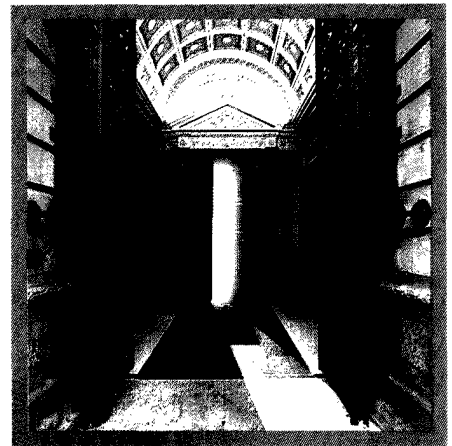




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**Annual Report and  
Financial Statements**

**93**



Ulster Bank Limited, Established 1836  
A member of the National Westminster Bank Group  
Member of IMRO

 **Ulster Bank**

### Results

Profits before tax for the year, at £93.1m, showed an increase of 60% over the previous year's figure (restated using the average sterling/Irish pound exchange rate for the financial year in line with current policy). This was an outstanding performance and a new record for the Group.

All three operating divisions, Retail, Corporate, and Treasury and International, produced exceptional results, well ahead of 1992 and of planned performance.

Our Treasury and International operations benefited from the increased volatility and uncertainty in the foreign exchange and money markets arising from the turmoil in the ERM. The Division's performance has set a demanding benchmark and the exchange rate and interest rate outlook prevailing for the year ahead suggests that this will be a difficult performance to repeat in 1994.

A successful interest rate hedging policy mitigated the downward pressure on the Bank's profits resulting from the low interest rate environment prevailing in Northern Ireland throughout 1993, and this was a factor in the superb contribution from our retail operations. In our review last year, we commented on the major reorganisation under way within our Republic of Ireland instalment credit and leasing subsidiary, Lombard & Ulster Banking. This has been successfully executed, and, while the company recorded further losses in 1993, this was entirely due to non-recurring charges. The underlying trading operations were profitable and the company is now well-placed for recovery.

Control of costs is a key strategy for the Group as we face the challenge of a highly competitive market. This is especially so in a low interest rate environment which imposes pressure on our margins and therefore on profits. A wide range of initiatives has been undertaken to improve our cost efficiency and quality of service, and there are already encouraging results.

Our objective is to provide the best quality service at the lowest reasonable cost – a difficult strategy to manage but one which we must pursue if we are to maintain and improve our position.

To provide the level of service and the range of services which we want to give, and which our customers rightly demand, requires substantial investment – for example capital expenditure in 1993 was in excess of £27m. Like any company, we must seek to satisfy the expectations of our shareholders, who naturally require a return on their investment, as well as meeting the requirements of our regulators, who as a matter of financial



*Sir George Quigley, Chairman and David Went, Chief Executive.*

prudence, stipulate that we must support a proportion of every extra £1 we lend with a corresponding amount of capital. To meet all these objectives and sustain a dynamic business means that we have to generate a substantial level of profits.

We are also mindful of the imperative to provide our services at prices which are both competitive and also reflect the risk and investment involved.

We are therefore proud of the Ulster Bank Group's financial performance in 1993 and look forward to meeting the challenge of 1994 from a position of financial strength, with confidence and clarity of vision. Our mission, to be pursued resolutely, will continue to be to provide services of highest quality at the right price and to sustain the reputation for integrity and fair dealing which has been an important factor in the Group's success.

### The Economy

#### Northern Ireland

Having a large public sector and relatively low housing costs, Northern Ireland escaped the worst of the deep recession which affected the UK in recent years.

With economic indicators suggesting that the UK was at last moving out of recession, albeit tentatively and patchily, the economic trends in Northern Ireland were generally favourable during 1993. Unemployment fell, employment increased, manufacturing output grew, and real GDP also improved, though it is probably true to say that at this stage some of these statistics should be treated with some caution. Perhaps most important of all, business confidence has shown greater buoyancy.

Interest rates were quite stable during 1993 and were at their lowest nominal level for some years, with base rate falling gradually from 7% in January to end the year at 5.5%. Early 1994 has seen a 0.25% reduction and the market continues to anticipate a further reduction this year to fuel the UK's recovery and to maintain activity levels as the impact of the 1993 budgets begins to be felt. In spite of this, however, apart from mortgage lending which grew substantially, our experience in 1993 was of slack demand for credit, perhaps because the effects of recession continued to be felt and firms were reluctant to increase their commitments until a clearer picture of substantial improvement in the economy emerged.

Economists suggest that the UK is set for steady if moderate growth and low inflation for the next few years despite the impact of substantial tax increases this year. In light of this, the prospects for Northern Ireland are also favourable, particularly since the ground lost during the recession which has to be recovered is much less than after previous recessions. However, despite positive signs for the future, it has to be remembered that Northern Ireland remains the region in the UK with the highest level of unemployment, at just under 14%, and with the lowest GDP per head, at around 80% of the UK average, and, notwithstanding the economic growth projected, it is likely to remain so in the short term.

#### Republic of Ireland

Last year proved to be a difficult one for the Republic of Ireland economy, with the impact of the currency crisis in late 1992/early 1993 being felt throughout the year. Confidence among consumers and the business community was seriously dented, depressing consumer spending and demand for credit. Our experience during 1993 reflected this general situation, with lending very subdued and deposit growth at exceptionally high levels.

However, there were favourable features. GDP grew by an estimated 2%, lower than in recent years but yet again one of the fastest growth rates in Europe; inflation of around 1.6% is at its lowest level for many years; interest rates, after the gyrations of

the early weeks of the year, eased down throughout most of the period, with 1 month DIBOR closing at around 6.5%, again the lowest for many years.

Market expectations are that the low interest and inflation rate environment will continue during 1994. It is hoped that these factors, coupled with a favourable budget, will create improved consumer and business confidence, leading to a resumption of higher levels of economic growth.

While this should feed through to increased employment, unemployment, at just under 17%, remains an enormous problem for the Irish economy and one which a sustained period of good growth has so far been unable to remedy. We welcome the measures being taken by the Government, and the concerted action in train and planned by the social partners, to tackle this issue vigorously.

#### Retail Services

Branch business in Northern Ireland continued to improve during the year against a stable economic background. In particular, considerable gains were



made in net interest income over 1992, mainly due to strong growth in our House Mortgage book and high interest

deposit accounts. Costs have been effectively controlled and we achieved a significantly reduced bad debt charge.

In the Republic of Ireland branch business rallied strongly, despite the extraordinary interest rate situation which prevailed during the first quarter of 1993. This situation inhibited growth in net interest income.



However, costs and bad debts were once again well controlled and record growth was achieved in our high interest deposit accounts. Our new Special Savings Accounts, launched in January, were especially successful, reflecting competitive rates and a well organised marketing campaign.

In Northern Ireland our insurance business again returned increased profits. In the Republic our insurance business also delivered excellent results. However, due to the exceptionally high cost of funding during the first quarter the income from our House Mortgage business there was badly affected.

The high interest costs in the first quarter also led to a downturn in performance for our Republic of Ireland debtor financing subsidiary.

Lombard & Ulster in Northern Ireland performed well and is showing steady improvement. In the Republic, the benefits of the major re-organisation within Lombard & Ulster Banking are now showing through, with excellent progress having been made in cost control and in reducing bad debt charges.

### Corporate Services

Ulster Investment Bank, the principal business unit of Corporate Services Division, recorded a further very satisfactory increase in profitability in 1993 despite bad debts remaining at a higher than normal level. The demand for credit from the corporate sector continued to be extremely weak, as a result of which corporate loan volumes showed very little growth for the second consecutive year. However, further progress was made in widening loan margins.

Ulster International Finance had another year of growth in the IFSC. New products and new relationships were developed in a number of countries, while international lending activity also grew at a very satisfactory rate.

Ulster Bank Investment Managers enjoyed a very busy and successful year in 1993. It was a year of very high investment returns and the company's continuing excellent performance resulted in it enjoying considerable success in winning new business. The IFSC is now well established as a location for the provision of services to offshore funds and this has enabled both Ulster Bank Custodial Services and Ulster Bank Investment Services to grow very rapidly and create a significant number of new jobs.

Company takeover and merger activity is still running at a relatively low level. Nevertheless, our Corporate Finance Division had a very active year in which it generated a substantial increase in income.

### Treasury and International

Treasury and International, Belfast, had another excellent year, benefitting from increased volatility within the ERM which culminated in August in the system being, in effect, suspended. The Division continues to provide comprehensive treasury and trade related services to the Northern Ireland client base and a feature of 1993 has been the increased interest taken in interest rate management products.

The treasury operations of the Bank performed very strongly, both in terms of profitability and

resource gathering. One especially encouraging feature was the 75% increase in our non-bank domestic wholesale resources. Another year of turbulence was experienced in the currency markets which resulted in the Irish pound being devalued by 10% at the end of January. Further ERM turmoil ensued and by early August most European currencies were free floating in all but name. This has resulted in Corporate Treasurers having to take a more active role in the management of their currency exposure and Ulster Bank has been to the forefront in assisting our clients and providing them with liquidity in what were at times very difficult market conditions. Our customers continue to enjoy a quality service and our treasury operations are renowned for their quick, competitive quotes.



Operations Division provided high quality support to the trading units and a commendably professional, comprehensive service to bank, corporate and individual customers throughout the year.

1993 was the second full year of operation for the Financial Engineering Unit. The volume and nature of business grew dramatically. This growth has resulted from the increased awareness among customers, following the currency crisis, of the need to manage the financial risks associated with their businesses. The creation of an Irish pound swap book has meant that the Bank is better positioned to respond to customer needs in a very competitive market place. Fixed rate lending (including mortgages) is a growing business and we have been working closely with Retail and Corporate Services to ensure that our customers' needs are fully satisfied.

We look forward to further innovation, growth and diversification in this aspect of the business in 1994.

## Developments

In terms of numbers our branch network has in recent years been split roughly equally between Northern Ireland and the Republic of Ireland. Given the respective market sizes, this gives us one of the leading market shares in Northern Ireland, but a share of about 10% of the Republic of Ireland retail market. We are determined to increase our share in order to consolidate our position as the third banking force in the Republic of Ireland and to bring our retail presence more into line with our strong treasury and corporate operations.

As well as remaining alert to suitable acquisition opportunities, we have embarked on a programme to develop our branch network organically to meet this objective. Currently we have 97 branches and full-time sub-offices in the Republic of Ireland. New offices were opened in 1993 at Malahide, Celbridge, Enniscorthy and Buncrana and expansion will be maintained at least at this rate in 1994 and 1995. The early trading performance of our new offices is very encouraging and suggests that the availability of greater choice of banks has been well received by the public.

We are also keen to increase the number of hours we are open for business each day to meet the needs of our customers. Well over half our offices in the Republic of Ireland are now open over the lunch period and around three-quarters are open until 4.00 pm.

We are delighted to have reached agreement with our staff in Northern Ireland to extend our opening hours there too, and with effect from January 1994 all our branches in the Province open from 9.30 am until 4.00 pm. Approximately three-quarters are also open during the lunch period. With effect from August this year, all Northern Ireland branches will open until 4.30 pm.

These are very welcome developments and essential if we are to meet our customers' expectations and be credible as a first choice, quality retailer of financial services.

We have also embarked on a major programme to improve access to cash and other services 24 hours a day by expanding our Servicetill network, both at branches and 'off-site'. We now have over 200 Servicetills throughout the island, with some 60 away from branches, in shopping centres and at petrol service stations, for example.

Our major branch refurbishment programme continued apace, with rebuilt premises for Bangor, Castlederg and Walkinstown Cross, and extensive renovations at Coleraine, Cork, Galway and Ballyclare, for example. A number of other offices

also received a major facelift. Total expenditure on maintaining and improving our premises was in the region of £7m, evidence of our determination to provide the right environment for both our customers and staff.



## Involvement in the Community

Ulster Bank remains committed to contributing to and being part of the communities we serve. We are a commercial enterprise established to provide financial services to our customers and earn a level of profitability sufficient to reward our shareholders' investment and finance the continuous enhancement of our ongoing operation. However, we are also committed to returning some of the these profits to the community and in 1993 we again continued to support charitable, sporting and cultural organisations and events, and activities contributing to the economic development of Ireland.

A few examples may help to illustrate the nature of our community investment programme.

We were delighted to continue our contribution to sport, including the Ulster Bank Schools Cup Rugby Competition, the West of Ireland Golf Championship and the Dublin Junior Badminton Championships.

We supported a varied range of civic and cultural events and organisations, including the Belfast Festival, the Dublin Theatre Festival, the Ulster Bank Music Foundation Awards, the Castleward Opera and the Positively Belfast Power Boat Grand Prix.

We were also pleased to support RTE's Late Late Fashion Show, the Trust Youth Appeal, Dublin's Inner City Enterprise initiative and the Belfast Common Purpose scheme.

A wide range of charitable organisations and events were assisted. In particular we were delighted to contribute again to the Ulster Bank Staff Charity Fund in Northern Ireland, in its second year of operation, and to the corresponding fund in

Republic of Ireland, which was launched in 1993. These funds are established, managed and funded by members of staff and are a credit to all those involved.

### Board of Directors

Mrs Margaret Spence retired from the Board due to ill health in December last. We greatly appreciate the contribution she made to the direction of the Bank's affairs during her 8 years of office, and we wish her well for the future.

There were no other Board changes during the year.

### Staff

1993 saw the retirement of Mr Wesley Parker, Area Director for the Belfast City area. Mr Parker is very well known in the Province's business circles and served the Bank with dedication and distinction for over 42 years, including the last 4 years as Area Director and the previous 10 years as Chief Manager of our Waring Street branch. We wish him a long and happy retirement. We also welcome Mr Robbie Price as his successor. Mr Price was previously Senior Manager, Retail Services at Head Office and we wish him every success in his new role.

It is customary to pay tribute to the contribution of our staff during the year. This is no formality. We wish to pay very genuine tribute to their commitment and competence in pursuit of the Group's business. Our employees are of the highest quality and our policy is to provide them with the opportunity for self-development and fulfilment, as they meet the needs of our customers by providing a service of quality and integrity.

The Group's record profits in 1993 could not have been achieved without the immense contribution of all our staff, from top management to new recruit, from those dealing directly with customers, to those in less visible, but equally important, support roles.

### Looking Ahead

Profits in 1993 were earned in a very competitive market place both North and South. Margins are under severe pressure. Competition will grow even fiercer – and we have no objection to that, provided the playing field for all competitors is level. Competition acts as a spur to efficiency and a level playing field ensures that, in the public interest, resources are efficiently allocated, to the optimal benefit of the economy as a whole.

The way ahead will not be easy. The ability of the Group to continue to earn good profits will depend not only on factors within its own control but on how personal and corporate customers react to a changing and to some degree unpredictable economic environment and on developments in global financial and other markets which impact on the island.

We have a number of strengths on which we can draw.

Our business is well and sharply focussed. The attention given to the structure of the Group, to developing real cohesion within it, to training at managerial and all other levels, and to nurturing the Quality ethos, is paying off. The returns from the effort devoted to re-engineering the cost base, especially in the traditional banking areas, are now coming through strongly. Streamlining and reorganising workflow are yielding valuable efficiency savings. The momentum of the diversification process within the Group in recent years has been such that we are much better hedged against shifts in the pattern of demand for financial services.

We have been identifying market niches and are increasingly flexible in our ability to respond to new customer needs and to package financial services in a way which helps solve customer problems.

We believe that the performance of the financial institutions is pivotal to the success of any economy. But banks that cannot function effectively themselves as businesses cannot contribute effectively to the economy. They lack the capital strength. For those banks that have developed as strong businesses, it is a matter of self-interest as well as a civic imperative to promote sound and solid growth in their markets wherever the opportunity to do so presents itself.

Ulster Bank Group is therefore determined – and well placed – to play a very full part in helping to strengthen the economic recovery now getting under way throughout the island. Only by achieving exceptionally high rates of economic growth, without detriment of course to the objectives of low inflation, will it be possible to tackle seriously the No 1 social issue of unemployment which represents such a human waste in both parts of the island.

Sir George Quigley  
Chairman

David Went  
Chief Executive

Belfast  
23 March 1994

The Directors have pleasure in presenting their report, together with audited financial statements, for the year ended 31 December 1993.

## Results

The Group profit before taxation was £93.1 million compared with £58.1 million for the previous year. The taxation charge, including the Irish Government Levy and duties on tax based income, was £32.2 million as against £17.5 million in 1992. No amounts were charged as exceptional items (1992 - £3.5 million). The Group profit available to ordinary shareholders is £60.8 million compared with £40.5 million for the previous year. This has been dealt with in the consolidated profit and loss account on page 10. Interim dividends of £15.025 million were paid, and the Directors recommend a final dividend of £4.975 million. Together these make a total of £20 million of ordinary dividends compared with £18 million for the previous year. The Directors consider the Group to be in a strong financial position.

## Activities

The Bank and its subsidiaries forming the Ulster Bank Group provide an extensive range of banking and financial services. The Chairman and the Chief Executive report on the business of the Group for the year to 31 December 1993 and on recent events and likely future developments in their review on pages 2 to 6.

## Corporate Governance

The Directors have adopted all appropriate aspects of the Code of Best Practice as recommended by the Report of the Committee on the Financial Aspects of Corporate Governance (The 'Cadbury Report').

## Premises

The Group's freehold and long leasehold properties were valued during the year by professional valuers on the basis of open market value for existing use as defined in the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors and show a surplus of £3.748 million over book value. This amount has been transferred to the Revaluation Reserve and the book values of these properties adjusted accordingly.

## Directorate

Mrs M Spence resigned as Director with effect from 18 December 1993. The members of the Board are as shown on page 48.

## Employees

The average number of persons employed each week by the Group was 4,015. Of these 2,050 worked wholly or mainly in the United Kingdom and the remuneration paid or payable to them was £38,421,493.

## Employment of Disabled Persons

The Bank's policy is that disabled persons are considered for employment and subsequent training, career development and promotion on their aptitudes and abilities. When members of staff become disabled, it is the Bank's policy, wherever possible, to retain them in their existing jobs or to re-deploy them in other duties.

## Equal Opportunity

Ulster Bank is an Equal Opportunity Employer and has issued an Equal Opportunity Policy Statement to underline its commitment in this area. The Performance Appraisal Scheme embraces the objectives of the Bank's Equal Opportunity Policy and is designed to ensure that career advancement is based solely on merit. In addition, the Bank has become involved in the organisation and direction of 'Opportunity 2000', a Business in the Community initiative designed to enhance the role of women in the workplace.

## Employee Involvement

Great emphasis is placed on staff communication and involvement.

The 'Feedback' system has again provided more than 1,000 ideas for consideration, and implementation where appropriate.

More than 200 active Quality Service teams continue to monitor and enhance the services provided to customers.

Together these initiatives give staff the opportunity to contribute constructively to the progress of the Group and the subsequent benefits are enjoyed by staff and customers alike. Staff participate in the performance of the Group through the National Westminster Bank Group which operates Profit Sharing and Savings Related Share Option Schemes.

## Contributions

During the year the Group made donations totalling £87,248 to charitable organisations in the United Kingdom.

## Directors' and Officers' Liability Insurance

A directors' and officers' liability policy is in force in respect of the Ulster Bank Group.

## Auditors

A resolution to re-appoint KPMG Peat Marwick as Auditors, at a remuneration to be fixed by the Directors, will be proposed at the Annual General Meeting.

By Order of the Board

I J LAIRD

Secretary

47 Donegall Place  
BELFAST, BT1 5AU  
10 February 1994

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Ulster Bank Limited will be held at the Head Office of the Bank, 47 Donegall Place, Belfast on Thursday 14 April 1994 at 12.30 pm for the following purposes, namely:-



1. To receive the Report of the Directors, Financial Statements and Auditors Report for the year ended 31 December 1993.
2. To declare a final dividend.
3. To re-appoint KPMG Peat Marwick as Auditors and to authorise the Directors to fix their remuneration.
4. To elect Directors.  
Sir Ewart Bell and Mr J R Gallagher retire from the Board pursuant to Article 88 and, being eligible, offer themselves for re-election.

By Order of the Board  
I J LAIRD  
Secretary

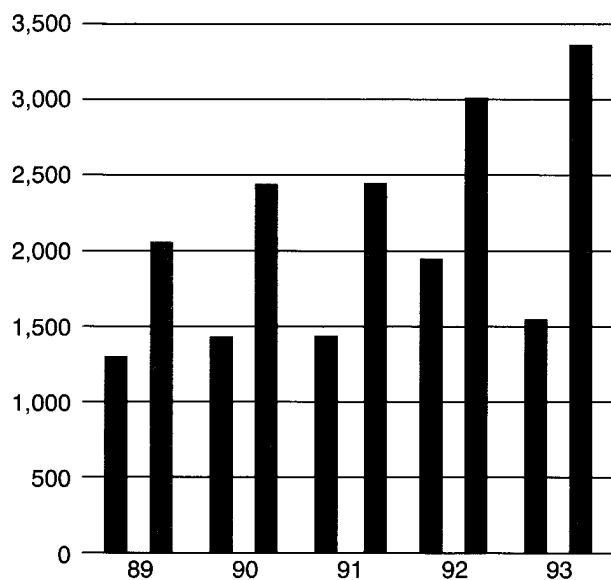
47 Donegall Place  
BELFAST  
BT1 5AU  
10 February 1994

*NOTE: A member who is entitled to attend and vote at the Meeting may appoint one or more proxies (who need not be members) to attend and vote instead of him.*

### Deposits by Banks Customer Accounts



Deposits by Banks   
Customer Accounts 

£M

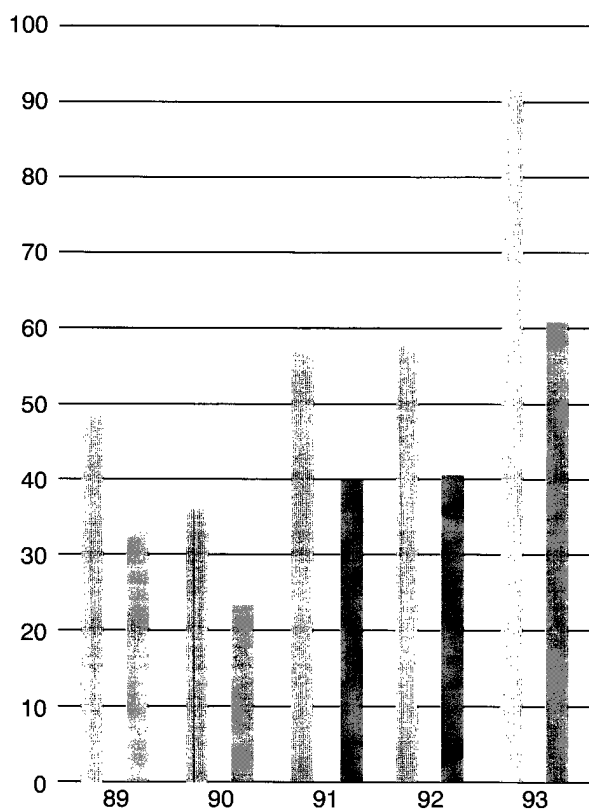


Figures for 1989 to 1993 reflect the implementation of the new Schedule 9 to the Companies (Northern Ireland) Order 1986.

### Profit

before tax   
after tax 

£M



Figures for 1992 and prior years have been restated for the change to translating the Profit and Loss Account at average exchange rates.

**Consolidated Profit and Loss Account**  
for the year ended 31 December 1993

	Notes	1993 £000	1992 £000
Interest receivable:			
– interest receivable and similar income arising from debt securities		46,815	51,825
– other interest receivable and similar income		442,083	461,118
Interest payable		(305,991)	(343,990)
<b>Net interest income</b>		<b>182,907</b>	<b>168,953</b>
Dividend income from equity shares		126	82
Fees and commissions receivable		53,227	42,114
Fees and commissions payable		(8,817)	(6,449)
Dealing profits		31,529	21,475
Other operating income		4,144	1,932
<b>Operating income</b>		<b>263,116</b>	<b>228,107</b>
Administrative expenses	3	(124,353)	(124,783)
Depreciation and amortisation	22	(11,537)	(9,365)
Other operating charges		(14,766)	(14,307)
Provisions for bad and doubtful debts	16	(20,448)	(22,435)
Amounts written off fixed asset investments	5	–	(25)
<b>Expenditure</b>		<b>(171,104)</b>	<b>(170,915)</b>
<b>Operating profit</b>		<b>92,012</b>	<b>57,192</b>
Income from associated undertakings		1,122	903
<b>Profit on ordinary activities before tax</b>	6	<b>93,134</b>	<b>58,095</b>
Tax on profit on ordinary activities	8	(32,266)	(17,457)
<b>Profit on ordinary activities after tax</b>		<b>60,868</b>	<b>40,638</b>
Minority interests		(84)	(139)
<b>Profit for the financial year</b>	9	<b>60,784</b>	<b>40,499</b>
Dividends	10	(20,000)	(103,000)
<b>Retained profit/(loss) for the year</b>	31	<b>40,784</b>	<b>(62,501)</b>

All items dealt with in arriving at operating profit for 1993 and 1992 relate to continuing operations.

**Statement of Total Recognised Gains and Losses**  
for the year ended 31 December 1993

	Notes	1993 £000	1992 £000
Profit for the financial year		<b>60,784</b>	40,499
Other recognised gains/(losses)			
– unrealised surplus on revaluation of properties		<b>3,748</b>	–
– exchange adjustments on Republic of Ireland net assets		<b>(14,488)</b>	16,002
– other		<b>205</b>	(58)
		<b>(10,535)</b>	15,944
Total recognised gains	36	<b><u>50,249</u></b>	<b><u>56,443</u></b>

**Note of Historical Cost Profits and Losses**

In 1993 and 1992, there was no material difference between profit on ordinary activities before tax reported in the profit and loss account and profit on ordinary activities before tax on an unmodified historical cost basis.

**Consolidated Balance Sheet**  
at 31 December 1993

	Notes	1993 £000	1992 £000
<b>Assets</b>			
Cash and balances at central banks	12	170,194	136,433
Items in the course of collection from other banks		74,960	70,385
Treasury and other eligible bills	13	613	5,358
Loans and advances to banks	14	1,705,126	2,009,503
Loans and advances to customers	15	2,840,690	2,711,095
Debt securities	18	619,548	564,906
Equity shares	19	2,794	2,959
Interests in associated undertakings	20	75	74
Tangible fixed assets	22	97,589	85,002
Other assets	23	93,291	351,715
Prepayments and accrued income		57,401	74,719
	11	<u>5,662,281</u>	<u>6,012,155</u>
<b>Liabilities</b>			
Items in the course of transmission on other banks		16,795	10,678
Deposits by banks	24	1,574,780	1,941,879
Customer accounts	25	3,359,681	3,033,423
Debt securities in issue	26	46,140	129,212
Other liabilities	27	255,633	479,671
Accruals and deferred income		42,416	75,514
Provisions for liabilities and charges:			
– deferred taxation	28	3,101	4,298
– other provisions for liabilities and charges		634	4,200
Subordinated liabilities:			
– undated loan capital	29	15,000	15,000
– dated loan capital	29	22,000	22,500
Minority interests		1,243	1,171
Ordinary share capital	30	105,000	105,000
Revaluation reserve	31	9,245	5,003
Profit and loss account	31	210,613	184,606
	11	<u>5,662,281</u>	<u>6,012,155</u>
<b>Memorandum Items</b>	38		
Contingent liabilities:			
– acceptances and endorsements		38,732	36,486
– guarantees and assets pledged as collateral security		148,451	243,536
– other contingent liabilities		215,552	254,655
		<u>402,735</u>	<u>534,677</u>
Commitments:			
– other commitments		1,005,462	1,027,189

**Sir George Quigley**

Chairman

**D Went**

Group Chief Executive

**I J Laird**

Secretary & Group Financial Controller *Laird*

10 February 1994

**Balance Sheet**  
**at 31 December 1993**

	Notes	1993 £000	1992 £000
<b>Assets</b>			
Cash and balances at central banks	12	170,185	136,392
Items in the course of collection from other banks		74,960	70,385
Treasury and other eligible bills	13	613	5,358
Loans and advances to banks	14	1,175,666	1,410,576
Loans and advances to customers	15	1,406,791	1,421,151
Debt securities	18	584,737	517,694
Equity shares	19	781	781
Participating interests:			
– interests in associated undertakings	20	50	50
Shares in Group undertakings	21	61,882	62,618
Tangible fixed assets	22	85,215	72,847
Other assets	23	26,087	145,636
Prepayments and accrued income		37,951	48,956
	11	<u>3,624,918</u>	<u>3,892,444</u>
<b>Liabilities</b>			
Items in the course of transmission on other banks		16,795	10,678
Deposits by banks	24	890,894	1,384,890
Customer accounts	25	2,303,609	1,948,668
Debt securities in issue	26	2,000	39,367
Other liabilities	27	190,281	291,905
Accruals and deferred income		16,225	26,966
Provisions for liabilities and charges:			
– deferred taxation	28	3,427	3,781
– other provisions for liabilities and charges		634	4,200
Subordinated liabilities:			
– dated loan capital	29	29,159	30,051
Ordinary share capital	30	105,000	105,000
Revaluation reserve	31	9,245	5,128
Profit and loss account	31	57,649	41,810
	11	<u>3,624,918</u>	<u>3,892,444</u>
<b>Memorandum Items</b>			
Contingent liabilities:	38		
– acceptances and endorsements		24,563	19,013
– guarantees and assets pledged as collateral security		40,982	51,027
– other contingent liabilities		73,663	135,023
		<u>139,208</u>	<u>205,063</u>
Commitments:			
– other commitments		531,239	513,749
		<u>531,239</u>	<u>513,749</u>

**Sir George Quigley**

Chairman

**D Went**

Group Chief Executive

**I J Laird**

Secretary & Group Financial Controller

10 February 1994

**1. Basis of consolidation**

The Group financial statements comprise the financial statements of the Bank for the year ended 31 December 1993 and those of all the subsidiary undertakings. In order to avoid undue delay in presentation of the Group's financial statements, the financial statements of subsidiary undertakings have been made up to 30 November except for Ulster International Finance and Commercial Services Company which has its year end at 31 December 1993.

**2. Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies are set out below.

(i) Accounting convention

The Group financial statements have been prepared under the historical cost convention supplemented by the revaluation of land and buildings and in compliance with the special provisions relating to banking groups contained in Part VIII of, and Schedule 9 to, the Companies (Northern Ireland) Order 1986, as amended by the Companies (1986 Order) (Banking Accounts) Regulations (Northern Ireland) 1992.

(ii) Provision for bad and doubtful debts

Provisions for bad and doubtful debts are made as considered necessary. Provisions made (less amounts released) during the year are charged against profits. Advances are written down to estimated realisable value when the normal banking relationship with the borrower has ceased. Where the collection of interest is in significant doubt it is credited to a suspense account. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

(iii) Debt securities and equity shares

Debt securities and equity shares held for use on a continuing basis in the Group's activities are classified as investment securities. Such securities and shares are stated at cost less provision for any permanent diminution in value. Securities and shares held for dealing purposes are included at market value.

Dated investment debt securities are stated at cost adjusted for the amortisation of premiums or discounts on a straight-line basis over the period to maturity. The amortisation of premiums or discounts is included in interest income. When sold before maturity, the difference between the proceeds and the cost (adjusted for amortisation of premiums and discounts) is taken to profit and loss account in the year of realisation.

(iv) Deferred taxation

Provision for deferred taxation is made on all timing differences at the rates at which the liabilities are expected to crystallise.

(v) Foreign currencies

Assets and liabilities denominated in foreign currencies have been translated into sterling at rates current on 31 December. Exchange differences which result from the translation of opening net assets are reported as a movement on reserves.

Results denominated in foreign currencies have been translated into sterling at the average rate of exchange for the accounting period. Exchange differences arising from the translation of these results at average and year end rates are reported as a movement on reserves.

(vi) Instalment credit agreements

Income from instalment credit agreements is credited to interest income over the period during which the repayments fall due in proportion to the monthly balances outstanding. These balances are included under Loans and Advances to Customers after deducting unearned charges.

- (vii) Assets leased to customers  
Income from finance leases (including capital grants grossed up to reflect their tax-free nature) is credited to interest income in proportion to the funds invested. The amounts receivable under finance lease agreements are included under Loans and Advances to Customers after deducting unearned charges.

- (viii) Depreciation  
Land is not depreciated. It is the Group's policy to maintain its premises in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the residual value and useful economic lives of freehold and long leasehold properties are such that the charge for depreciation would not be significant. Consequently these properties are not depreciated. Depreciation on other fixed assets is provided on a straight-line basis over the estimated useful lives as follows:

Short leases (less than 50 years unexpired)	Unexpired periods
--	-------------------

Computer and other equipment	4-10 Years
---------------------------------	------------

- (ix) Pension costs  
The pension cost relating to pension schemes operated by the Group is assessed in accordance with the advice of qualified actuaries so as to recognise the cost of pensions on a systematic basis over employees' service lives.
- (x) Profit sharing payments  
Profit sharing payments made to employees in the current year are calculated by reference to the previous year's consolidated results of National Westminster Bank Group, and accordingly are accounted for in the profit and loss account when paid.
- (xi) Interests in associated undertakings and shares in Group undertakings  
The Group's share of associated undertakings' results is included in the Group profit before taxation and interests in associated undertakings are included in the consolidated Balance Sheet at the Group's share of net tangible assets. The Bank's interests in associated undertakings and shares in Group undertakings are stated at cost less provision for any permanent diminution in value.
- (xii) Forward foreign exchange contracts and other off-balance sheet instruments  
Forward foreign exchange contracts and other off-balance sheet instruments used in trading activities are carried at market value. Profits and losses on instruments which are being used to hedge exposures are recognised in a manner that reflects the accounting treatment of the assets or liabilities hedged.
- (xiii) Cash flow statement  
The Bank is a wholly owned subsidiary of National Westminster Bank Plc and the cash flows of the Bank are included in the consolidated Group cash flow statement of National Westminster Bank Plc. Consequently the Bank is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.
- (xiv) Comparative amounts  
The financial statements are presented in accordance with the requirements of the Companies (1986 Order) (Bank Accounts) Regulations (Northern Ireland) 1992. Comparative amounts for 1992 have been reclassified to accord with the new form of presentation, and are restated for the change in Group accounting policy to translate results denominated in foreign currencies into sterling at the average rate of exchange for the accounting period.

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>3. Administrative expenses</b>	<b>1993</b>	<b>1992</b>
	<b>£000</b>	<b>£000</b>
Staff costs:		
– wages and salaries	<b>81,234</b>	76,615
– social security costs	<b>6,755</b>	6,369
– other pension costs	<b>4,545</b>	6,873
Other administrative expenses	<b>31,819</b>	31,407
Exceptional item:		
– voluntary severance and optional early retirement schemes	–	3,519
	<b>124,353</b>	<b>124,783</b>
<b>4. Average number of employees</b>	<b>1993</b>	<b>1992</b>
The average number of persons employed by the Group during the year was as follows:		
Managers	<b>838</b>	845
Clerical staff	<b>3,039</b>	2,976
Others	<b>138</b>	141
	<b>4,015</b>	<b>3,962</b>
<b>5. Amounts written off fixed asset investments</b>	<b>1993</b>	<b>1992</b>
	<b>£000</b>	<b>£000</b>
Investment equity shares	–	25
<b>6. Profit on ordinary activities before tax</b>	<b>1993</b>	<b>1992</b>
	<b>£000</b>	<b>£000</b>
Is stated after:		
<b>Income</b>		
Aggregate amounts receivable, including capital repayments, under finance leases, hire purchase and conditional sale contracts	<b>156,677</b>	140,633
Income from listed investments	<b>39,552</b>	44,641
Profits less losses on securities dealing	<b>3,717</b>	807
Profits less losses on disposal of investment securities	<b>2,337</b>	543
Rents receivable	<b>478</b>	428
<b>Expenditure</b>		
Interest on loan capital – repayable in more than five years or undated	<b>2,367</b>	4,973
– repayable in five years or less	–	88
Depreciation and amortisation – premises	<b>283</b>	321
– equipment	<b>11,254</b>	9,044
Hire of plant and equipment	<b>373</b>	260
Profit sharing payments	<b>1,121</b>	228
Rents payable on leasehold properties	<b>4,131</b>	3,746
Auditors' remuneration for – audit work	<b>193</b>	173
– non-audit work	<b>164</b>	48

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**7. Emoluments of directors**

	1993 £000	1992 £000
Directors' fees	123	115
Other emoluments	657	607
	<u>780</u>	<u>722</u>

The emoluments of the Chairman, excluding pension contributions, were **£48,702** (1992 – £47,354). The emoluments of the highest paid director, excluding pension contributions, were **£150,204** (1992 – £125,281).

The following table shows the number of directors of the Bank receiving emoluments, excluding pension contributions, within the bands stated:

Emoluments £	1993	1992
Up to – 5,000	1	2
5,001 – 10,000	3	5
10,001 – 15,000	2	1
15,001 – 20,000	–	1
25,001 – 30,000	1	–
45,001 – 50,000	1	1
80,001 – 85,000	–	1
90,001 – 95,000	1	–
95,001 – 100,000	–	1
100,001 – 105,000	1	–
115,001 – 120,000	–	1
120,001 – 125,000	–	1
125,001 – 130,000	–	1
130,001 – 135,000	1	–
135,001 – 140,000	1	–
150,001 – 155,000	1	–

**8. Tax on Group profit on ordinary activities**

	1993 £000	1992 £000
The taxation charge based on the profits for the year is made up as follows:		
United Kingdom corporation tax at 33% (1992 – 33%)	16,126	12,652
Notional tax on capital grants	308	551
Relief for double taxation	(7,385)	(946)
	<u>9,049</u>	<u>12,257</u>
Republic of Ireland corporation tax	22,156	9,617
Special taxes on banking deposits	513	3,015
Duty on tax based income	916	963
Deferred taxation	(754)	(8,694)
Share of associated undertakings' taxation	386	299
	<u>32,266</u>	<u>17,457</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**9. Profit for the financial year**

**£34,684,000** (1992 – £17,581,000) of the Group's profit for the financial year has been dealt with in the financial statements of the Bank. The profit and loss account of the Bank is not presented by virtue of the exemption contained within Article 238 of the Companies (Northern Ireland) Order 1986.

**10. Dividends**

	<b>1993 £000</b>	<b>1992 £000</b>
Interim (paid)	<b>15,025</b>	3,500
Final (proposed)	<b>4,975</b>	14,500
Exceptional (paid)	<b>–</b>	85,000
	<b>20,000</b>	103,000

**11. Assets and liabilities**

	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Assets and liabilities are denominated as follows:				
Denominated in sterling	<b>2,786,215</b>	<b>2,039,879</b>	2,596,714	2,442,481
Denominated in currencies other than sterling	<b>2,876,066</b>	<b>1,585,039</b>	3,415,441	1,449,963
Total assets	<b>5,662,281</b>	<b>3,624,918</b>	6,012,155	3,892,444
Denominated in sterling	<b>2,791,984</b>	<b>2,069,763</b>	2,594,889	2,425,889
Denominated in currencies other than sterling	<b>2,870,297</b>	<b>1,555,155</b>	3,417,266	1,466,555
Total liabilities	<b>5,662,281</b>	<b>3,624,918</b>	6,012,155	3,892,444

**12. Cash and balances at central banks**

Cash and balances at central banks include Bank of England notes held in respect of the note circulation in Northern Ireland.

**13. Treasury bills and other eligible bills**

	<b>1993 Balance Sheet £000</b>	<b>1993 Market Value £000</b>	<b>1992 Balance Sheet £000</b>	<b>1992 Market Value £000</b>
<b>Group and Bank</b>				
Investment securities:				
– treasury bills and similar securities	–	–	5,358	5,358
		<u>–</u>		<u>5,358</u>
Other securities:				
– treasury bills and similar securities	613		–	
	<u>613</u>		<u>–</u>	
			5,358	
			<u>5,358</u>	
	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Unamortised discounts on investment securities	–	–	9	9
	<u>–</u>	<u>–</u>	<u>9</u>	<u>9</u>

<b>Investment securities</b>	<b>Cost £000</b>	<b>Discounts and premiums £000</b>	<b>Carrying value £000</b>
<b>Group and Bank</b>			
At 1 January 1993	5,201	157	5,358
Exchange adjustments	(577)	(18)	(595)
Acquisitions	110,699	–	110,699
Disposals	(115,323)	(1,136)	(116,459)
Amortisation of discounts and premiums	–	997	997
	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 1993	<u>–</u>	<u>–</u>	<u>–</u>

Treasury bills and other eligible bills are all third party and unsubordinated.

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>14. Loans and advances to banks</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Repayable on demand	<b>54,469</b>	<b>65,496</b>	238,090	199,230
Other loans and advances by remaining maturity:				
– 3 months or less	<b>1,217,987</b>	<b>933,786</b>	1,309,299	984,322
– 1 year or less but over 3 months	<b>417,639</b>	<b>161,584</b>	447,041	216,216
– 5 years or less but over 1 year	<b>15,251</b>	<b>6,520</b>	15,287	6,022
– over 5 years	<b>–</b>	<b>8,500</b>	–	5,000
General and specific bad and doubtful debt provisions	<b>(220)</b>	<b>(220)</b>	(214)	(214)
	<b><u>1,705,126</u></b>	<b><u>1,175,666</u></b>	<b><u>2,009,503</u></b>	<b><u>1,410,576</u></b>
Amounts include:				
Subordinated loans	<b><u>–</u></b>	<b><u>8,500</u></b>	<b><u>–</u></b>	<b><u>5,000</u></b>
Due from parent and fellow subsidiary undertakings	<b><u>428,929</u></b>	<b><u>198,484</u></b>	<b><u>531,882</u></b>	<b><u>209,278</u></b>
Due from subsidiary undertakings:				
– subordinated		<b>8,500</b>		5,000
– unsubordinated		<b>146,451</b>		256,117
		<b><u>154,951</u></b>		<b><u>261,117</u></b>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>15. Loans and advances to customers</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Remaining maturity:				
– 3 months or less	<b>1,260,456</b>	<b>680,572</b>	1,379,546	737,531
– 1 year or less but over 3 months	<b>516,189</b>	<b>81,184</b>	323,804	62,533
– 5 years or less but over 1 year	<b>546,179</b>	<b>203,043</b>	590,545	244,402
– over 5 years	<b>577,871</b>	<b>451,854</b>	474,573	388,378
General and specific bad and doubtful debt provisions	<b>(60,005)</b>	<b>(9,862)</b>	(57,373)	(11,693)
	<b><u>2,840,690</u></b>	<b><u>1,406,791</u></b>	<u>2,711,095</u>	<u>1,421,151</u>

Gross loans and advances to customers which are repayable on demand or at short notice	<b><u>611,524</u></b>	<b><u>528,658</u></b>	<u>656,512</u>	<u>602,108</u>
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Amounts are unsubordinated and include:

Due from subsidiary undertakings		<b><u>29,057</u></b>		<u>61,044</u>
Due from associated undertakings	<b><u>735</u></b>	<b><u>735</u></b>	<u>580</u>	<u>580</u>

Group amounts of loans and advances to customers include **£192,791,000** (1992 – £210,956,000) receivable under finance leases and **£186,618,000** (1992 – £150,513,000) in respect of instalment credit agreements.

**16. Provisions for bad and doubtful debts**

	<b>Specific £000</b>	<b>General £000</b>	<b>1993 Total £000</b>	<b>Specific £000</b>	<b>General £000</b>	<b>1992 Total £000</b>
<b>Group</b>						
At 1 January	<b>54,235</b>	<b>3,352</b>	<b>57,587</b>	43,503	3,391	46,894
Exchange adjustments	<b>(3,761)</b>	<b>(181)</b>	<b>(3,942)</b>	7,303	211	7,514
Charge against profits	<b>20,694</b>	<b>(246)</b>	<b>20,448</b>	22,685	(250)	22,435
Amounts written off net of recoveries	<b>(13,868)</b>	<b>–</b>	<b>(13,868)</b>	(19,256)	–	(19,256)
At 31 December	<b><u>57,300</u></b>	<b><u>2,925</u></b>	<b><u>60,225</u></b>	<u>54,235</u>	<u>3,352</u>	<u>57,587</u>

Amounts held in respect of loans and advances to:

– banks		<b>220</b>				214
– customers		<b>60,005</b>				57,373
		<b><u>60,225</u></b>				<u>57,587</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**16. Provisions for bad and doubtful debts (continued)**

	<b>Specific £000</b>	<b>General £000</b>	<b>1993 Total £000</b>	<b>Specific £000</b>	<b>General £000</b>	<b>1992 Total £000</b>
<b>Bank</b>						
At 1 January	8,696	3,211	11,907	9,929	3,298	13,227
Exchange adjustments	(528)	(166)	(694)	1,009	196	1,205
Charge against profits	5,353	(226)	5,127	5,702	(283)	5,419
Amounts written off net of recoveries	(6,258)	—	(6,258)	(8,048)	—	(8,048)
Other movements	—	—	—	104	—	104
At 31 December	<u>7,263</u>	<u>2,819</u>	<u>10,082</u>	<u>8,696</u>	<u>3,211</u>	<u>11,907</u>
Amounts held in respect of loans and advances to:						
– banks			220			214
– customers			9,862			11,693
			<u>10,082</u>			<u>11,907</u>

**17. Interest in suspense**

	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
At 1 January	10,288	904	6,806	535
Exchange adjustments	(988)	(32)	933	33
Net interest suspended in the year	1,836	172	2,549	336
Interest in suspense written off	(1,022)	(737)	—	—
At 31 December	<u>10,114</u>	<u>307</u>	<u>10,288</u>	<u>904</u>

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**18. Debt securities**

The carrying value of debt securities is as follows:

	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Investment securities:				
Issued by public bodies				
– government securities	439,532	433,892	389,275	369,122
Issued by other issuers				
– bank and building society				
certificates of deposits	–	–	20,000	20,000
– other debt securities	60,297	60,297	48,623	43,255
	<u>60,297</u>	<u>60,297</u>	<u>68,623</u>	<u>63,255</u>
	<u>499,829</u>	<u>494,189</u>	<u>457,898</u>	<u>432,377</u>
Other securities:				
– government securities	19,626	–	22,764	–
– bank and building society				
certificates of deposits	99,545	90,000	71,881	59,000
– other debt securities	548	548	12,363	26,317
	<u>119,719</u>	<u>90,548</u>	<u>107,008</u>	<u>85,317</u>
	<u><u>619,548</u></u>	<u><u>584,737</u></u>	<u><u>564,906</u></u>	<u><u>517,694</u></u>
Amounts are unsubordinated and include:				
Due from parent and fellow subsidiary undertakings	–	–	10,158	10,158
	<u>–</u>	<u>–</u>	<u>10,158</u>	<u>10,158</u>
Due from subsidiary undertakings		–		13,954
		<u>–</u>		<u>13,954</u>
Debt securities become due:				
– within one year	240,162	227,985	355,380	339,849
– one year and over	379,386	356,752	209,526	177,845
	<u>619,548</u>	<u>584,737</u>	<u>564,906</u>	<u>517,694</u>
	<u><u>619,548</u></u>	<u><u>584,737</u></u>	<u><u>564,906</u></u>	<u><u>517,694</u></u>

**Notes to the Financial Statements**  
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**18. Debt securities (continued)**

	<b>1993 Group Market value £000</b>	<b>1993 Bank Market value £000</b>	<b>1992 Group Market value £000</b>	<b>1992 Bank Market value £000</b>
Investment securities:				
Issued by public bodies				
– government securities	449,302	443,664	381,500	361,985
Issued by other issuers				
– bank and building society certificates of deposits	–	–	20,000	20,000
– other debt securities	60,347	60,347	48,423	43,056
	<u>60,347</u>	<u>60,347</u>	<u>68,423</u>	<u>63,056</u>
	<u>509,649</u>	<u>504,011</u>	<u>449,923</u>	<u>425,041</u>
	<b>1993 Balance sheet £000</b>	<b>1993 Market value £000</b>	<b>1992 Balance sheet £000</b>	<b>1992 Market value £000</b>
<b>Group</b>				
Investment securities:				
– listed on a recognised UK exchange	166,290	170,611	143,293	144,531
– listed elsewhere	333,539	339,038	295,537	286,836
– unlisted	–	–	19,068	18,556
	<u>499,829</u>	<u>509,649</u>	<u>457,898</u>	<u>449,923</u>
Other debt securities:				
– listed on a recognised UK exchange	14,245		10,376	
– listed elsewhere	5,929		12,948	
– unlisted	99,545		83,684	
	<u>119,719</u>		<u>107,008</u>	
<b>Bank</b>				
Investment securities:				
– listed on a recognised UK exchange	166,290	170,611	143,293	144,531
– listed elsewhere	327,899	333,400	289,084	280,510
	<u>494,189</u>	<u>504,011</u>	<u>432,377</u>	<u>425,041</u>
Other debt securities:				
– listed on a recognised UK exchange	548		560	
– unlisted	90,000		84,757	
	<u>90,548</u>		<u>85,317</u>	

**Notes to the Financial Statements**  
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<b>19. Equity shares</b>	<b>1993 Balance sheet £000</b>	<b>1993 Market value £000</b>	<b>1992 Balance sheet £000</b>	<b>1992 Market value £000</b>
<b>Group</b>				
Investment securities:				
– listed on a recognised UK exchange	50	50	50	50
– listed elsewhere	1,993	2,276	2,178	1,692
– unlisted	751	751	731	731
	<u>2,794</u>	<u>3,077</u>	<u>2,959</u>	<u>2,473</u>
<b>Bank</b>				
Investment securities:				
– listed on a recognised UK exchange	50	50	50	50
– unlisted	731	731	731	731
	<u>781</u>	<u>781</u>	<u>781</u>	<u>781</u>
<b>Investment securities</b>		<b>Cost</b>	<b>Provisions</b>	<b>Carrying value</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group</b>				
At 1 January 1993		3,345	(386)	2,959
Exchange adjustments		(252)	7	(245)
Acquisitions		124	–	124
Disposals		(44)	–	(44)
At 31 December 1993		<u>3,173</u>	<u>(379)</u>	<u>2,794</u>
<b>Bank</b>				
At 1 January 1993		1,167	(386)	781
Exchange adjustments		(9)	7	(2)
Acquisitions		2	–	2
At 31 December 1993		<u>1,160</u>	<u>(379)</u>	<u>781</u>

18. Debt securities (continued)

Investment securities	Cost	Discounts and premiums	Carrying value
	£000	£000	£000
<b>Group</b>			
At 1 January 1993	453,389	4,509	457,898
Exchange adjustments	(32,757)	(716)	(33,473)
Acquisitions	815,194	-	815,194
Disposals	(738,350)	1,524	(736,826)
Amortisation of discounts and premiums	-	(2,964)	(2,964)
At 31 December 1993	<u>497,476</u>	<u>2,353</u>	<u>499,829</u>
<b>Bank</b>			
At 1 January 1993	428,037	4,340	432,377
Exchange adjustments	(30,340)	(701)	(31,041)
Acquisitions	797,808	-	797,808
Disposals	(703,680)	1,757	(701,923)
Amortisation of discounts and premiums	-	(3,032)	(3,032)
At 31 December 1993	<u>491,825</u>	<u>2,364</u>	<u>494,189</u>
	<b>1993 Group</b>	<b>1993 Bank</b>	<b>1992 Group</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unamortised discounts and premiums on investment debt securities	<u>14,327</u>	<u>14,470</u>	<u>243</u>
			<u>271</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**20. Interests in associated undertakings**

	Group Share of net assets £000	Bank Cost and carrying value £000
At 1 January 1993	74	50
Retained profit	1	—
	—	—
At 31 December 1993	<u>75</u>	<u>50</u>
	<u>==</u>	<u>==</u>

The associated undertaking is detailed below:

Associated undertaking	Nature of business	Issued share capital	Group interest	Group share of results based on financial statements for period ended	Principal area of operation and country of incorporation
Ulster Bank Insurance Services Ltd	Insurance broking	100,000 £1 ordinary shares	50%	30 Nov 1993	Northern Ireland

**21. Shares in Group undertakings**

	Cost and carrying value £000
<b>The Bank</b>	
At 1 January 1993	62,618
Exchange adjustments	(737)
Acquisitions	1
	—
At 31 December 1993	<u>61,882</u>
	<u>==</u>

Subsidiary undertakings comprise:	1993 £000	1992 £000
– banks	11,810	12,547
– other	50,072	50,071
	—	—
Total – all unlisted	<u>61,882</u>	<u>62,618</u>
	<u>==</u>	<u>==</u>

**21. Shares in Group undertakings (continued)**

- (a) The principal subsidiary undertakings of Ulster Bank Limited are:

<b>Undertaking</b>	<b>Nature of business</b>	<b>Incorporated in</b>
Lombard & Ulster Banking Ltd	Banking services, credit finance & leasing	Republic of Ireland
Lombard & Ulster Ltd	Banking services, credit finance & leasing	Northern Ireland
Ulster Bank Commercial Services Ltd	Debtor finance	Republic of Ireland
Ulster Bank Commercial Services (NI) Ltd	Debtor finance	Northern Ireland
Ulster Bank Dublin Trust Company	Trustees	Republic of Ireland
Ulster Bank Group Treasury Ltd	Foreign exchange services	Republic of Ireland
Ulster Bank Group Treasury (International) Ltd	Foreign exchange services	Republic of Ireland
Ulster Bank (Ireland) Ltd	Holding company	Republic of Ireland
Ulster Bank (Ireland) Holdings	Holding company	Republic of Ireland
Ulster Bank (Isle of Man) Ltd	Banking	Isle of Man
Ulster Leasing (Isle of Man) Ltd	Leasing	Isle of Man
Ulster Leasing No 2 (Isle of Man) Ltd	Leasing	Isle of Man
Ulster International Finance & Commercial Services Company	Asset financing	Northern Ireland
Ulster Investment Bank Ltd	Corporate & investment banking	Republic of Ireland

- (b) The bank holds 100% of the equity share capital of all subsidiary undertakings apart from Ulster Bank Commercial Services Ltd where the holding is 90.9%, and JCB Credit Ltd where the holding is 74%.
- (c) Ulster Leasing No 2 (Isle of Man) Ltd was acquired on 27 January 1993 and contributed £39,000 to fees receivable and £8,000 to operating profit. Separate disclosure of these amounts on the face of the profit and loss account has not been made on the grounds of immateriality.
- (d) The leasing subsidiary undertakings incorporated in the Isle of Man purchase aircraft and lease them by way of finance lease. Funding for the transactions is by way of bank loans that have, in the event of default, recourse only to the asset being financed under the lease. The finance is structured so that the net investment in leases exactly matches the principal element of the bank loans outstanding and, accordingly, these figures are netted to nil for balance sheet presentation purposes.

The amounts outstanding at the Balance Sheet date were as follows:

	<b>1993</b> <b>£000</b>	<b>1992</b> <b>£000</b>
Finance lease receivables	<b>304,332</b>	201,867
Bank loans	<b>(304,332)</b>	(201,867)
At 31 December	<b>-</b>	<b>-</b>

Finance charge income and interest payable on bank loans are also matched exactly and netted in the profit and loss account for the year in the following amounts:

	<b>1993</b> <b>£000</b>	<b>1992</b> <b>£000</b>
Finance charge income	<b>21,002</b>	5,323
Interest payable on bank loans	<b>(21,002)</b>	(5,323)
	<b>-</b>	<b>-</b>

**22. Tangible fixed assets**

	Freehold land and buildings £000	Leases of 50 years or more unexpired £000	Leases of 50 years or less unexpired £000	Computer and other equipment £000	Total £000
<b>(a) Group</b>					
Cost or valuation					
At 1 January 1993	28,635	7,479	5,218	73,551	114,883
Exchange adjustments	(1,927)	(302)	(395)	(4,806)	(7,430)
Revaluation surplus	3,738	10	-	-	3,748
Additions	1,987	1,068	577	23,993	27,625
Disposals	(224)	-	(122)	(7,566)	(7,912)
At 31 December 1993	<u>32,209</u>	<u>8,255</u>	<u>5,278</u>	<u>85,172</u>	<u>130,914</u>
Accumulated depreciation					
At 1 January 1993	-	-	1,311	28,570	29,881
Exchange adjustments	-	-	(103)	(2,012)	(2,115)
Disposals	-	-	(85)	(5,893)	(5,978)
Charge for the year	-	-	283	11,254	11,537
At 31 December 1993	<u>-</u>	<u>-</u>	<u>1,406</u>	<u>31,919</u>	<u>33,325</u>
Net book value:					
- at 31 December 1993	<u>32,209</u>	<u>8,255</u>	<u>3,872</u>	<u>53,253</u>	<u>97,589</u>
- at 31 December 1992	<u>28,635</u>	<u>7,479</u>	<u>3,907</u>	<u>44,981</u>	<u>85,002</u>
<b>(b) Bank</b>					
Cost or valuation					
At 1 January 1993	28,157	7,479	1,570	56,108	93,314
Exchange adjustments	(1,888)	(302)	(68)	(3,194)	(5,452)
Revaluation surplus	3,738	10	-	-	3,748
Additions	1,987	1,068	419	19,135	22,609
Disposals	(224)	-	-	(4,359)	(4,583)
At 31 December 1993	<u>31,770</u>	<u>8,255</u>	<u>1,921</u>	<u>67,690</u>	<u>109,636</u>
Accumulated depreciation					
At 1 January 1993	-	-	302	20,165	20,467
Exchange adjustments	-	-	(10)	(1,257)	(1,267)
Disposals	-	-	-	(3,694)	(3,694)
Charge for the year	-	-	113	8,802	8,915
At 31 December 1993	<u>-</u>	<u>-</u>	<u>405</u>	<u>24,016</u>	<u>24,421</u>
Net book value:					
- at 31 December 1993	<u>31,770</u>	<u>8,255</u>	<u>1,516</u>	<u>43,674</u>	<u>85,215</u>
- at 31 December 1992	<u>28,157</u>	<u>7,479</u>	<u>1,268</u>	<u>35,943</u>	<u>72,847</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**22. Tangible fixed assets (continued)**

<b>(c) Cost or valuation of freehold and long leasehold premises at 31 December comprises:</b>	<b>1993 Freehold land and buildings £000</b>	<b>1993 Leases of 50 years or more unexpired £000</b>	<b>1992 Freehold land and buildings £000</b>	<b>1992 Leases of 50 years or more unexpired £000</b>
<b>Group</b>				
At valuation	32,209	8,255	16,919	4,864
At cost	-	-	11,716	2,615
	<u>32,209</u>	<u>8,255</u>	<u>28,635</u>	<u>7,479</u>
<b>Bank</b>				
At valuation	31,770	8,255	16,623	4,864
At cost	-	-	11,534	2,615
	<u>31,770</u>	<u>8,255</u>	<u>28,157</u>	<u>7,479</u>

The Group's freehold and long leasehold properties were independently valued by professional valuers during the year on the basis of open market value for existing use. Northern Ireland properties were valued by Messrs Deane & Curry and the Republic of Ireland properties by Messrs Donal O'Buachalla & Company Limited. The directors, having considered these valuations, have concluded that the resulting surplus over the book value should be credited to the Revaluation Reserve and the book values adjusted accordingly.

<b>(d) Other</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
<b>On the historical cost basis, freehold and long leasehold premises would have been included as follows:</b>				
Cost and net book value	<u>31,219</u>	<u>30,780</u>	<u>31,111</u>	<u>30,508</u>
<b>Land and buildings occupied for own activities:</b>				
Net book value	<u>40,750</u>	<u>38,531</u>	<u>36,739</u>	<u>33,750</u>
<b>Future capital expenditure:</b>				
Contracted expenditure not provided in the accounts	5,634	5,553	6,206	5,836
Expenditure authorised by the directors but not contracted	7,904	7,522	5,681	5,129
	<u>13,538</u>	<u>13,075</u>	<u>11,887</u>	<u>10,965</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**23. Other assets**

	1993 Group £000	1993 Bank £000	1992 Group £000	1992 Bank £000
Mark-to-market value of foreign exchange and interest rate contracts	64,809	14,423	302,282	133,008
Trade debtors	3,255	-	124	-
Other	25,227	11,664	49,309	12,628
	<u>93,291</u>	<u>26,087</u>	<u>351,715</u>	<u>145,636</u>

**Deposits by banks**

	1993 Group £000	1993 Bank £000	1992 Group £000	1992 Bank £000
Repayable on demand	122,494	66,885	172,870	205,718
With agreed maturity dates or periods of notice, by remaining maturity:				
– 3 months or less but not repayable on demand	1,071,364	742,840	1,440,393	970,365
– 1 year or less but over 3 months	344,958	80,851	265,154	151,521
– 5 years or less but over 1 year	35,964	318	63,462	57,286
	<u>1,574,780</u>	<u>890,894</u>	<u>1,941,879</u>	<u>1,384,890</u>

Amounts include:

Due to parent and fellow subsidiary undertakings	<u>1,098,439</u>	<u>465,280</u>	<u>1,261,833</u>	<u>697,718</u>
Due to subsidiary undertakings		<u>227,775</u>		<u>534,665</u>

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>25. Customer accounts</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Repayable on demand	<b>1,795,846</b>	<b>1,577,680</b>	1,362,149	1,262,951
With agreed maturity dates or periods of notice, by remaining maturity:				
– 3 months or less but not repayable on demand	<b>1,311,719</b>	<b>617,622</b>	1,585,665	676,869
– 1 year or less but over 3 months	<b>235,028</b>	<b>95,770</b>	85,160	8,848
– 5 years or less but over 1 year	<b>16,993</b>	<b>12,537</b>	449	–
– over 5 years	<b>95</b>	<b>–</b>	–	–
	<b><u>3,359,681</u></b>	<b><u>2,303,609</u></b>	<b><u>3,033,423</u></b>	<b><u>1,948,668</u></b>
Amounts include:				
Due to subsidiary undertakings		<b>51,670</b>		18,182
Due to associated undertakings	<b>2,302</b>	<b>2,302</b>	1,646	1,646
<b>26. Debt securities in issue</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Debt securities in issue, by remaining maturity:				
– 3 months or less	<b>9,545</b>	–	61,156	15,000
– 1 year or less but over 3 months	<b>30,634</b>	<b>2,000</b>	61,937	24,367
– 5 years or less but over 1 year	<b>5,961</b>	–	6,119	–
	<b><u>46,140</u></b>	<b><u>2,000</u></b>	<b><u>129,212</u></b>	<b><u>39,367</u></b>

Debt securities in issue are all third party and do not include bonds or medium term notes.

**Notes to the Financial Statements**  
**for the year ended 31 December 1993**

<b>27. Other liabilities</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Mark-to-market value of foreign exchange and interest rate contracts	<b>61,319</b>	<b>15,586</b>	298,676	133,281
Trade creditors	<b>3,888</b>	–	4,074	–
Taxation	<b>26,905</b>	<b>12,000</b>	18,994	8,441
Notes in circulation	<b>128,045</b>	<b>128,045</b>	108,074	108,074
Dividends payable	<b>4,975</b>	<b>4,975</b>	14,500	14,500
Other liabilities	<b>30,501</b>	<b>29,675</b>	35,353	27,609
	<b>255,633</b>	<b>190,281</b>	479,671	291,905

<b>28. Deferred taxation</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
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**Analysis of provisions**

The amount provided at the rates at which the liabilities are expected to crystallise is:

Short term timing differences	<b>(750)</b>	<b>246</b>	583	961
Equipment held for leasing	<b>157</b>	–	418	–
Capital allowances	<b>3,694</b>	<b>3,181</b>	3,297	2,820
	<b>3,101</b>	<b>3,427</b>	4,298	3,781

**Movements on the provisions**

	<b>Group £000</b>	<b>Bank £000</b>
At 1 January 1993	<b>4,298</b>	<b>3,781</b>
Exchange adjustments	<b>(443)</b>	<b>(392)</b>
(Credit)/Charge for the year	<b>(754)</b>	<b>38</b>
At 31 December 1993	<b>3,101</b>	<b>3,427</b>

Provision is not made for any taxation liability which might arise in the event of Group properties being realised at the balance sheet value. The directors are of the opinion that the likelihood of any material liability arising in this respect is remote and that no useful purpose would be served by quantifying the potential liability.

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>29. Loan capital</b>	<b>1993 Group £000</b>	<b>1993 Bank £000</b>	<b>1992 Group £000</b>	<b>1992 Bank £000</b>
Undated				
– held by fellow subsidiary undertaking	<u>15,000</u>	<u>–</u>	<u>15,000</u>	<u>–</u>
Dated				
Repayable 2002				
– held by fellow subsidiary undertaking	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Repayable 1997				
– held by fellow subsidiary undertaking	<u>–</u>	<u>–</u>	<u>500</u>	<u>–</u>
IR£ loan capital repayable 2003/7				
– held by subsidiary undertaking	<u>–</u>	<u>7,159</u>	<u>–</u>	<u>8,051</u>
	<u><b>22,000</b></u>	<u><b>29,159</b></u>	<u><b>22,500</b></u>	<u><b>30,051</b></u>

Claims in respect of the Group's and Bank's loan capital are subordinate to the claims of other creditors. None of the loan capital is secured.

Interest on the undated and dated loan capital held by a fellow subsidiary undertaking is payable quarterly at a margin over London Interbank Offered rates. Interest on other dated loan capital is payable quarterly at a margin over Dublin Interbank Offered rates.

Early repayment of the dated loan capital held by a fellow subsidiary undertaking may take place at any time after 1 January 1998 with a notice period of at least 30 days. Dated loan capital held by a subsidiary undertaking is repayable in five equal annual tranches commencing 1 January 2003 and concluding on 1 January 2007. The undated loan capital may not be considered for redemption before 27 December 1995.

Early repayment of loan capital is subject to the prior consent of the Bank of England and, in the case of the undated loan capital, prior consent of the Central Bank of Ireland is also required.

<b>30. Called up share capital</b>	<b>1993 £000</b>	<b>Authorised 1992 £000</b>	<b>Issued and fully paid 1993 £000</b>	<b>1992 £000</b>
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>105,000</u>	<u>105,000</u>

**Notes to the Financial Statements**  
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**31. Reserves**

	Revaluation reserve £000	Profit and loss account £000	Total £000
<b>Group</b>			
At 1 January 1993	5,003	184,606	189,609
Retained profit for the year	–	40,784	40,784
Exchange adjustments	(95)	(14,393)	(14,488)
Transfer of realised loss	259	(259)	–
Surplus on property revaluations	3,748	–	3,748
Other	330	(125)	205
	<u>9,245</u>	<u>210,613</u>	<u>219,858</u>
At 31 December 1993	<u>9,245</u>	<u>210,613</u>	<u>219,858</u>

**Bank**

At 1 January 1993	5,128	41,810	46,938
Retained profit for the year	–	22,349	22,349
Exchange adjustments	(95)	(6,251)	(6,346)
Transfer of realised loss	259	(259)	–
Surplus on property revaluations	3,748	–	3,748
Other	205	–	205
	<u>9,245</u>	<u>57,649</u>	<u>66,894</u>
At 31 December 1993	<u>9,245</u>	<u>57,649</u>	<u>66,894</u>

**32. Commitments under operating leases**

	1993 Group £000	1993 Bank £000	1992 Group £000	1992 Bank £000
Annual commitments under operating leases, which relate solely to property, were as follows:				
Operating leases which expire:				
Within one year	174	120	107	69
Between one and five years	185	154	196	169
In five years or more	3,253	1,676	3,308	1,510
	<u>3,612</u>	<u>1,950</u>	<u>3,611</u>	<u>1,748</u>

**33. Other pension costs**

The Group operates a number of pension schemes which are defined benefit schemes, the assets of which are held in trust funds separate from the Group. At the date of the latest actuarial valuation, which for the major schemes was 31 December 1992, the market value of the assets was **£291,697,000**. The valuation was carried out using the attained age method and the principal actuarial assumptions adopted were that the real rate of return on new investments would exceed the annual increase in pensionable remuneration, and present and future pensions in payment by 3.5% and that dividend growth would match price inflation.

The total pension cost for the Group is assessed in accordance with the advice of qualified actuaries, and amounted to **£4,545,000** (1992 – £6,873,000). The reduction in cost reflects the past service surplus of the major schemes identified by the latest actuarial valuation. Acting on the advice of the actuary for the major schemes, funding is temporarily suspended and further funding is unlikely to be required until the next valuation at 31 December 1995.

At the Balance Sheet date there were amounts of **£319,000** (1992 – £175,000) included in Prepayments and Accrued Income and **£120,000** (1992 – £Nil) included in Accruals and Deferred Income in respect of pension schemes operated by the Group. There are no amounts included in Prepayments and Accrued Income in respect of the voluntary severance and optional early retirement schemes introduced in 1990 and 1992 (1992 – £2,048,000).

**34. Transactions involving directors and others**

(a) The aggregate amounts outstanding at 31 December 1993 under transactions, arrangements and agreements made by authorised institutions within the Group for persons who are, or were, directors of the Bank during the year or who are, or were, connected with a director of the Bank during the year, relating to loans, quasi loans and credit transactions were:

	Number of directors	Number of connected persons	Amount £000
Loans	8	8	5,796
Quasi loans	7	4	10
Credit transactions	–	–	–

(b) The aggregate amounts outstanding at 31 December 1993 in respect of loans made to a director by a subsidiary undertaking which is not an authorised institution was **£ Nil** (1992 – £4,405).

(c) The aggregate amounts outstanding at 31 December 1993 under transactions, arrangements and agreements made by authorised institutions with the Group for persons who are, or were, managers within the meaning of the Banking Act 1987 during the year relating to loans, quasi loans and credit transactions were:

	Number of managers	Amount £000
Loans	25	449
Quasi loans	23	23
Credit transactions	–	–

**35. Segmental reporting**

The Group operates in the financial services industry in the United Kingdom and the Republic of Ireland and provides an integrated service to its customers. Segmental information by geographical area and class of business is set out below.

**Segmental information**

<b>Geographical segments</b>	<b>United Kingdom £000</b>	<b>Republic of Ireland £000</b>	<b>Total £000</b>
<b>Profit on ordinary activities before tax (note a)</b>			
1993	30,607	62,527	93,134
1992	28,586	29,509	58,095
<b>Segment net assets (note b)</b>			
1993	142,797	220,304	363,101
1992	138,444	194,836	333,280
<b>Segment total assets (note b)</b>			
1993	2,663,940	2,998,341	5,662,281
1992	2,558,148	3,454,007	6,012,155
<b>Segment average assets (note c)</b>			
1993	2,534,424	3,074,288	5,608,712
1992	2,382,562	2,363,898	4,746,460
<b>Class of business</b>	<b>Retail Services £000</b>	<b>Corporate and Treasury Services £000</b>	<b>Total £000</b>
<b>Profit on ordinary activities before tax (note a)</b>			
1993	50,203	42,931	93,134
1992	29,371	28,724	58,095
<b>Segment net assets (note b)</b>			
1993	206,459	156,642	363,101
1992	181,756	151,524	333,280
<b>Segment total assets (note b)</b>			
1993	2,660,149	3,002,132	5,662,281
1992	2,784,618	3,227,537	6,012,155
<b>Segment average assets (note c)</b>			
1993	2,634,982	2,973,730	5,608,712
1992	2,198,393	2,548,067	4,746,460

**Notes**

- (a) Interest on loan capital, central services costs and earnings on shareholders' funds are apportioned segmentally on appropriate bases.
- (b) In view of the nature of the financial services business it is appropriate to analyse total assets by segment in addition to net assets, which comprise shareholders' funds, loan capital and minority interests.
- (c) Average total assets attributed to segments are derived from a combination of daily, monthly and quarterly balances.
- (d) Particulars of gross income are not disclosed.

**Notes to the Financial Statements**  
for the year ended 31 December 1993

<b>36. Reconciliation of movements in shareholders' funds</b>	<b>1993 £000</b>	<b>1992 £000</b>
Total recognised gains and losses relating to the year	<b>50,249</b>	56,443
Dividends paid and proposed	<b>(20,000)</b>	(103,000)
New share capital subscribed	<b>–</b>	85,000
Net addition to shareholders' funds	<b>30,249</b>	38,443
Shareholders' funds at 1 January	<b>294,609</b>	256,166
Shareholders' funds at 31 December	<b>324,858</b>	294,609

**37. Ultimate Parent Company**

The Bank is a subsidiary undertaking of National Westminster Bank Plc, which is incorporated in Great Britain, and is its ultimate parent company. This company heads the only group in which the results of Ulster Bank Limited and its subsidiaries are consolidated. Copies of the parent's consolidated financial statements may be obtained from The Secretary, National Westminster Bank Plc, 41 Lothbury, London EC2P 2BP.

**38. General**

**(i) Financial commitments and contingent liabilities**

At the year end the contract amounts and risk weighted amounts of financial commitments and contingent liabilities were:

<b>Group</b>	<b>1993 Contract amount £000</b>	<b>1993 Risk weighted amount £000</b>	<b>1992 Contract amount £000</b>	<b>1992 Risk weighted amount £000</b>
Contingent liabilities:				
– Acceptances and endorsements	<b>38,732</b>	<b>38,732</b>	36,486	36,486
– Guarantees and assets pledged as collateral security:				
– guarantees	<b>148,451</b>	<b>148,005</b>	243,536	236,819
– Other contingent liabilities	<b>215,552</b>	<b>135,698</b>	254,655	160,665
	<b>402,735</b>	<b>322,435</b>	534,677	433,970

**Notes to the Financial Statements**  
for the year ended 31 December 1993

**38. General (continued)**

<b>Group</b>	<b>1993 Contract amount £000</b>	<b>1993 Risk weighted amount £000</b>	<b>1992 Contract amount £000</b>	<b>1992 Risk weighted amount £000</b>
Commitments:				
– Documentary credits and other short term trade-related contingent obligations	10,449	1,877	15,116	2,891
– Formal standby facilities, credit lines and other commitments to lend with a maturity of:				
– less than one year or unconditionally cancellable at any time	838,792	–	888,706	–
– one year and over	153,739	74,069	119,932	48,817
– Other	2,482	–	3,435	–
	<u>1,005,462</u>	<u>75,946</u>	<u>1,027,189</u>	<u>51,708</u>
<b>Bank</b>				
Contingent liabilities:				
– Acceptances and endorsements	24,563	24,563	19,013	19,103
– Guarantees and assets pledged as collateral security:				
– guarantees	40,982	40,446	51,027	50,501
– Other contingent liabilities	73,663	36,225	135,023	66,142
	<u>139,208</u>	<u>101,234</u>	<u>205,063</u>	<u>135,746</u>
Commitments:				
– Documentary credits and other short term trade-related contingent obligations	10,449	1,877	12,604	2,389
– Formal standby facilities, credit lines and other commitments to lend with a maturity of:				
– less than one year or unconditionally cancellable at any time	520,790	–	501,145	–
– one year and over	–	–	–	–
– Other	–	–	–	–
	<u>531,239</u>	<u>1,877</u>	<u>513,749</u>	<u>2,389</u>

These transactions, which have been entered into on behalf of customers and for which there are corresponding obligations by counter parties, are not included on the Group's or the Bank's Balance Sheets. There are no amounts included within these transactions which are incurred on behalf of, or for the benefit of, the parent, fellow subsidiary and subsidiary undertakings.

**38. General (continued)**

**(ii) Off-balance sheet financial instruments**

The Bank and certain subsidiary undertakings enter into various off-balance sheet financial instruments as principal either as a trading activity or to manage balance sheet interest rate and foreign exchange risk. At the year end the notional or contract amounts of the instruments, which are not included on the Group's or the Bank's Balance Sheet, were:

	<b>1993 Contract amount</b>	<b>1993 Risk weighted amount</b>	<b>1992 Contract amount</b>	<b>1992 Risk weighted amount</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group</b>				
Interest rate related contracts	<b>1,578,765</b>	<b>9,880</b>	3,530,982	4,855
Exchange rate related contracts	<b>6,303,691</b>	<b>44,002</b>	10,519,233	106,968
<b>Bank</b>				
Interest rate related contracts	<b>117,799</b>	<b>592</b>	1,917,131	1,296
Exchange rate related contracts	<b>886,625</b>	<b>15,363</b>	5,233,725	45,596

The notional or contract principal amounts of these instruments are not indicative of the amounts at risk which are the smaller amounts payable under the terms of these instruments and upon the basis of the contract or notional principal amount. The amounts at risk are also reduced by entering into offsetting positions. Transactions with the parent, fellow subsidiary and subsidiary undertakings are carried at a nil risk weighted amount, and accordingly the contract amounts exclude these transactions. Risk weighted amounts have been calculated in accordance with the Bank of England guidelines implementing the Basle agreement on capital adequacy.

**(iii) Financial agreements**

Group amounts financed under finance lease and instalment credit agreements entered into during the year were **£341,606,000** (1992 – £234,684,000).

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 42, is made with a view to distinguishing for Shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

The Directors are required by the Companies (Northern Ireland) Order 1986 to prepare, for each financial year, financial statements which give a true and fair view of the state of affairs of the Bank and Group as at the end of the financial year and of the Group's profit for that financial year.

The Directors confirm that the financial statements have been prepared on the going concern basis and consider that in preparing the financial statements on pages 10 to 40, the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

KPMG Peat Marwick, the independent Auditors appointed by the Shareholders of the Bank to audit the financial statements, have full and unrestricted access to the Audit and Compliance Committee to discuss their audit and related findings as to the integrity of the Group's financial reporting and the adequacy of its system of internal controls.

Sir George Quigley  
Chairman



D Went  
Group Chief Executive



I J Laird  
Secretary & Group Financial Controller



10 February 1994

## Report of the Auditors

### To the Members of Ulster Bank Limited

We have audited the financial statements on pages 10 to 40.

### Respective responsibilities of Directors and Auditors

As described on page 41, the Bank's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those financial statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Bank and the Group as at 31 December 1993 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

*KPMG Peat Marwick*

**KPMG Peat Marwick**  
Chartered Accountants  
Registered Auditors  
Belfast

10 February 1994

### Tax-based lending

The Group engages in significant amounts of tax-based lending at rates which are substantially below market rates of interest.

This makes pre-tax performance analysis very difficult, as the Group results reflect the effect of this tax-based lending.

For comparative purposes, an analysis of grossed up profits before tax and the taxation charge is given below.

Profit after tax is unchanged.

	<b>1993</b>	<b>1993</b>	<b>1992</b>	<b>1992</b>
	<b>Per Published</b>	<b>Re-stated</b>	<b>Per Published</b>	<b>Re-Stated</b>
	<b>financial</b>	<b>to reflect</b>	<b>financial</b>	<b>to reflect</b>
	<b>statements</b>	<b>grossing up</b>	<b>statements</b>	<b>grossing up</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Group profit before taxation	93,134	98,108	58,095	62,487
Taxation	(30,837)	(35,811)	(13,479)	(17,871)
Special taxes on banking deposits	(513)	(513)	(3,015)	(3,015)
Duty on tax-based income	(916)	(916)	(963)	(963)
Group profit after taxation	<u>60,868</u>	<u>60,868</u>	<u>40,638</u>	<u>40,638</u>

The Treasury and International Division of Ulster Bank Group manages the Group's liquidity and interest rate exposures and trades in domestic and international foreign exchange and money markets from dealing rooms in Belfast and Dublin. It is also responsible for the International Trade Services of Ulster Bank Limited which incorporates the International Trade Finance and domestic international services operation of the Group.

The following is a summary of the activities carried out in each of the dealing units forming Treasury and International Division:

**Ulster Bank, Belfast** – Corporate and Interbank Spot and Forward Foreign Exchange, Money Market Products, Wholesale Deposits and other Foreign Exchange and Money Market derivative products.

In Northern Ireland, Treasury and International Division provides a wide range of dealing services to the corporate sector from its Dealing Room in Belfast. It trades in all the major foreign exchange and interest rate products and thus is in an excellent position to provide a competitive and comprehensive treasury management service. Through the Belfast Dealing Room, Ulster Bank is a market maker in the off-shore Irish Pound market (Euro-Irish) and has been at the forefront of the development of this market over the last decade.

**Ulster Bank, Dublin** – Corporate and Interbank Spot and Forward Foreign Exchange, Fixed Interest, Financial Engineering and Currency Options.

The Dealing Room of Ulster Bank has long been recognised as a leading participant in the Dublin Spot Foreign Exchange Market and is highly regarded in the international markets. It is also a major interbank player in the domestic Forward Foreign Exchange Market and participates actively in the international Forward Foreign Exchange Markets. The division is also responsible for the servicing of the foreign exchange needs of our corporate clients based in the Republic of Ireland and overseas.

The Financial Engineering Unit works closely with all our corporate clients to assist in the development of unique investment and foreign exchange strategies formulated to meet specific cash flows and financial structures. In conjunction with National Westminster Bank, it has the capacity to access the International Capital Markets on behalf of corporates who require that service.

**Ulster Investment Bank, Dublin** – Money Market Products, Wholesale Deposits and other derivative interest rate management products.

Ulster Investment Bank carries out all of the money market activities of the Ulster Bank Group in the Republic of Ireland and is a significant participant in all of the domestic interest rate markets in Dublin.

Ulster Investment Bank is also a major participant in the commercial paper market in Dublin and is an agent for the Government of Ireland Section 69 Notes which are attractive investment instruments for companies which are at least 90% foreign owned or branches of overseas companies.

**International Trade Services** – The International Trade Services activities of the Bank are provided by Treasury and International Division in Dublin and Belfast and cater for the trade related requirements of both importers and exporters. The principal activities of International Trade Services are:

- International Payments
- Correspondent Banking Services
- Foreign Currency Accounts
- Foreign Currency Cheque Collection
- Letters of Credit and Documentary Collections
- Bonds and Guarantees
- Bill Discounting
- Forfaiting
- Insurance related finance linked to both private or state schemes
- Countertrade
- Trade related loans.

**BELFAST**

**Dealing Room**

Telephone 323216 (Foreign Exchange)  
327963 (Euro Currency)  
244897 (Sterling Deposits)  
230243 (Bank Note Dealers)

Fax 897697  
Reuters Page ULST  
Reuters Dealing UBFB/C

Raymond Hastie, Senior Manager  
David Wilson, Manager, Interbank Trading  
Paul Tracey, Manager, Corporate Treasury

**International Trade Services**

Telephone 325626  
Telex 74525  
Fax 897697  
Swift ULSB GB 2B  
Barry Craythorne, Manager

**Operations**

Telephone 325626  
Telex 74525  
Fax 897696  
Swift ULSB GB 2B  
Peter Hutchinson, Manager

**DUBLIN**

**Dealing Room**

Telephone 8290044 (Spot Foreign Exchange)  
6700010 (Forward Foreign Exchange)  
6700027 (Financial Engineering)  
8290077 (Fixed Interest)

Fax 7025620  
Reuters Page UBFW/X/Y  
Reuters Dealing Spot UBFI/D  
Forward UBFX

Michael Griffin, Managing Director, Interest Rate Risk  
Declan O'Neill, Managing Director, Foreign Exchange  
Brian Brady, Corporate FX  
James Fox, Financial Engineering  
Eamonn O'Connor, Spot FX  
Michael Cronin, Spot FX  
Martin O'Sullivan, Fixed Interest  
Peter Meehan, Forward FX

**International Trade Services**

Telephone 6777623  
Telex 93638  
Fax 6797683  
Swift ULSB IE 2D  
Jarlath Jordan, Manager  
Frank Twomey, Deputy Manager

**Operations**

Telephone 6700700  
Telex 31525  
Fax 7025656  
Swift ULSB IE 2D  
Philip Meers, Head of Operations  
Russell Carter, Settlements

**Ulster Investment Bank – Treasury**

Telephone 6700010 (Money Markets)  
6701100 (Corporate)  
Fax 7025577  
Reuters Page UBFZ  
Reuters Dealing UIBI  
Swift UIBL IE 2D

Michael Griffin, Director  
Matt Cullen, Deputy Head of Money Markets  
Joe Caulfield, Head of Corporate Desk  
Peter Wilson, Chief Dealer, Sterling & Euro Currencies  
Mary McCann, Chief Dealer, Irish Pounds

In addition to the activities of Group Treasury, the Ulster Bank Group plays a prominent role in the International Financial Services Centre (IFSC) in Dublin in the provision of the following other services to major international institutions:

- Structured Finance
- Corporate Lending
- Custodial/Trustee and Fund Administration Services.

Ulster Investment Bank (UIB), the Group's corporate and investment banking subsidiary had many years experience in providing the above mentioned services to the domestic market. With the establishment of the IFSC in 1987, it was a natural extension to develop these businesses on an international scale.

### Structured Finance

Ulster International Finance (UIF) works closely with mid to large corporates in order to develop and deliver tailor made and innovative asset financing, treasury and investment structures for both the domestic and cross-border markets. UIF is one of the leading IFSC operators with a client base spread across a wide range of international markets. UIF incorporates a substantial range of specialist skills and extensive international contacts which make it uniquely well positioned to respond quickly to corporate opportunities in a dynamic environment.

### International Lending

As one of the largest banking groups in Ireland, Ulster Bank, through UIF Finance Company (UIFF), has been actively developing its international lending portfolio in recent years. This activity can broadly be divided into two main categories:

- Facilities to overseas subsidiaries of Irish Companies
- Participation in UK, European and US based transactions.

UIFF has already established a significant presence in these markets.

### Custodial/Trustee and Fund Administration Services

Our third major activity in the IFSC is the provision of custodial/trustee and administration services to Collective Investment Schemes locating in the IFSC.

Custodial/Trustee services are provided by Ulster Bank Custodial Services (UBCS) and administrative services such as shareholder recordkeeping, net asset value calculation and fund accounting are provided by Ulster Bank Investment Services (UBIS). Clients include fund sponsors from the US, Europe and the Far East. Amongst the leading participants in this sector UBCS and UBIS base their success on the following key strengths:

**Experienced Staff** – UIB has been a custodian for its own and third party funds since 1980. As a result, it has been able to establish an experienced team within

UBCS. The same policy of building a team around a very experienced nucleus has been adopted by UBIS.

**Modern Systems** – Both UBIS and UBCS have installed sophisticated, internationally recognised multi-currency computer systems to meet the varying needs of their clients including systems which generate reports and accounts to suit the legal and taxation requirements of the US authorities. These are geared to process asset backed securities and derivative instruments.

**Global Custody** – As part of the NatWest Group, UBCS works closely with NatWest Investment Services which has \$80 billion under custody, covers 53 countries and provides custody arrangements for UBCS in all of the major markets. UBCS also works with other leading third party service providers, when appropriate.

**Flexibility** – As part of one of the leading financial institutions in the world, with a presence in all major financial markets, UBCS/UBIS are in a position to provide offshore fund managers with unique structures designed to meet their specific needs. These services can also be provided to meet both European and North American time zones.

In summary, the strengths of the Ulster Bank Group's services in these areas have been recognised by the growing number of leading international financial institutions which have chosen UIF and UBCS/UBIS to cater for their needs in the IFSC.

### Structured Finance and International Lending

- Ulster International Finance (UIF)
- UIF Finance Company (UIFF)

Address IFSC House  
International Financial Services Centre  
Custom House Quay  
Dublin 1  
Telephone 6700700  
Fax 7025672  
Contacts Michael Drew – Chief Executive  
Joe Molloy – Director  
John McDonnell – Director

### Custodial/Trustee and Fund Administration Services

- Ulster Bank Custodial Services (UBCS)
- Ulster Bank Investment Services (UBIS)

Address 18 Dawson Street  
Dublin 2  
Telephone 6613444  
Fax 6762926 – UBCS  
6763506 – UBIS

Contacts  
Head of Investment Services – Frank Close  
Operations – Michael Boyce, UBCS  
– Michael Dalton, UBIS  
Marketing – David Conway  
Technical – John Fitzpatrick

## Directors and Executives

<b>Chairman</b>	Sir William George Henry Quigley, CB
<b>Directors</b>	Sir William Ewart Bell, KCB Denis Fitzgerald Desmond, CBE James Robert Gallagher Bernard Philip Horn Ronald David Kells Brian Warwick McConnell John Joseph McNally William Patrick O'Kane, OBE Martin Rafferty Margaret Spence (resigned 18 December 1993) David Went Martin Joseph Wilson
<b>Audit Committee</b>	Sir Ewart Bell, KCB, Chairman J R Gallagher W P O'Kane, OBE
<b>Chief Executive</b>	David Went
<b>Divisional Heads</b>	R D Kells <i>Retail Services</i>  B W McConnell <i>Corporate Services</i>  M J Wilson <i>Treasury and International</i>  D F Adair <i>Group Personnel</i>  I J Laird <i>Financial Control</i>  Oliver Lynas <i>Group Audit</i>  G J O'Hara <i>Information Systems Services</i>  T C Reid <i>Group Advances</i>  R J Whitla <i>Management Services</i>
<b>Secretary</b>	I J Laird
<b>Head Office</b>	47 Donegall Place Belfast BT1 5AU
<b>Chief Office Republic of Ireland</b>	33 College Green, Dublin 2

**Lombard & Ulster Limited** 40 Linenhall Street  
Belfast BT2 8DF  
J H Torney  
*Chief Executive*

**JCB Credit Limited** The Mill  
Rocester  
Staffordshire ST14 5JW  
D J Burgess  
*Managing Director*

**Lombard & Ulster Banking Limited** 54/57 Lower Mount Street  
Dublin 2  
P A McArdle  
*Chief Executive*

**Ulster Bank Commercial Services Limited** 54/57 Lower Mount Street  
Dublin 2  
W J Glynn  
*Chief Executive*

**Ulster Bank Commercial Services (NI) Limited** 11 Donegall Square South  
Belfast BT1 5PH  
D F Moynihan  
*General Manager*

**Ulster Bank Dublin Trust Company** 33 College Green  
Dublin 2  
M F Daly  
*Manager*

**Ulster Bank (Isle of Man) Limited** 46 Athol Street  
Douglas  
Isle of Man  
D J McCauley  
*Chief Executive*

**Ulster Leasing (Isle of Man) Limited** 46 Athol Street  
Douglas  
Isle of Man  
D J McCauley  
*Chief Executive*

**Ulster Leasing No 2 (Isle of Man) Limited** 46 Athol Street  
Douglas  
Isle of Man  
D J McCauley  
*Chief Executive*

**Ulster Investment Bank Limited** 2 Hume Street  
Dublin 2  
B W McConnell  
*Chief Executive*

**Ulster International Finance** PO Box 3255  
IFSC House  
International Financial Services Centre  
Dublin 1  
Michael Drew  
*Chief Executive*

**UIF Finance Company** PO Box 3255  
IFSC House  
International Financial Services Centre  
Dublin 1  
Michael Drew  
*Chief Executive*

**Ulster International Finance & Commercial Services Company** 47 Donegall Place  
Belfast BT1 5AU  
Michael Drew  
*Managing Director*

**Ulster Bank Investment Managers Limited** 18 Dawson Street  
Dublin 2  
Jane Neill  
*Chief Executive*

**Ulster Bank Custodial Services** 18 Dawson Street  
Dublin 2  
Michael Boyce  
*Chief Executive*

**Ulster Bank Investment Services Limited** 18 Dawson Street  
Dublin 2  
F J Close  
*Director*

**Ulster Bank Group Treasury Limited** PO Box 3255  
IFSC House  
International Financial Services Centre  
Dublin 1  
M J Wilson  
*Chief Executive*

**Ulster Bank Group Treasury (International) Limited** PO Box 3255  
IFSC House  
International Financial Services Centre  
Dublin 1  
M J Wilson  
*Chief Executive*

**UBFX Management** PO Box 3255  
IFSC House  
International Financial Services Centre  
Dublin 1  
D J O'Neill  
*Chief Executive*

## Associated Undertaking

**Ulster Bank Insurance Services Limited** Ulster Bank House  
Shaftesbury Square  
Belfast BT2 7DL  
J G Burns  
*Manager*

## Regional Directors

### Northern Region

Albert Wilson

### Southern Region

J J McNally

## Area Directors

### Northern Region

City

R J H Price

North

W F Caldwell

South

H B Dickson

### Southern Region

City

C P Gray

Midlands & West

P E Berwick

South

Sean O'Mahony

## Branches

Antrim

Ardara

Ardee

Armagh

Arva

Athboy

Athenry

Athlone

Aughnacloy

Ballina

Ballinrobe

Ballybofey\*

Ballycastle

Ballyclare

Ballyconnell

Ballyhaunis

Ballyjamesduff

Ballymena, Wellington Street

Ballymena, Harryville\*

Ballymoney

Ballymote

Ballynahinch

Banbridge

Bangor, Main Street

Bangor, Springhill Shopping Centre\*

University Road

Waring Street

Woodstock Road

York Street

Belmullet\*

Belturbet

Blessington

Buncrana\*

Carlow

Carrickfergus

Carrickmacross

Castlebar

Castleblayney\*

Castlederg

Castlepollard

Castlerea

Castlewellan

Cavan

Celbridge\*

Clane\*

Claremorris

Clogher

Clones

Clonmel

Coleraine

Comber

Cookstown

Cootehill

Cork, Patrick Street

Cork, South Mall

Craigavon Hospital\*

Croom\*

Crumlin

Donaghadee

Donegal

Downpatrick

Draperstown

Drogheda

Dromore, Co Down

Dromore, Co Tyrone

### Belfast

Andersonstown

Antrim Road

Boucher Road

Carlisle Circus

Carryduff\*

Connswater

Corn Market

Crumlin Road

Donegall Place

Dundonald

Dunmurry

Finaghy

King's Road

Knock

Lisburn Road

Markets

Mountpottinger

Newtownbreda\*

Ormeau Road

Shaftesbury Square

Shankill Road

### Dublin

Baggot Street

Ballsbridge

Blackrock

Bray\*

Camden Street

College Green

Coolock  
 Dalkey  
 Dawson Street\*  
 Dorset Street  
 Dublin Airport  
 Dundrum  
 Dun Laoghaire Centre  
 Dun Laoghaire, Rochestown Avenue  
 Lucan  
 Malahide\*  
 O'Connell Street  
 Palmerstown  
 Ranelagh  
 Tallaght  
 Walkinstown Cross

Dundalk  
 Dungannon  
 Dungiven\*  
 Edenderry  
 Edgeworthstown  
 Ennis  
 Enniscorthy\*  
 Enniskillen, Darling Street  
 Enniskillen, Markets\*  
 Ferbane  
 Galway, Eyre Square  
 Galway, Tuam Road\*  
 Garvagh  
 Glenamaddy  
 Glengormley  
 Gortin  
 Granard  
 Holywood  
 Irvinestown  
 Jordanstown, University of Ulster  
 Kilcock  
 Kilkenny  
 Killeshandra  
 Killybegs  
 Killyleagh  
 Kilnaleck  
 Kircubbin  
 Larne  
 Letterkenny  
 Lifford\*  
 Limavady  
 Limerick, 95 O'Connell Street  
 Limerick, Dooradoyle\*  
 Lisburn, Bow Street

Lisburn, Longstone Street\*  
 Lisnaskea  
 Londonderry, Waterloo Place  
 Londonderry, Waterside  
 Longford  
 Lurgan  
 Maghera  
 Magherafelt  
 Mallow  
 Manorhamilton  
 Maynooth  
 Moira\*  
 Monaghan  
 Monkstown\*  
 Mullingar  
 Naas  
 Navan  
 Nenagh  
 Newbridge  
 Newcastle  
 Newry  
 Newtownabbey  
 Newtownards  
 Newtownhamilton  
 Omagh  
 Portadown, High Street  
 Portadown, Borough Place East\*  
 Portlaoise  
 Portrush  
 Portstewart\*  
 Raphoe  
 Rathfriland  
 Shannon Town Centre  
 Sligo, Stephen Street  
 Sligo, Mailcoach Road\*  
 Stewartstown  
 Strabane  
 Tandragee  
 Tralee  
 Trim  
 Tuam  
 Tullamore  
 Warrenpoint\*  
 Waterford  
 Westport  
 Wexford

\* Daily Sub Office