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www.ulsterbank.com1st October 2013Risk, Governance and Accounting Policy Division
Central Bank of Ireland
P.O. Box 559
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Dear Sirs

Response to Consultation on the Review of the Corporate Governance Code for Credit Institutions and Insurance Undertakings

Ulster Bank Ireland Limited (**UBIL** or the **Bank**) welcomes the opportunity to respond to the Central Bank of Ireland's (**CBI**) Consultation on the Review of the Corporate Governance Code for Credit Institutions and Insurance Undertakings (**CP69**).

UBIL is a credit institution licensed and supervised by the CBI. UBIL is a wholly owned subsidiary of Ulster Bank Limited (**UBL**), (which together with UBIL comprises the **UB Group**). **UBL** is incorporated in Northern Ireland, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. UBL is in turn a member of the Royal Bank of Scotland Group (the **RBS Group**), a large financial services group with its head office in the UK. UBIL recognises that good corporate governance is a key element of the organisation and ensures that a robust governance structure exists.

We recognise that UBIL is of systemic importance in Ireland and has a unique position in the marketplace being part of a larger financial group, the RBS Group. UBIL understands the dynamics and challenges faced by a large group in this context and believes it is well placed to comment on CP69. Further, as part of the UB Group, the activities of UBIL are integrated with those of UBL resulting in common operations and practices across the whole island of Ireland. This facilitates efficiencies and brings benefits to UBIL and the ROI and NI economies.

Please note that we support the separate submission being made by the Irish Banking Federation. On an individual basis, we support the proposed amendments to the Corporate Governance Code for Credit Institutions and Insurance Undertakings (**Code**) but would like to comment specifically on the following matters:

CP60 - Appendix 1**Section 1.4 - Scope**

We believe the ability for all in-scope institutions to make an application to the CBI to dis-apply certain parts of the Code should be included.

This is of particular importance for institutions that, like ours, are part of a larger group of companies and may require, from time to time, consideration of individual elements of the Code –

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Calls may be recorded.

Directors:S Bell (UK), J Brown (NZ), E Gleeson,
P Nolan (Chairman) (UK), D O'Shea,
R Quinlan, B Rosewell (UK), P Stanley.

it is usual for larger group structures to operate on an integrated basis, sharing common policies, systems, process and controls and staff.

Section 8.11 & 9.2 – Chairman & CEO

In the Q&As that the CBI published in 2012, it is stated that the Chairman and CEO Officers may hold the same position in another part of the group simultaneously. CP69 restricts this to “non-high impact” institutions only. UBIL believes that this restriction should be removed to take account of the practicalities of operating as a “high impact” institution that is also part of a wider financial group and the benefits that common chairing and managing could bring in these circumstances.

Section 23.5 – Risk Committee

Whilst supportive of the requirement that the risk committee as a whole shall have relevant financial experience, it is equally important for the Committee, as a whole, to have other relevant skill sets such as legal and risk expertise.

Specific Areas for Comment

The CBI also invited comments on a number of other areas under consideration which are outlined in the section entitled ‘Specific areas for comment’. UBIL welcomes this opportunity to provide feedback to the CBI as follows:

1. *Risk Committee - the Central Bank is seeking to understand whether the amendment that the Risk Committee comprise of majority NEDs would be seen to be proportionate in the context of institutions’ operations and current practice*

UBIL believes that this is proportionate in the context of operations and in line with current practices.

2. *Board meeting requirements - The CBI welcomes views on whether the requirement for high impact firms to hold at least 11 board meetings a year, and at least 1 board meeting per month, is excessive, and what may be a better alternative*

The overriding requirement is that directors allocate sufficient time to the company to discharge their responsibilities effectively. We believe that the Code is overly prescriptive in particular for high impact firms – for example the UK Corporate Governance Code does not, in fact, prescribe the number of meetings to be held.

Whilst CP69 proposes a relaxation of the rules as they relate to medium and low risk institutions, a similar approach should be applied to high impact firms. UBIL suggests that some flexibility be allowed such that high impact firms be required to meet a minimum of 6 times per year, at pre-defined intervals, with a minimum of a further 5 meetings to be clustered around the business needs’ agenda or periods of heightened activity.

3. *Gender diversity - the CBI welcomes views as to whether and what “diversity” requirements and quotas should be introduced into the Code, e.g. in relation to in particular to gender diversity, but also to age, nationality, professional and educational diversity*

UBIL is supportive of, and currently meets, the voluntary target of 25% female board representation recommended by Lord Davies in his report on “Women on Boards”.

Gender diversity is only one component of board diversity which should consider a wide range of issues including, but not limited to, skill mix, regional and industry experience, background and gender.

4. *Limits on the number of directorships - The CBI welcomes views on whether the general thresholds for numbers of directorships in non-High and High Level impact banks are appropriate (i.e. should they be increased or decreased?)*

UBIL believes that greater flexibility should be afforded to both non-High and High level impact banks in respect of limits on directorships. The number of roles which can be undertaken by non executive Directors needs to be considered on case by case basis taking into account the nature and business activity of the relevant entity and expected time commitment as well as acknowledging the particular circumstances applying to entities which form part of a wider Group.

We would welcome the opportunity to discuss our submission with you at your earliest convenience and in advance of publication of the final, revised Code.

Yours faithfully



Sheryl Anderson
Director, Corporate Governance

For and on behalf of Ulster Bank Ireland Limited