

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ULSTER BANK IRELAND DESIGNATED ACTIVITY COMPANY

Opinion

We have audited the country-by-country schedule and notes 1 to 3 of the Schedule (together 'the Schedule') of Ulster Bank Ireland Designated Activity Company (the 'Company') for the year ended 31 December 2018.

In our opinion the accompanying country-by-country information, labelled as audited in the Schedule, of the Company as at 31 December 2018 is prepared, in all material respects, in accordance with the requirements of Regulation 77 of Statutory Instrument (SI) 158 of 2014 "European Union (Capital Requirements) Regulations 2014 (the 'Regulations') and the basis of preparation provided to us by management.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants that are relevant to our audit of the Schedule, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Company in meeting the requirements of the Regulations. As a result the Schedule may not be suitable for another purpose. This report is made solely to the Company's directors, as a body, in accordance with our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our audit work, for this report, or for the opinions we have formed. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Regulations, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Martina Keane.

Martina Keane

for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm
Dublin
Date 14 February 2019

1. The maintenance and integrity of the RBS plc and Ulster Bank Group web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Schedule since they were initially presented on the web site.
2. Legislation in the Republic of Ireland governing the preparation and dissemination of the Schedule may differ from legislation in other jurisdictions.