- We have a full range of supports for vulnerable customers (See Appendix 1 for details).
- We have carried out additional proactive contact to customers who might need more help – those in financial difficulty; older customers; heavy branch users; customers at the end of their six-month notice period.
- We have made it easier for customers to close their account in branch, via telephone and digitally.

We are already seeing trends that show a significant reduction in reliance on branches for our customers, with in-branch transactions down by 49% and falling each week.

At the same time the other financial providers have made it easier for customers to open accounts and we have seen many initiatives in this regard. I won't mention any specifically, but we can see from the enormous number of accounts opened this year (on average 12,500 a week) that the supports put in place by other financial providers are working. In some instances accounts can be opened digitally in a matter of moments but equally for customers who do not want to open accounts digitally there is no significant delay for appointments (with the Central Bank of Ireland reporting an eight-day waiting period for appointments.)

We have also mirrored our process and approach for our business customers, providing them with six months' notice to Choose, Move and Close as well as multiple letters, prompts and calls. Having a working current account is crucial for businesses to be able to pay their employees and suppliers,

receive payments and carry out all of their financial duties. The switching/closing process can typically take longer for a business customer as requirements are often more complex so we have been engaging proactively with these customers since their first letter and in many cases before then, to ensure they have the support they need. If a customer does not switch or close a business' current account, it could have implications for their business in terms of paying their employee wages, their suppliers and receiving payments for their own goods and services. Ulster Bank is also asking employers to communicate directly with any employees who continue to have Ulster Bank accounts to remind them to change their details to avoid any disruptions to salary payments.

We believe we have taken all reasonable steps to support customers to Choose, Move and Close and to the best of our knowledge we also believe that the other financial institutions have taken all appropriate steps to encourage customers to Choose, Move and Close.

As you know, we have significant outreach to customers, with a focus on those approaching the end of their notice period for current and deposit accounts. Over the last four weeks we have on average made approximately ten thousand calls a week, successfully contacting an average of six thousand customers per week.

On these calls, our colleagues ask the customer if they need any support ahead of the end of their six month notice period and for these particular customers, the majority are telling us that they already have or are taking action and already have their move well in hand. Most customers are telling us that they have a new account opened and they need to complete the transfer of their transactions.

A small percentage tell us they will now take action and a very small number of customers have asked us for more time due to personal circumstances.

We have now written to the vast majority of customers who need to close their account, which means almost every customer has begun their six-month notice period, with some more advanced than others.

Before I go into the detail of what has been happening, I would like to share one of the learnings from the last six months. When we started this process, we believed the primary metric for success would be the number of accounts that have closed. However, a far more important metric is the degree to which a customer is reliant on the account. When a customer has an account with another bank, their salary and other payments are going into that account and they have moved their direct debits etc. (either fully or in part), then they are no longer reliant on their Ulster Bank account. The customer might never come back and close their account with Ulster Bank so in this instance we can close the account with no impact on the customer. What is important is that the customer has safely moved to a new provider and is no longer reliant on Ulster Bank.

Understanding that reliance, through detailed analysis, has helped us target more effective communications which has in turn driven customer behaviour.

For example, you may have heard our adverts targeting customers making nursing home payments or customers in receipt of social protection payments. We have also highlighted salary payments because nothing says you need your bank account more than if your main source of income is banked there.

So how have customers been responding?

Some customers have gone beyond their six-month notice period and some customers still have more than five months' notice left, so therefore just looking at the 'headline numbers' across the entire population will not tell you very much about customer behaviour and the customer response.

For our personal current account customers who received their first formal notification in April and May, 71% have either closed or materially wound down the level of activity in their current account or left it inactive/ dormant and this is increasing every day.

We have contacted most of the remaining of these customers as a final reminder and most are reporting that they have opened a new account elsewhere and are in the process of moving their payments to their new account.

Broadly this trend is emerging in the other tranches of customers, and we are not seeing anything in the numbers at this stage that would change the trend. This is evidenced in a number of ways. For example, at the start of this year 171,000 Ulster Bank accounts were in receipt of social protection payments. This number has dropped by over 80% to approx. 30,000.

So what happens now?

From the outset we committed to an orderly and phased withdrawal of the bank from the Irish market. This commitment is more important than ever as we commence the process of freezing and closing accounts. Therefore, in line with our commitment, we are going to take a considered and careful approach to account closures.

We will continue to assess external, operational and other factors to ensure that the right number and the right type of accounts are progressing to the account freezing stage and closing stage. As a reminder, our closure process has an additional step built in. Customers have six months' notice to Choose, Move and Close, and on or after the six months, the account is frozen for 30 days and then it moves to closure. This is an important interim step and for some customers may be the trigger to ensure they are no longer reliant on Ulster Bank.

We will also take some time to understand the account profile and what impact, if any, freezing the account will have on the customer. That will determine at what point an account moves forward into the closure process (ultimately all accounts will move into the closure process but in the initial round of closures we will take a very precautionary approach).

What does this mean for customers at the end of their notice period?

As some customers are past or are close to passing their six-month notice period and depending on the needs of the customer a number of things will happen:

If a customer needs more support, which may or may not mean more time we can provide that—they just need to let us know what they need.

If a customer is still reliant on their account after their six months' notice is over, we will try to make contact with them again to ensure they have all they require to complete their move to a new bank / service provider. We will not freeze or close their accounts at this time but it's essential that these

customers continue the process of moving to another service provider. *[Most of these customers have a bank account elsewhere/ are in the process of moving – according to both customer feedback and independent research so we believe they are on the way to completing the process].*

If we freeze an account that a customer is still reliant on, we can temporarily reverse the freezing of the account for a short time once the customer contacts us.

If a customer is no longer reliant on their account but it is still open, with none or a low level of activity, they can expect their account to be frozen and closed on or after the end of their six-month notice period.

This precautionary, careful and controlled approach means that where a customer is reliant on the account, we can tailor their closure to the customers' individual requirements and the overall closure of accounts is managed to maintain an orderly process for customers the industry and other key stakeholders.

Right now, we have a temporary pause in the commencement of this activity to accommodate the additional social protection payments announced in the recent Budget. Even though we have seen over 80% of customers in receipt of a social protection payment take action on their account, there are some who have not, and they have the potential to be the most vulnerable.

We will start the process of freezing and closing accounts in a controlled and careful way on or after 11 November beginning with customers who we believe are no longer reliant on their account. We will take a planned break in freezing accounts for Christmas. During this break, accounts that have already been frozen for a month will continue to close unless the customer contacts us, and we will continue our outreach to customers reliant on their account during that time.

We will recommence the programme of both freezing and closing accounts in the new year so it's important that customers realise that once their six-month notice period is over their account will be in line to be closed but help is there if they need it. It's important to remember that Ulster Bank is closing. We need to provide certainty for our colleagues as to when they can expect to leave the bank so they can plan for their futures, and we need to be clear to customers that it is in their best interests to be with a financial provider that can support their needs into the future.

We have endeavoured to ensure all reasonable steps have been taken to support customers to Choose, Move and Close and we will continue to do so throughout this process. We are happy to take your questions.

Appendix 1

Measures for customers who need additional assistance:

- Dedicated customer phone line for those in vulnerable situations or those who need additional assistance 1800 656 001 open 8am-8pm, 7 days a week
- Known customers in vulnerable situations will receive calls offering support after they receive the Choose-Move-Close letters/ emails
- Additional proactive outreach to customers who need additional support within our communities e.g., support for nursing home customers etc.
- Engaged with other financial services providers to ensure they are aware of types of customer situations that will require their support
- Additional resourcing of our dedicated Vulnerable Customer unit in readiness for increased demand for support
- Online portal for customers experiencing financial difficulty to arrange a call back to discuss their situation
- Financial Abuse – support provided to regain control of finances
- Trained staff in every branch to support customers who need additional help, including vulnerable customers
- Translation service is available in branches to support customers for whom English is not their first language.