



# Sustainable Banking Report 2016

Help for what matters

 Ulster Bank

# Ulster Bank

Ulster Bank Ireland DAC is Ireland's third largest bank and is a wholly owned subsidiary of RBS. We employ just over 3,000 people, serving the needs of approximately 1.1 million personal and business customers. We deliver our services via our network of branches and business centres, by telephone, online and through our mobile banking apps.

Our business consists of two customer-focused divisions – Retail Banking and Commercial Banking – together with a number of supporting functions. Our retail operation provides branch banking and direct banking services for personal and small business customers. The corporate and commercial operation provides treasury, money-market, asset financing and international services for business and corporate customers.

Increasingly we are leveraging the scale, capabilities and investment capacity of RBS to deliver a superior service proposition to our customers in Ireland. Coupled with investment in technology, brand and people, we remain at the forefront of Irish banking in a changing and competitive market.



# CEO overview

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Gerry Mallon, Chief Executive

In Ulster Bank we have a clear ambition to become the number one bank for customer service, trust and advocacy by 2020. Our business strategy supports this ambition, with a culture centred on being responsible and sustainable in our activities and engagement with colleagues, customers, communities and corporate stakeholders.

We share our ambition with our parent RBS, who for the first time this year published a Strategic Report summarising the bank's financial and non-financial performance. This report highlights our sustainability activities in Ulster Bank during 2016. This is the first time we've reported on our Republic of Ireland business only, following the separation of our businesses in Northern Ireland and the Republic of Ireland at the end of 2015.

As the banking industry continues to adapt to the changing economic and political landscape, we are also adapting and responding to our customers' changing behaviours and needs. We're looking at the

emerging trends in our business, anticipating and delivering efficiencies and value for our customers. 2016 was marked by a number of key initiatives we introduced, enhancing our customers' experience with us. These included new digital services, more convenient ways to bank with us, improvements to our service for vulnerable customers and for the unbanked.

We are acutely aware that Ulster Bank, along with many others in the Irish banking industry, continues to manage a number of legacy issues. As we do so, we want to demonstrate our commitment to doing what's right for all our customers and for the bank we are committed to becoming.

I feel extremely privileged to lead Ulster Bank into the next phase of our business. We are a business with huge potential and a hunger to match. I believe that there's something in this report for everyone – customers, colleagues, community partners and corporate stakeholders.

A handwritten signature in black ink that reads "Gerry Mallon". The signature is written in a cursive, flowing style.

# Building a more sustainable bank

While our operating environment is dynamic and challenging, we remain steadfast in our ambition to be the number one bank for customer service, trust and advocacy. Taken together with our Values and Yes Check, this ambition guides and underpins all our decisions and actions as we build a simpler, low-risk, customer-centric bank.

We will earn trust by putting customers first, making Ulster Bank a great place to work, supporting our communities, and being mindful of our environmental impacts.



The **YES CHECK** is a simple tool with five questions that help to guide our decisions and actions.

**1** Does what I am doing keep our customers and Ulster Bank safe and secure?

**2** Would customers and colleagues say I am acting with integrity?

**3** Am I happy with how this would be perceived on the outside?

**4** Is what I am doing meeting the standards of conduct required?

**5** In five years' time would others see this as a good way to work?

## Our blueprint for lasting success

**Our Ambition**

**No.1**  
for customer service, trust and advocacy

**Our Purpose**

Serve customers well

**Our Values**

Serving customers   Working together   Doing the right thing   Thinking long term

**Our Brands**



**Our Priorities**

Strength and sustainability   Customer experience   Simplifying the bank   Supporting sustainable growth   Employee engagement

**Our long-term targets**

CET1 ratio 13%  
RoTE ≥12%   No.1 for service, trust and advocacy   Cost: income ratio <50%   Leading market positions in every franchise   Employee engagement in upper quartile of Global Financial Services (GFS) norm

## How we create value for customers and society

**During 2016 our activities generated positive value and impact across all parts of the economy.**



We provide banking services and loans to c.56,000 businesses



In mortgage lending including €440m to first time buyers



92m Mobile and online transactions



€2.5bn Gross new lending



6,821 New basic bank accounts for unbanked customers



600 Customers attended our fraud awareness workshops



3,600 Arrears solutions offered to help customers stay in their homes

## Listening to our stakeholders

Understanding what matters to our stakeholders is vital to ensure we adapt to our changing environment. We gain valuable insights from ongoing engagement with our stakeholders – customers and colleagues, advocacy groups, government, media and investors. In addition we regularly invite stakeholders to meet with, and challenge, our senior leaders, as well as hosting events of interest to customers, community groups and businesses. These sessions offer insights that shape our future policies, influence priorities and inform decision making.

In September members of the RBS Board, RBS Sustainable Banking Committee and Ulster Bank's Executive Committee hosted a forum on the theme of financial capability. Consumer and economic experts shared their insights alongside a panel of young consumers, discussing the key concerns and challenges people face in relation to their personal finances. These and other engagements help us stay focused on what matters, help us identify new opportunities and new ways to serve our customers.

## Key influences in our operating environment

As a business we need to constantly understand and adapt to key influences in our operating environment, as these carry both risks and opportunities for us.

We identify these influences through a mix of direct engagement with stakeholders, market research, economic and consumer trend analysis. This process is aligned with a broader and more detailed landscape

review undertaken by RBS. For more information on the group's approach visit [www.rbs.com/sustainability.html](http://www.rbs.com/sustainability.html)

This Report describes within each of the main sections how we are responding to many of the influences identified, and what activities we undertook in 2016 to address those of most importance to our stakeholders and our business.



### Critical considerations for our business

- Customer service
- Security and privacy
- Culture and integrity/Trust
- Strength and stability



### Current priority considerations

- Support for enterprise
- Innovation/Disruption
- Housing provision
- Brexit



### Long-term & emerging considerations

- Social inequality/poverty
- Climate change
- Financial capability

# Making a difference for our customers

## 2016 trends

**In 2016 we stayed focused on driving improvements to service and products to meet the changing needs of our customers.**

Flexible service has become more important to our customers. Recognising this we enabled more of our staff to meet with customers in their homes or workplaces at a time convenient to them. We support this with a countrywide presence of customer support teams, including mobile mortgage managers, financial planners and private relationship managers who are available to meet customers when and where they need us.

Banking is transforming rapidly, responding to changes in customer needs and technological innovation. Whilst our branches will always be an important part of our service offering, we continue to see more customers switch to mobile and online services as their preferred way to bank with us. Investment in these areas is paramount. By partnering with new financial technology (fintech) start-ups in Ireland and by leveraging the scale and investment capacity of our parent bank, RBS, we have been able to fast-track new mobile and online services.



9.72% of total transactions were in branches

## Mobile and online services

In 2016 we added new features to our mobile banking App



Customers can download and access the App on multiple devices



View overdraft limit



Manage regular payments  
Set up Direct Debits, amend Standing Orders



Pay credit card bill

As a result of these improvements, our AppStore score has improved from 3.5 to 4.2 stars



## Customer trust and satisfaction

Delivering continuous improvements in customer satisfaction performance is a clear priority for us given our targets for service, trust and advocacy. We compare the detailed metrics from both Customer Satisfaction Index (CSI) and Net Promoter Score (NPS) measures year on year to drive a programme of positive changes for customers.

Throughout the year customers are invited to rank their level of satisfaction with our service. The responses are analysed and findings reported to us by an independent research company.

The table below shows the CSI scores for each of the business areas measured.

### CSI scores – customer trust

CSI	Year end 2014	Year end 2015	Year end 2016	2016 target
Branch <sup>1</sup>	78%	81%	84%	80%
Telephony <sup>1</sup>	65%	78%	77%	N/A
Private Banking <sup>2</sup>	N/A	68%	81%	75%
Mortgages <sup>3</sup>	N/A	66%	67%	75%

In 2016 Ulster Bank ranked 83rd in the top 100 brands in Ireland for Customer Experience – up 25 places since 2015 and the only bank listed in the top 100 ranking.<sup>8</sup>

We also measure satisfaction by the Net Promoter Score (NPS). Customers are asked how likely they would be to recommend their bank to a friend or colleague, and respond based on a 0-10 scale with 10 indicating 'extremely likely' and 0 indicating 'not at all likely'.

Customers scoring 0-6 are termed detractors and customers scoring 9-10 are termed promoters. NPS is established by subtracting the proportion of detractors from the proportion of promoters. The table below shows the NPS scores for the last three years. Year on year, both Personal Banking and Business Direct (serving sole traders and smaller business customers), have exceeded our 2016 NPS targets.

### NPS scores

NPS	Year end 2014	Year end 2015	Year end 2016	2016 target
Personal Banking <sup>4</sup>	-18	-14	-7	-10
Business Direct <sup>5</sup>	-17	-21	-2	-15
SME Banking <sup>6</sup>	N/A	N/A	+8	N/A
Corporate & Institutional Banking <sup>6</sup>	N/A	N/A	+25	N/A
Mobile App <sup>7</sup>	N/A	N/A	+56	N/A

<sup>1</sup> Source: Watermelon Research 3 month rolling data. Top 1 i.e. 'Extremely Satisfied' responses only. Event-based survey: contact customers who have interacted with us in the previous 48 hours via branch or telephony.

<sup>2</sup> Source: Facts Research 3 month rolling data. Top 2 i.e. 'Extremely' and 'Very' Satisfied responses. Non event-based survey: contact random sample of Private customers used, no interaction required.

<sup>3</sup> Source: Facts Research 3 month rolling data. Top 2 i.e. 'Extremely' and 'Very' Satisfied responses. Event-based survey: contact customers who have interacted with us in the last month re a mortgage.

<sup>4</sup> Source: Coyne Research 12 month rolling data. Question: "Please indicate to what extent you would be likely to recommend Ulster Bank to your friends or family using a scale of 0 to 10 where 0 is not at all likely and 10 is extremely likely".

<sup>5</sup> Source: PWC Republic of Ireland Business Banking Tracker. Data collected annually.

<sup>6</sup> Source: RedC CIB Customer Satisfaction Survey 2016; RedC SME Customer Satisfaction Survey 2016.

<sup>7</sup> Coyne Research: Ulster Bank – Digital NPS Research December 2016

<sup>8</sup> Source: Ireland Customer Experience Report 2016, based on 42,000 experiences surveyed across 170 brands in 10 sectors.



## Personal Financial Reviews

**During 2016 we completed 54,425 Personal Financial Reviews. This is a free service available at branches for all customers. It's a personal financial health check, looking at a customer's needs and helping them make the most of their money. The review covers budgeting, everyday banking, loans, mortgages, home and life insurance.**

We focus on our customers' needs and explain relevant products where required. This helps us to build more trusting relationships with our customers, reflected in the fact that customers who have had a review are more likely to recommend Ulster Bank to family and friends. Overall the customer satisfaction rating for reviewed customers is 93%.

### Case study

Kate Frazer completes reviews with customers on a daily basis as part of her role. She shared a story of how a timely review helped one family through a difficult financial and emotional time.

"During the course of our review the customer told me his family had been through a really sad few years. Their son had died suddenly and his wife was diagnosed with cancer – requiring a lot of surgery and needing care at home. She was unable to work and my customer also lost his job due to stress and having to take time off to nurse his wife. The financial burden of trying to pay bills and cover their mortgage in such difficult times was not easy.

As I went through the budget planner and looked at their outgoings, I saw they had an insurance policy and enquired what was covered by it. Like many customers, he wasn't sure what type of policy it was. With his permission, I contacted the insurance company during the review and they spoke to my customer. It turned out to be a critical illness policy, and on making a claim for his wife's illness, it paid out a lump sum that was backdated to the date of diagnosis. The payment was enough to relieve the couple's financial stress and I'm glad to say his wife is recovering slowly and steadily. Taking the time out to review your personal finances can help everyone make the most of their money and sometimes it can make a dramatic difference to your financial health.

## Key complaint data 2016

66% 

Customers satisfied with the resolution of their complaint

32% 

reduction in complaints since 2014

96% 

Performance on quality assurance – Complaint Handling

30 

Service improvements delivered

## Customer Complaints

Resolving customer complaints quickly and effectively is fundamental to good customer service – and an opportunity to show our customers how much we value their business. We encourage all colleagues to welcome a complaint, take ownership, and resolve it there and then if possible. Where the issue is more complex, it is referred to a specialist member of staff to resolve.

Our focus is on analysing and addressing the main causes of customer complaints so that we can reduce complaints overall. We do this using root cause analysis of the main complaint categories and prioritising service improvements. We set ourselves a demanding target at the end of 2014 to reduce complaints by 40% over two years. During the year we made a number of service improvements to help reduce complaints and launched a new complaint management system to make it easier for our employees to resolve complaints quickly and effectively. While these measures did not result in us meeting our full target at the end of the year, we have made good progress towards it and

have seen this improvement reflected in our customer satisfaction and NPS scores. Complaints referred to the Financial Services Ombudsman rose during 2016 to 2.2% from 1% in 2015. This is mainly due to a change in approach in the Ombudsman service to promote early mediation. We welcome this as a more customer friendly and less adversarial approach in resolving complex financial complaint issues.

We know that in specific areas our complaint volumes remain high and we are committed to implementing measures that will either prevent complaints or, where they occur, resolve them quickly. We will achieve this by delivering continuous improvements in customer service, processes and innovation. We are launching a staff coaching programme for our complaint handlers called "Amaze", with a view to improving our customers' experience when they complain. We know that customers whose complaints have been handled promptly, sensitively and fairly become our strongest advocates, and we welcome all feedback from our customers.

## Supporting vulnerable customers

As part of RBS, Ulster Bank customers benefit from a pan-bank programme to improve the experiences of customers in vulnerable situations. Vulnerability may arise at any time for a customer due to a physical or mental disability, sight or hearing loss, serious illness, stressful life event, financial stress or other issues that may mean a customer needs extra support from us.

**Across the bank a number of initiatives were introduced to create awareness of vulnerable situations, upskill our teams and ensure empathy with our customers.**



A vulnerable customer eLearning module was created and completed by all employees whether in customer-facing or support roles. It will be refreshed again in 2017.



We introduced new checks for staff to ensure we consider the impact on our vulnerable customers of any proposed system changes.



A bank-wide Dementia Hub was developed to provide our staff in branches and support teams with the information and resources to support customers living with dementia. We were one of the first businesses in Ireland to sign up to the new Dementia Awareness Campaign, a HSE initiative to encourage all service providers to be aware of the needs of customers living with dementia. We are committed to helping our customers to manage their own banking for as long as possible. In 2017 and beyond we will be focused on that and on the wider adjustments required to implement the requirements of the new Assisted Decision Making Capacity Act.



Our Mobile app was updated to ensure it is fully accessible for customers with sight loss. Other updates were made to improve accessibility features including TalkBack functionality which helps customers to interact with smartphones and touch ID. These enhancements help customers manage their money more confidently and independently.



Relevant employees undertook Professional Product Manager training to ensure vulnerable customers are considered at planning and implementation stages of product design and that long-term product management is in place to ensure products remain suitable.



**To help us advance further on these initiatives, at the end of 2016 a new Community Protection Advisor role was created with the remit to support our frontline staff so that they are capable and motivated to provide a responsive service to vulnerable customers.**

## Helping more people access a bank account

Alongside our digital services, branches and network of non-charging ATMs, our customers can also access a range of services through c. 1,000 An Post outlets in Ireland. Our Bank on Wheels mobile banks continue to serve customers in rural locations. With advances in satellite technologies, this service is likely to become more accessible for many of our customers.

In September we launched a new basic bank account – the Foundation Account – in response to the EU Payment Accounts Directive. Similar to our existing Standard Account, the new account offers many of the features of a current account but without

overdraft facilities. It is designed to support financial inclusion for EU residents who do not already hold a payment account in Ireland regardless of their financial circumstances, credit history, personal bankruptcy, employment status or level of income. It is available to asylum seekers, undischarged bankrupts and those without a fixed address for whom opening a full service current account can often be difficult.

In 2016 we opened 6,821 accounts without credit facilities, improving access to banking for customers in Ireland and the EU.

## Protecting customers from scams and frauds



### Frauds and scams are on the rise, whether by telephone, online or face-to-face.

RBS and Ulster Bank invest heavily in fraud prevention and detection systems to keep our customers' accounts and information safe and secure. Training on fraud prevention and detection is mandatory for all our employees, not only those serving our customers.

We put in place a new Community Protection Advisor role to support our customers and frontline teams on a range of issues including frauds and scams.

We also continue to benefit from RBS investment in fraud surveillance and partnerships such as with UK-based National Trading Standards Team on *Friends Against Scams*. This offers up to the minute training for customer-facing teams and helps us spread the scam protection message to more of our customers, their families and friends.

Equally, we are working to help our customers protect themselves against frauds and scams. Our fraud prevention team was active on the ground, delivering 14 customer awareness events, reaching 600 business and personal customers. These information sessions feature video footage of common scams, show the devices and tactics used by scammers, and give guidance on protecting personal and business accounts.

1. **We'll refund any money paid out of your account** by a fraudster, as long as you've kept your security information secret.
2. **We'll protect you 24/7** by monitoring your account and using the latest technology to keep you safe.
3. **We'll help you protect yourself** with tips on staying secure and free tools for extra protection.

We're also using social media as an increasingly powerful way to update customers on ways to protect their identity and money.

Specifically for our business customers, we updated our 'Fraud – Know the Risk and Protect your Business' brochure, launched a new 'Could you spot a scammer' leaflet and improved our Security Advice web pages – making it easier for customers to find information on fraud.

For more information on our approach to customer information security please visit our Security Centre at: <http://digital.ulsterbank.ie/globals/security-centre.html>

## Helping customers in financial difficulty

### Supporting customers when they have trouble paying their mortgage makes an immense difference in their lives.

We saw a continued decline last year in the numbers of customers in mortgage arrears (from 18,527 to 16,995). Our priority remains to support those customers who find themselves in difficulty with their mortgages and to keep them in their homes. We have a dedicated team of over 300 people to offer that support either by telephone, face-to-face in the customer's home or

through our Special Support Unit which we set up to deal with vulnerable customers whose circumstances need extra support from us.

In 2016 we arranged 3,600 long-term manageable solutions aimed at helping people to manage their mortgage repayments and keep their homes. In a number of cases, existing solutions broke down or customers did not respond to our offers to discuss their situation, and regrettably this resulted in a 102 properties being repossessed last year – a decrease from 265 in 2015.

## Helping customers to own their homes

**One of the most important ways we add value to our economy and society is through lending to customers – whether providing mortgages to help people buy their homes, or lending to small- and medium-sized enterprises (SMEs) or corporate clients.**

### **Mortgage lending**

Low supply and rising demand – for rental property, private and social housing – are currently driving rising rents and house prices in Ireland, especially in urban areas. These are issues of concern to us and to many of our stakeholders, as they have a negative impact on housing affordability and therefore on lending demand.

Helping a customer to buy their own home is one of the most important services we provide. Likewise, supporting them throughout the process and providing flexible and responsive service can make a big difference to their lives.

We lent €1.04bn in new mortgages in 2016, an increase of 48% on 2015. This helped increase our share of new lending by 4% to c. 18.5%. We introduced our new mobile mortgage manager service, which offers customers the choice of meeting a mortgage adviser in their own home at a time that suits them. This allows for a more relaxed and helpful service, and has been welcomed by borrowers. We also offer customers €1,500 towards their legal fees and a free standard valuation, helping to make home loans more affordable. During the year a range of fixed rate options up to seven years fixed were available to borrowers, with discounted rates for existing account holders. Existing mortgage customers rolling off a fixed rate are offered the same rates as new customers.

### 2016 lending impact

€1.05<sub>bn</sub> lent in mortgages

48% increase on 2015

5400

home buying transactions

€440<sub>m</sub>

to 2,495 first-time buyers



## Commercial property and infrastructure lending

As one of Ireland's leading commercial banks, we continue to play an important role in supporting the recovery of the housing market in Ireland. This includes the provision of financing for new housing developments and accommodation sectors such as the purpose-built student accommodation market to help meet current and future housing demands.

Over the last two years, we have committed financing on schemes that will deliver in excess of 1,000 new houses, as well as financing student accommodation to deliver 1,042 new student living units.

## Supporting Ireland's SMEs and Innovators

**Managing the daily banking needs of SMEs and providing funding to grow their businesses has always been our focus. As a leading business bank in Ireland, that's one of the ways we support economic growth and jobs in our economy.**

New lending to SMEs increased by over 40% on 2015, and was broadly based across acquisitions, business expansions, capital expenditure and working capital facilities to help SMEs fund increased sales activity.

At a local level our Relationship Managers and Sector Specialist Teams are engaged day to day in meeting the business banking needs of our SME customers. We also add value through our Business Series. These are roadshows we hosted across the country in partnership with Independent Newspapers and Enterprise Ireland, drawing together expert teams and speakers on topics

that matter to SMEs. In 2016 we focused on Agri-Business, Sustainable Business Growth, Start Ups, Exporting, Healthcare, Pharmaceuticals, Tourism & Hospitality. We developed the Business Series to show our support and commitment to helping businesses in Ireland to tap into areas of expertise and business contacts, helping them develop and grow their own businesses.

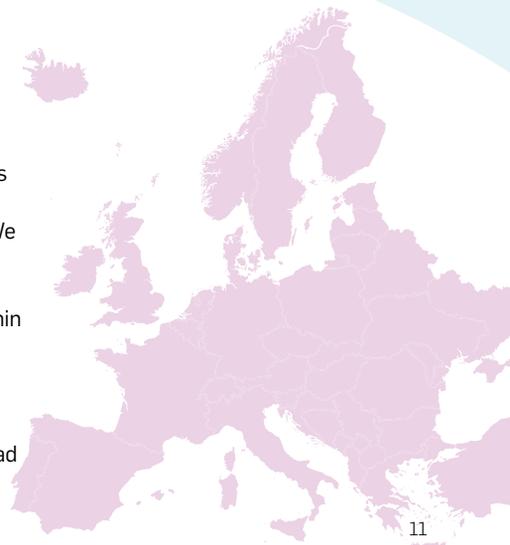
During 2016 we partnered with Grant Thornton/Intertrade Ireland, FundSME and Enterprise Ireland to host a series of briefing events for SMEs on obtaining finance, holding further workshops in Dogpatch Labs for our own SME start-up customers.

Since 2008 we have continued to support SMEs through our investment in the online business portal **smallbusinesscan.com** where entrepreneurs and early-stage businesses can share experiences, get advice and support their peers.

## Impact of Brexit

We recognise the unique challenges for Irish SMEs as they respond and adapt their businesses to the decision by the UK to leave the European Union. We worked closely with Irish Exporters Association, hosting seminars country-wide for SMEs, sharing economic and foreign exchange insights from within the bank and from prominent businesses.

It is in our interests as a bank to support our SME customers in this way, enabling them to spot new opportunities as well as meet the challenges ahead from Brexit.





"It was a breath of fresh air to deal with Ulster Bank, they are a Bank that understands our business and we were delighted with the fast loan approval and speed of service. It was a good experience for us." Stephen Cooney

## Case study Loyola Group

The Loyola Group is a hospitality group comprising pubs, gastropubs and eateries based in Dublin. Their aim is simple – to operate fantastic venues that provide best in class food, drink and service to their customers.

Since 2013, Paul Cohen, Ulster Bank SME Relationship Manager has developed a strong relationship with the Loyola Group. "Their

*founders, Stephen Cooney and Brian O'Malley, are true entrepreneurs with a vision and a plan of what they want their business to achieve. We at Ulster Bank identified that entrepreneurial spark and we're determined to support their business plan for The Old Spot."*

The Old Spot was successful in featuring in Michelin's 'Eating Out in Pubs' Guide for 2016 and have retained that prestigious listing in the Guide for 2017.



## Case study

# Lending to the Farming Sector

The agri-food sector is Ireland's largest indigenous industry, and one in which Ulster Bank plays a strong role as financier to many Irish farms. We partner with clients who have a well established track record, such as John Curtis from Adamstown, Co. Wexford, whose dairy farm has been in the family since the 1850's.

*"We invested over the years but some of our decisions didn't work out and after the crash we found ourselves in a situation where our bank manager at the time had no understanding of farming or the difficulties we faced. I approached other banks, but most of them would just look at a set of accounts and tell me it couldn't be done. Ulster Bank was different. Stephen Trant, our Relationship Manager, was positive and energetic and – the key thing, he actually understood farming, he knew what he was talking about."*

With the financial backing in place, the farm went from strength to strength and almost doubled in size after the abolition of milk quotas in 2015. John believes that the key to success in dairy is to drive high production of milk fat and protein using the best quality, and lowest cost, feed available – grass. "We turn grass into money. Basically, that's what we do", says John.

Relationship managers with expertise and in-depth knowledge of the sector are essential in helping our farming customers to

John Curtis on his farm at Boola with Ulster Bank relationship managers Margaret Prendergast and Stephen Trant.

manage and grow their businesses. Having introduced a new agri-accreditation programme in 2014, by 2016 83 of our relationship managers had gained the accreditation. The programme involves a mix of formal learning, two-days working on a farm and continuous stewardship and coaching from our team of agri-specialists. The bank was the first financial institution in Ireland to develop this type of accreditation programme, which is now included in the Institute of Bankers SME Credit Diploma series.



Fintech developers and coders hard at work at Dogpatch Hackathon

## Helping the Tech Start-up Community

In the past two years Ulster Bank has strengthened its links with the fintech start-up community through its association with Dogpatch Labs in the IFSC, mentorship programmes for technology start-ups and hackathon events.

Last year we built further on our support for the sector by sponsoring Enterprise Ireland's first Competitive Start-up Fund for FinTech. This provides ten successful participants with membership of Dogpatch Labs and a series of masterclasses to help them strengthen their proposition. They have the opportunity to collaborate with other businesses in the wider fintech ecosystem and to explore opportunities to pilot their propositions. We also

supported the launch of a new urban garden space at Dogpatch Labs. Our Solutions Team hosted a Hackathon weekend in the Vaults with 130 people – coders, designers, mentors and others – collaborating to design interesting and innovative solutions to improve banking services for our customers.

Throughout the weekend, the participants were mentored by a team of experts from across the tech industry in Ireland including Currency Fair, Temenos, Each and Other, Jumble Fund, Zendesk, Interface Builders and Accenture. The mentors supported the teams with a wealth of tech and business knowledge, providing feedback and guidance to help refine and improve their pitches.

## Building an innovation culture

Regulation is changing EU wide, creating new rules on open banking and stimulating an emerging international ecosystem for new financial services.

Recognising the many opportunities this presents for us to create more value for our customers, we created a new role of Head of Digital and Customer Innovation to coordinate and direct Ulster Bank's digital strategy in the coming years. The role is supported by a dynamic new Digital and Innovation Team that will work to embed innovative capabilities and new ways of working. Customers' needs are the driver for innovative and digital solutions.

Our direct investment coupled with the significant capabilities of our parent bank, RBS, gives us significant advantage in meeting new customer needs faster and more efficiently than at any time in the past.

## Supporting Social Finance

Ulster Bank was one of the first banks to support the Social Finance Foundation when it was set up in 2007 with €25m support from the Irish banking industry. The Foundation's motto is 'Finance for Social Good'. It works with partners to provide loans for community and voluntary groups, microenterprises and vulnerable individuals.

Since 2007, the Foundation through its social lending partners has lent over €70m to a wide range of community and social enterprises which would otherwise find it difficult to raise finance.

The Foundation's subsidiary, Microfinance Ireland (MFI), was set up in 2012 as part of the Government's Action Plan for Jobs. MFI has lent €17m to 1,200 microenterprises, in turn helping to support 2,800 jobs. While the average size of a MFI loan is small at €15,000, this can still make a big difference in enabling a microenterprise to get started. The Foundation is also managing the Personal Microcredit project which offers, in conjunction with the Credit Unions, affordable loans for vulnerable individuals who otherwise would have to borrow from Money Lenders at typically very high interest rates.

Since 2007 Social Finance Foundation has lent over **€70m** to community and social enterprises

Microfinance Ireland has lent **€17m** to **1,200** microenterprises helping to support **2,800** jobs



Pictured at the Ulster Bank Business Women Can Networking Meeting at the Cookery Lecture Theatre at Cork Institute of Technology, were from left, Susie O'Leary, Crunch Food Co.; Louise Dineen, Ulster Bank; Margaret Linehan, Tourism & Hospitality Dept., Cork Institute of Technology (CIT); Dr. Rose Leahy, Tourism & Hospitality Dept, CIT and Aimie Musgrave, Crunch Food Co.

## Supporting women in business

Business Women Can (BWC) is our support network for female business owners and leaders. We host information and networking events throughout the year, covering a range of topics and sectors. In 2016 we hosted almost 500 business women, giving them the opportunity to share their challenges and

successes and learn from each other. Nora Fagan, one of the regular attendees at BWC events in the Cork region, said "these events are a fantastic way for me to network in a friendly environment, meet lots of great business women and learn some really interesting and powerful tips in improving our business performance."

# Making a difference for our environment

## Lending to the low-carbon economy

**As an island nation, energy independence is important to Ireland. By financing low-carbon projects, we are helping our customers to mitigate their emissions, save energy and reduce costs. These are key factors in reducing Ireland's dependency on fossil fuel consumption.**

In 2016, we continued to provide finance for a number of renewable energy projects. Amongst the largest of these was the NTR Wind Energy Fund, financing the development of two significant wind farm projects in Northern Ireland. Combined they will displace in excess of 42,000 tonnes of carbon per annum, providing a more sustainable source of power for consumers across the island of Ireland. These projects are significant not only in helping to reduce fossil fuel consumption but also in supporting new jobs in the local community.

## Reducing our direct operational footprint

In 2015 the group set new five year targets for carbon emissions, energy and water, to sit alongside the existing paper reduction target (set in 2012). We have achieved these targets ahead of our 2020 target. We remain committed to reducing the environmental impact of serving our customers, and we are in the process of setting new ambitious targets. The table shows our successful progress against these targets. Our emissions per FTE have reduced in 2016, indicating efficiencies have been achieved, and these are in part due to changes in work practices and more efficient use of multi-occupancy buildings.



## Equator Principles

As a subsidiary of RBS and a significant lender to low-energy projects in Ireland, we abide by the **Equator Principles** – a voluntary set of standards adopted by banks for assessing and managing social and environmental responsibilities in project financing.

We will not provide project finance to borrowers who cannot comply with the Equator Principles. Read more about these commitments at:

[www.rbs.com/sustainability/sustainable-banking-at-rbs.html](http://www.rbs.com/sustainability/sustainable-banking-at-rbs.html)

*“Ulster Bank is delighted to support NTR as a leading and dynamic operator in the growing renewables market. As a Bank, we are determined to support sustainable businesses and clean energy. NTR is at the forefront in this regard.”* Stephen Masterson, Head of Corporate Banking and Capital Markets, Ulster Bank.

Environmental Impact Area	2020 target	2016 performance against baseline <sup>1</sup>
Carbon emissions	-20%	-31%
Energy use	-15%	-26%
Water use <sup>2</sup>	-5%	-9%
Paper use	-50%	-71%

<sup>1</sup> Carbon, Energy, Water – 2014 baseline. Paper – 2011 baseline.

<sup>2</sup> The 2016 reduction in Water use is based on estimated data and may change.



# Making a difference for colleagues

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**In 2016 we continued to change our business and how we structure ourselves to serve our customers. Notwithstanding those changes we have stayed consistent and focused in our objective to engage and motivate our people and create a great place to work. We continued to roll out our bank-wide excellence in leadership programme Determined to Lead; made further progress on building a diverse, balanced workforce; and introduced new measures to advance the health and wellbeing of our people.**

## Determined to Lead

Determined to lead (Dtl) is a leadership programme that was introduced in 2015 across RBS, NatWest and Ulster Bank. It teaches the skills and techniques that enable people leaders to lead, manage and coach their teams so they make positive behaviour changes and improve their performance. The programme is supported by Performance Excellence Consultants who coach our leaders and embed the programme. The bank-wide investment in Dtl means that all people leaders have a common leadership language which allows for consistency in how we serve our customers and work together.

During 2016 across the three modules of the programme, 1,067 leaders throughout all parts of Ulster Bank undertook Dtl training. Further workshops are rolling out in 2017 to ensure all of our People Leaders have attended the full programme.

## Service Excellence

This is an RBS-wide customer service programme introduced in 2016 as part of Dtl to further embed an ethos of service excellence throughout the bank. It sets out the consistent behaviours of great customer service that we need to build customer trust and advocacy. The programme comprises four levels of training, ranging from 'Awareness' through to 'Expert' level, depending on the role requirement. The key message is that great service is expected of everyone whether we serve customers or colleagues – everything that we do ultimately impacts on our customers.

*"Service Excellence is relevant to everyone in our business whether you are dealing directly or indirectly with customers. It is a key programme in helping us ensure our customers are at the centre of everything we do."* Olaf Fitzsimmons – Head of SME Banking, Region East



## Diversity and Inclusion

Ensuring a diverse workforce is fundamental to being a great bank for our customers, and a great place to work for our colleagues. Together with RBS, we're making good progress on our key priorities.

**Promoting awareness:** One of the main ways we drive awareness of what being inclusive means is through Unconscious Bias training. 92% of colleagues completed this last year. We also launched an Inclusion Champions framework where colleagues are encouraged to promote Diversity & Inclusion by becoming a Mentor, Sponsor, Role Model or Ally.

**Gender balance:** We're seeing the benefit from measures taken in recent years such as our focus on female talent development, performance management and recruitment. Our 2020 goal was to have women make up at least 30% of our senior leadership across every area of the Bank. We have achieved 42% at our executive level and 32% at the next leadership level. During the year we also participated in a cross-industry mentoring

programme in conjunction with Ireland's 30% Club and the Irish Management Institute.

**Supporting LGBT employees:** RBS now supports one of the largest Lesbian, Gay, Bi-sexual and Transgender (LGBT) employee-led networks in the UK and Ireland – the Rainbow Network. This is a 1,600-strong global network of colleagues working to support the LGBT community both inside and outside the bank.

Last year we launched the Rainbow Network in Ireland, championed by our Managing Director of Commercial Banking, who is also the bank's sponsor for Diversity and Inclusion. During the year we ran a number of networking events through our partnership with GLEN and also developed guidance for line managers and colleagues to support colleagues undergoing gender transition. We continue to support the wider LGBT community through our participation in Pride events and through reflecting diversity in our brand advertising.

# BOUNCE

Innovation in all its forms opens up many opportunities to develop new ways of working, improved products and better ways to serve our customers. To ensure we leverage these opportunities, we introduced a new innovation programme, called Bounce, which aims to embed a culture of innovation and empowerment within our organisation. The programme helps colleagues develop their skills in creative thinking, problem solving and collaboration to ultimately deliver better service for customers.

The programme content was designed through collaboration between our new Digital and Innovation Team and our Academy, offering three elements of engagement:

### Bounce Masterclasses

A full day workshop on developing an innovation mindset and practical tools to innovate in your business area.

### Bounce Clinics

Facilitated sessions on solving cross-divisional challenges and opportunities with a customer impact.

### Bounce eHub

Central portal for Bounce including Tools and Tips to innovate in your business area.

## Employee Engagement

An engaged workforce is a key priority in helping us achieve our ambition to be number one for customer service, trust and advocacy. We put a lot of emphasis on continuous feedback and measurement of employee engagement.

Almost 2,800 colleagues completed our most recent colleague survey. The results showed we're changing the culture of the bank for the better. We remain above the global financial services norm for risk, our inclusion scores remain strong and there is a sense that managers act consistently with Our Values. But some of the scores have fallen. Scaling down our size and dealing with some difficult legacy issues have left us with lower scores in engagement, pride and leadership, compared to 2015. We will continue to work closely with colleagues to communicate our strategy, listen to their concerns and improve engagement in 2017.

## 110 colleagues

have already been through the pilot version of the Masterclass during 2016, reporting 98% satisfaction rates. The full programme is open for all employees in 2017.

## Wellbeing

### Taking care of our health and wellbeing is essential for us to be at our best for our customers, colleagues, family and friends.

In 2016, we continued to increase engagement and awareness of the support available to employees to improve health and wellbeing. We introduced new, targeted health initiatives including free health screening covering blood pressure, diabetes, cholesterol, weight, heart and lung health.

We benefitted as part of RBS from our bank-wide Employee Assistance Programme – LifeWorks – which offers access to services such as legal advice, counselling and family support services. We also promoted fitness through the Global Corporate Challenge in which 2,919 colleagues participated in 2016.

These interventions were promoted at regular intervals, especially during Wellbeing Fortnight in September, when colleagues in every part of the bank availed of additional workshops and seminars on nutrition, healthy eating, yoga and mindfulness, fitness and mental health.

### HR Chat drives efficient solutions for staff queries

Piloted by Ulster Bank and rolled out across RBS during the year, HR Chat is an online helpdesk backed by an instant response team who provide efficient responses to a variety of staff queries in real-time.

Testament to its benefits, more than 50% of staff queries had moved to the HR Chat channel by the end of the year.

### Healthy Outcomes:

Over **1,200** people availed of health checks

**2,919** people participated in the Global Corporate Challenge

Our teams won the Global Outstanding Achievement award for walking a total of

**675,000** miles

### Employee health outcomes...

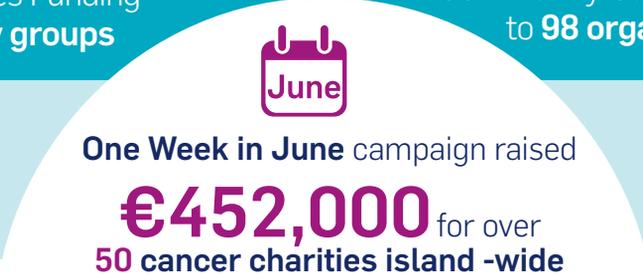
**71%** are walking regularly

**60%** have lost weight

**61%** reported increased productivity

**70%** reported a decrease in stress levels

# Making a difference for our communities



**Ulster Bank continues to focus our efforts and investment in two key areas where we have core strengths, an opportunity to lead change and add long-term value to our communities and economies.**

## Financial capability/education

Our commitment to financial capability includes MoneySense, the largest financial education programme in the UK and Ireland. We also support community-led financial education and helping our customers make informed financial decisions through initiatives such as personal finance reviews, frauds and scams workshops and digital tools to manage their personal finances.

## Enterprise and Innovation

We support economic growth through investment in innovation and entrepreneurship. Our key activities include Dogpatch Labs, Young Social Innovators, BusinessWomen Can and our Skills and Opportunities Fund.



## MoneySense

MoneySense is our bank-wide financial education programme for young people aged 5 to 18. It's free, impartial and helps make learning about money relevant and fun for young people. Over the past 10 years our volunteers have been leading the way in supporting schools across Ireland to deliver financial education. Sharing our personal finance skills is strongly encouraged and helps bring the programme to life for young people.

We re-designed MoneySense in 2015 to ensure its sustainability as an online teacher-led education resource. Teachers can use the projects and interactive activities that we've developed for [www.mymoneysense.com](http://www.mymoneysense.com), and can apply online for a bank volunteer to support their classroom activities. The re-developed programme includes a range of new materials including content for primary school students for the first time and new content for parents and carers. We will continue to be guided by the views of parents, teachers and students, who believe that financial education should extend beyond the classroom and be brought alive by using examples from everyday living at home.

We're proud of the impact of MoneySense in our communities. By helping young people understand things like budgeting, saving, borrowing and staying safe when banking online, we're supporting them to become financially independent and confident money managers throughout their lives.

It's not often that we get a chance to go back to school with our children, but that's just what MoneySense volunteer Ronan O'Byrne did recently.

Ronan's daughter Aisling, a pupil at Mount Anville National School, Dublin, was delighted when her dad turned up at her classroom to help with their first 'How we manage Money' workshop. An eager class of 30 senior infants learned all about saving and spending, the difference between 'wants v needs', and the costs of buying and keeping a family pet.

Ronan was impressed with how much how much his daughter learned from the activity. *"Aisling spent that afternoon teaching her mum and big brother all about wants and needs as well as recanting the Billy Goats 3 story about spending, saving and donating, so all in all a very worthwhile lesson!"*

*"It was great to be able to teach the kids about money in a way that made sense to them. They were so interested and enthusiastic too, and keen to share everything they knew with their families."*

Pictured above are Ulster Bank's volunteers Ronan O'Byrne and Owen Sherry running a MoneySense workshop at Mount Anville Primary School, Dublin.



## Supporting Equal Opportunity in Education

Ulster Bank has been funding access to education programmes since 2005. One of our longest partnerships is with Dublin City University (DCU).

The DCU Access Scholarship Programme has been making third level education attainable to students from socio-economically disadvantaged backgrounds for 27 years. Over 10% of undergraduate students entering DCU now come from disadvantaged backgrounds, with 1,285 students currently supported by the programme.

These are highly capable students but often face a range of barriers in getting into university. Jordan, a former graduate of the DCU Access programme, summarised its benefit: *"No one in my family had ever completed their leaving cert. exams, let alone gone to college. So I had no advice or financial aid and my dream was slowly getting further and further away from me."*

Almost 64% of second level students in Ireland now transfer to higher education. However, for students like Jordan from lower socio-economic groups, this figure stands at just 26%. DCU's programme provides a range of extra supports for Access students – supports that have helped break down the cycle of educational disadvantage and level the playing field for all students.

### Programme impact

**93%** of Access students achieve degree level qualification

**53%** of graduates go on to Master's level study or higher

**96%** of graduates are in full-time employment in financial services, management consulting, aviation management and a range of other professional services.



Irish Youth Foundation's Bike Project in association with Foroige Cork got underway with funding from our Skills and Opportunities Fund.

**15**  
organisations  
were approved  
for grants of...

**€321,000**  
helping around...

**In the last  
two years:**

**6,000**  
people from  
disadvantaged  
backgrounds

## Skills and Opportunities Fund

Alongside partnerships such as Young Social Innovators and Dogpatch Labs, one of the ways we support entrepreneurship and add value to our economy is to invest in disadvantaged communities, helping people to gain new skills, start a business or find employment.

That's exactly what the RBS-wide *Skills and Opportunities Fund* was set up to do – with a £2.5m per year commitment across the UK and Ireland to help people gain new skills, find a job or start a business. In Ireland the Fund has distributed grants totalling €321,000 to 15 community organisations who are working to support enterprise and education projects on the ground in local communities.

For example, Irish Youth Foundation's Bike Project supported 100 vulnerable young people in deprived areas of Cork, training them in bike mechanics and maintenance. Ten young people will achieve a City and Guilds qualification. This sustainable community enterprise helps people get affordable, good quality bikes, encourages cycling, reduces waste to landfill and supports youth-led new enterprise in the area.

**Starting projects like these can be tough. And connections, networks and volunteer support are often valued as much as funding. Sharing our business skills and connectivity helps us add value and contribute to the success of many of the Skills and Opportunities projects we fund.**



Ulster Bank volunteers help students get their projects ready for the judges at the YSI Annual Awards.

### YSI Impact

**7,229** students  
participated in 2016  
(up 9% on 2015)

**228** schools  
(up 5% on 2015)

## Young Social Innovators

2016 was the first full year of our partnership with Young Social Innovators (YSI). Through YSI thousands of students countrywide have the opportunity to learn about social innovation and how it can be used to improve our society at local, national and global levels. Working collaboratively, young people use a unique innovation process to tackle a social issue they care about.

Issues such as cyber bullying, homelessness, refugees, farm safety, racism, energy, health, poverty were all addressed by the young innovators during this year. With enthusiastic volunteers from Ulster Bank contributing some 1,486 hours of support, participation in the regional Speak Out Tour and the National Awards was higher than ever before.

One of our most active volunteers is Project Manager Breda McCague, whose interest in YSI was first sparked while helping out at the YSI National Awards event last year.



*Watching some of the presentations live on stage, I was so impressed with the detailed research that students put into their projects and equally the variety of issues they tackled – road safety, health, third world mapping, diversity and inclusion, to name but a few.*

*After the event I went on to work closely with the YSI management team where, as part of a small team of Ulster Bank project managers, we helped YSI identify more efficient systems to manage its own operations.*

*I introduced the YSI team to some very talented Techies who were able to work on specific technical issues with the YSI team. David Erixon our Head of Digital and Customer Innovation delivered a terrific Slack user demo for YSI to enable slicker team communication.*

*I've loved working with YSI and feel our partnership has led to some really valued working relationships this year.*

Breda McCague



CEO Gerry Mallon and a number of the Ulster Bank Executive team selling their wares to help in the fight against cancer



Ulster Bank colleagues get ready for the Irish Cancer Society Colour Run in Phoenix Park – one of the many fundraising events to raise money for cancer charities as part of One Week in June.

## Community Cashback

For every €250 our colleagues raise or every 80 hours they volunteer for a charity, they can apply for a Community Cashback award of the same amount, payable to their chosen charity. In 2016, Irish charities received 324 Cashback awards totalling €96,470.

## Payroll Giving

In 2016 our people donated €81,126 via payroll giving, through the Staff Charity Fund. This is run by a voluntary committee of staff and donates to a wide range of charities in Ireland each year.

In 2016 we again used the opportunity to participate in the #Giving Tuesday campaign to promote payroll giving as a long-term sustainable way to donate. For every employee who joined the Staff Charity Fund, or increased their existing donation, the bank donated a further €150 to boost the impact. As a result of the promotion, contributions to the Fund increased by 25% and the bank contributed a total of €20,000 – helping us to make a difference and ensuring the Fund can support many more charities in the coming year.

## One Week in June

2016 was our fourth year of One Week in June – our bank-wide fundraising campaign where colleagues in every corner of Ireland come together in June to make a difference to the communities where we live and work.

Last year the campaign was focused on cancer care to help make a difference to the lives of those coping with cancer. Cancer is a cause close to the hearts of many of our colleagues and their families. Colleagues felt it was important to be able to support local charities working in this area, many of which are particularly personal to them.

Our teams raised €452,000 during the month of June for over 50 cancer charities, national and local.

**In the last four years, the campaign has donated over €1.5m to good causes in the month of June alone.**

# Sustainability governance and performance measurement at Ulster Bank



Sustainability is central to all our decisions as a responsible business. Discussion of sustainability topics and decisions are addressed as part of our business as usual management and leadership meetings across the business. Progress and performance are reported and discussed at our Executive Committee and Board. We also align with the sustainability reporting framework in RBS, which is governed by the RBS Sustainable Banking Committee, a sub-committee of the RBS Board.

Each year RBS receives ratings for our environmental and social performance from a number of recognised external indices. During 2016 we retained positive ratings in a number of these indices, as set out below.

## External benchmarks of our performance

	2013	2014	2015	2016
<b>CDP*</b>				
RBS – Disclosure	88	98	99	A-
RBS – Performance	B	B	B	
Industry Average – Disclosure	70	69	84	C
Industry Average – Performance	C	C	C	
<b>DJSI</b>				
RBS	82	82	80	84
Industry Average	58	60	61	61
Industry Best	93	93	94	95
<b>FTSE4Good</b>				
	Included	Included	Included	Included

\* In 2016, the CDP scoring methodology was changed significantly, therefore we are unable to directly compare our 2016 score with our results in previous years.

## Additional Commitments

As a subsidiary of RBS we are also committed to a number of voluntary standards such as the Equator Principles, the UN Global Compact and the UN Environment Programme Finance Initiative (UNEPFI). Implementing these commitments is an ongoing process, and we are continuously working to integrate these into our core business decisions. Read more at:

[www.rbs.com/sustainability/sustainable-banking-at-rbs/external-commitments.html#8D0BUEdG1brLhkkB.99](http://www.rbs.com/sustainability/sustainable-banking-at-rbs/external-commitments.html#8D0BUEdG1brLhkkB.99)

More information on Ulster Bank’s sustainability activities is available at:

[www.ulsterbank.ie/sustainability](http://www.ulsterbank.ie/sustainability)



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Published: March 2017.

## Business Working Responsibly

Ulster Bank was one of the first companies in Ireland to be accredited with the Business Working Responsibly Mark in 2014, the highest level of sustainability accreditation in Ireland awarded by Business in the Community. Last year we were re-accredited with the Mark, which is independently audited by the National Standards Authority of Ireland and based on the ISO 26000.

