

Annual Results 2017

FOR THE 12 MONTHS ENDED 31 DECEMBER 2017



Forward Looking Statements

This document contains certain forward-looking statements with respect to certain of the Permanent TSB Group Holdings plc's (the 'Bank') intentions, beliefs, current goals and expectations concerning, among other things, the Bank's results of operations, financial condition, performance, liquidity, prospects, growth, strategies, the banking industry and future capital requirements.

The words "expect", "anticipate", "intend", "plan", "estimate", "aim", "forecast", "project", "target", "goal", "believe", "may", "could", "will", "seek", "would", "should", "continue", "assume" and similar expressions (or their negative) identify certain of these forward-looking statements but their absence does not mean that a statement is not forward looking. The forward-looking statements in this document are based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Bank to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Bank's ability to control or estimate precisely, such as future global, national and regional economic conditions, levels of market interest rates, credit or other risks of lending and investment activities, competition and the behaviour of other market participants, the actions of regulators and other factors such as changes in the political, social and regulatory framework in which the Bank operates or in economic or technological trends or conditions.

Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in this document is intended to be a profit forecast or profit estimate.

The Bank expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Bank's expectations with regard thereto or any change in events, assumptions, conditions or circumstances on which any statement is based after the date of this document or to update or to keep current any other information contained in this document. Accordingly, undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this document.

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Agenda

2017 Progress

Jeremy Masding, CEO

03

2017 Financial Performance

Eamonn Crowley, CFO

13

A Successful Commercial Year

2017 Highlights

Growth	>€1bn of New Lending up 74%, Mortgage Market Share of 12.6%
Profit	Pre-Impairment Profit up 28%
NPLs	NPLs reduced by 10% (€0.6bn)
Funding	ECB Funding reduced to 1% of Total Funding
Capital	CET1 Ratio remains stable at 15.0% (Fully Loaded) CET1 Ratio of 17.1% (Transitional)

Rebuilding Profitability And Strengthening The Balance Sheet

Financial Performance

Profit /(Loss)
For The Year

€40m

FY16 (€266m)

Net Interest
Margin

1.80%

FY16 1.48%

Cost Income
Ratio

64%

FY16 65%

Impairment
(Charge) / Write-Back

(€49m)

FY16 €68m

Retail
Deposits
(including C/As)

€14.3bn

Dec 2016 €13.6bn

Performing
Loan Book

€15.3bn

Dec 2016 €15.5bn

NPLs

€5.3bn

Dec 2016 €5.9bn

CET1 Ratio
(Fully Loaded)

15.0%

Dec 2016 14.9%

74% Growth In Total New Lending

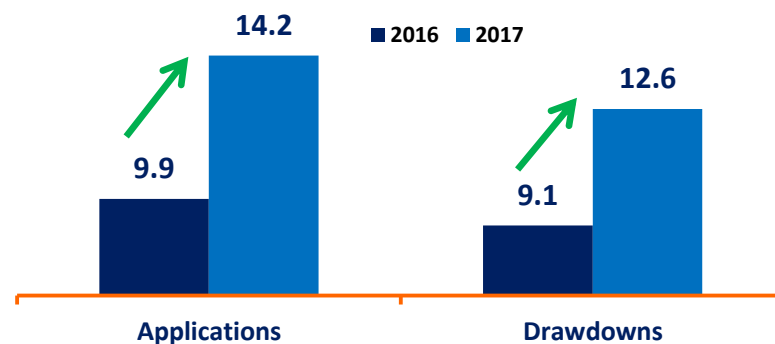
Award-Winning Products & Campaigns



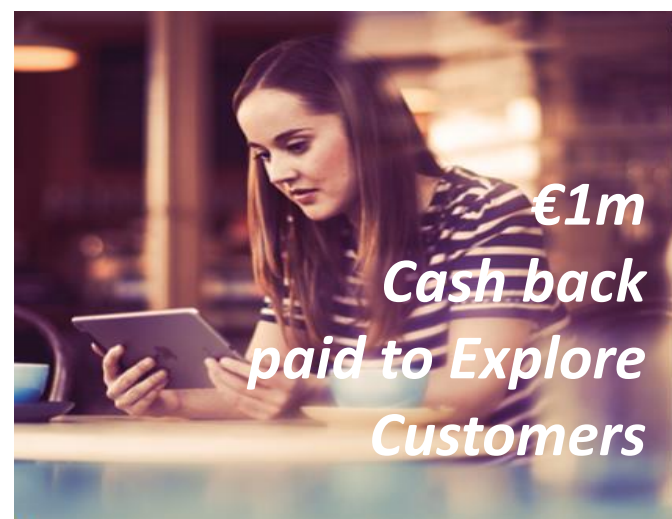
New Customer Lending

			Mkt (%)
Mortgage Lending	€921m	↑ 77%	↑ 29%
Personal Term Lending	€90m	↑ 48%	
SME Lending	€18m	↑ 75%	

Mortgage Market Share (%)¹



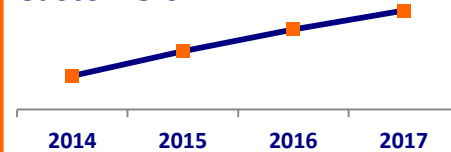
The Bank Of Choice For Our Customers



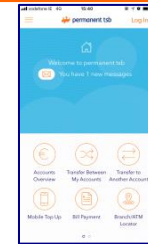
Positive Trends In Customer Activity

Customer Base

Engaged Customers¹



Active Mobile Customers



+30%

New Current Account Openings

42,000

+14%

Customer Activity

New-To-Bank Mortgage Customers

27%

Of New Business

Online Transactions

195m

+10%

Payment Card Transactions



+16%

Customer Trust And Loyalty

😊 % – 😞 % = **NPS²**
+15
2nd in the Market

Trust Score³

+2%

Only Bank with an Increasing Trend

Commitment Score⁴

74%

Highest in the Market

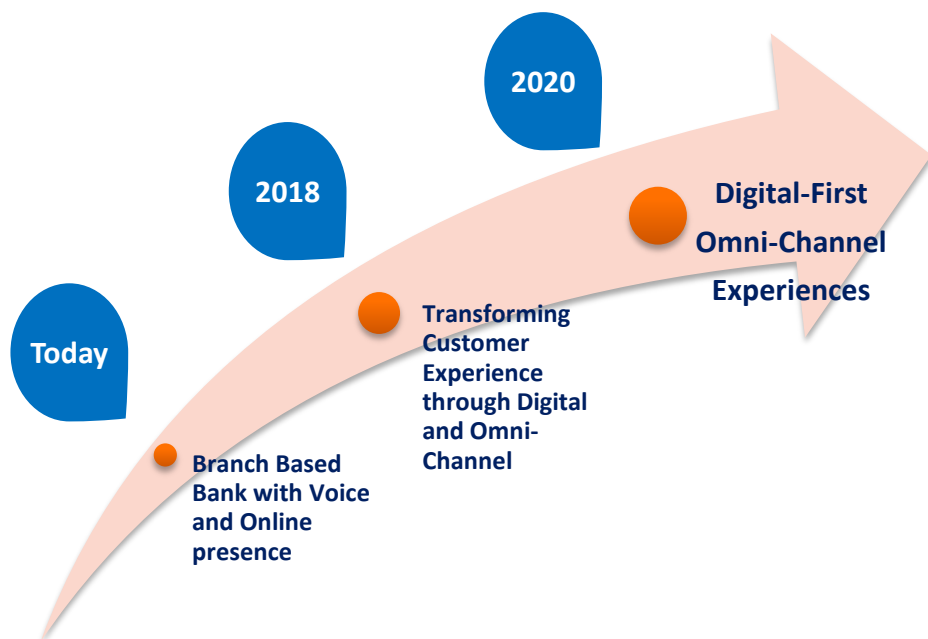
1. Engaged Customers refer to customers who are actively using PTSB as their main bank (16% between 2014-2017).
2. Recommendation NPS at Q3/Q4 2017 – The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.
3. Trust Score Q3/Q4 2017 refers to the proportion of main bank customers who would endorse their bank as being "Trustworthy".
4. Commitment Score Q3/Q4 2017 refers to the proportion of customers who would report that their main bank is their preferred choice of bank.

Reaching Customers Through Multi-Channels

Branch	<ul style="list-style-type: none"> • Reorganised Operating Model • Modernised Branches • Designed To Embrace Omni-Channel Approach
Field-Based Consultants	<ul style="list-style-type: none"> • 55 Field-Based Consultants • Meeting Customers on their Terms
Intermediaries	<ul style="list-style-type: none"> • Proven Operating Model • Distinctive Service Proposition
Voice	<ul style="list-style-type: none"> • 60% of Personal Loans originated through Voice & Digital • 15% increase in call volumes, 80% of calls serviced within 20 seconds • Significant growth in other product sales
Digital	<ul style="list-style-type: none"> • 63% Digital Enrolment • Strong Digital Lead Generation



Using Digital To Meet Evolving Customer Needs



Customer Interactions

Physical And Online

Customer Relationships

Omni-Channel Approach

Customer Experience

Seamless And Consistent

Underpinned By Flexible Architecture, Partnerships And New Ways Of Working

Domestically Focused Retail And SME Bank

Business Overview

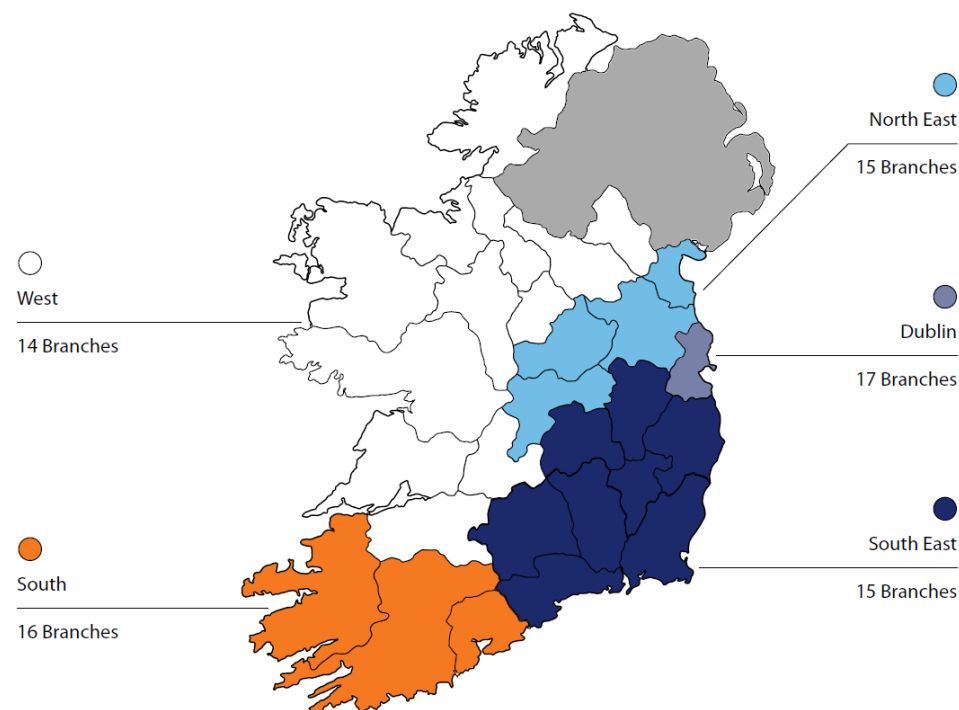
Business

Gross Loan Book	€20.6bn
Current Account Balances	€3.7bn
Retail Deposit Balances	€10.6bn

Market Share

Residential Mortgage Balances ¹	17.0%
Current Account Balances ²	12.5%
Retail Deposit Balances ²	11.6%

Our Landscape



1. Gross Loans as a share of the Total Mortgage Loan books of PTSB and competitors as at year end 2017.

2. Based on balances as at year end 2017. Source: Central Bank Statistics.

Maximising Shareholder Value On A Sustainable Basis...

...By Delivering Right Outcomes For Key Stakeholders



Our Vision

**To Be The Bank Of
Choice**

Strategic Objectives



Company

- Achieve Focused and Low Risk Business Model
- Deliver Sustainable Profitability and Capital Generation
- Deliver Total Shareholder Return



Customers

- Become The Bank Of Choice
- Build A Digital-First Omni-Channel Experience



Colleagues

- Develop High Performance Teams
- Improve Engagement Through The PTSB Values



Communities

- Support Communities Through Lasting Relationships
- Build A Responsible And Sustainable Business



Building On 2017 Performance

2017 Summary

- **Delivered Commercial Promises**
- **Rebuilt Profitability**
- **Continued De-Risking The Bank**
- **Maintained Capital Level Well Above Regulatory Requirement**

2018 Priorities

**Invest In
Customers
Franchise**



**Improve
Sustainable
Profitability**



**Deliver NPL
Strategy And
Protect Capital**



**Embed High
Performance**

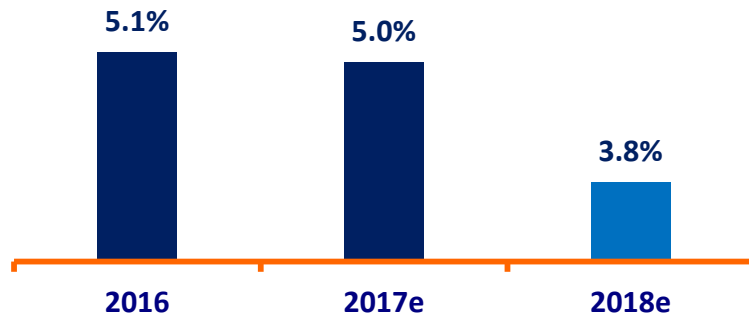


Financial Performance

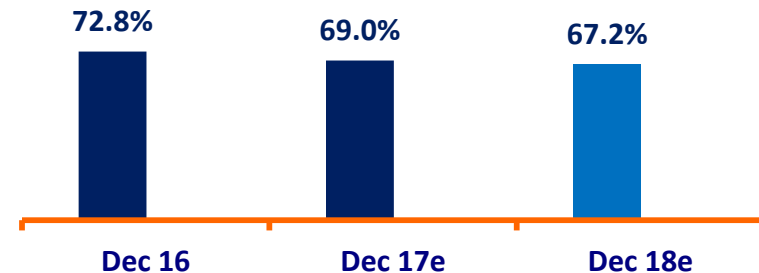
Eamonn Crowley
CFO

Strong Growth In The Domestic Economy

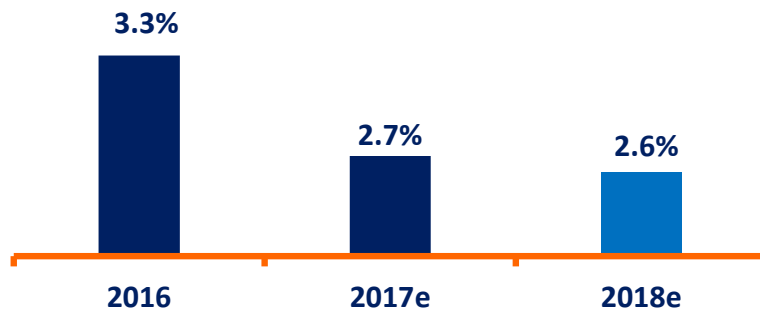
Domestic GDP



Government Debt As % of GDP

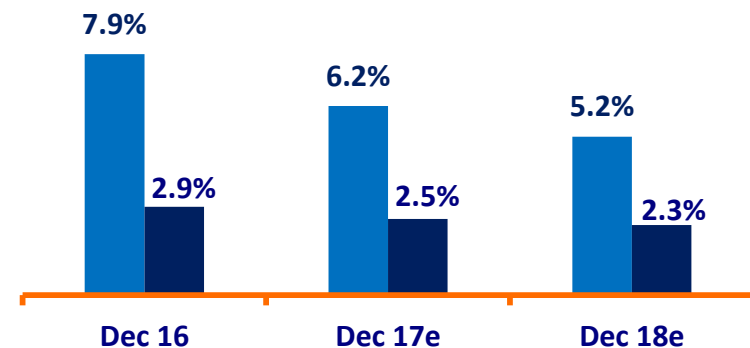


Real Consumer Spending (Growth)



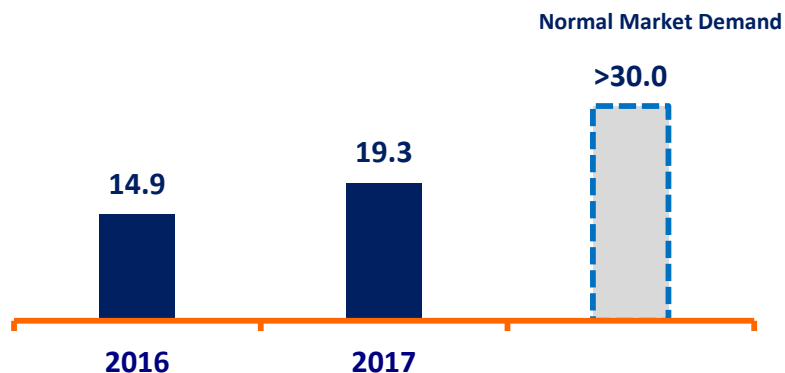
Labour Market

■ Unemployment Rate ■ Total Employment Growth

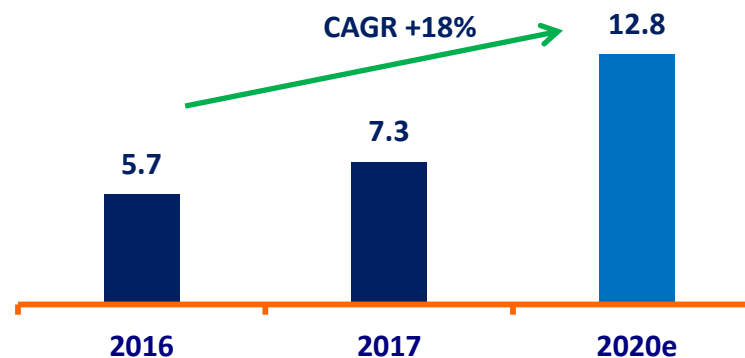


Continued Recovery In The Housing Market

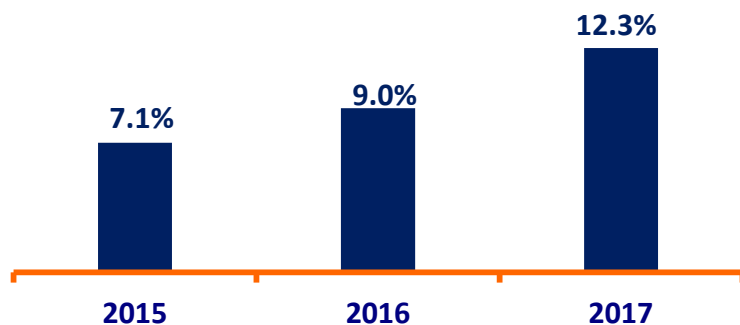
Housing Completions (000s)



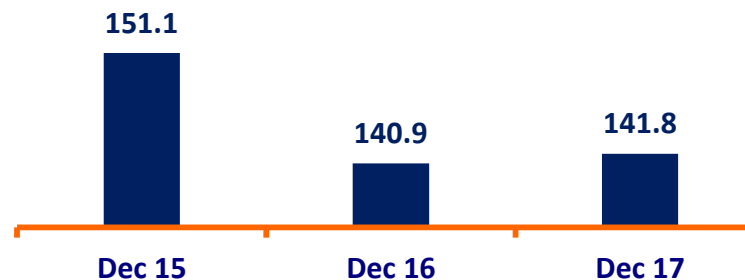
Mortgage Market (€bn)



House Price Growth (YoY)



Household Debt / Disposable Income (%)



Pre-Impairment Profit +28%

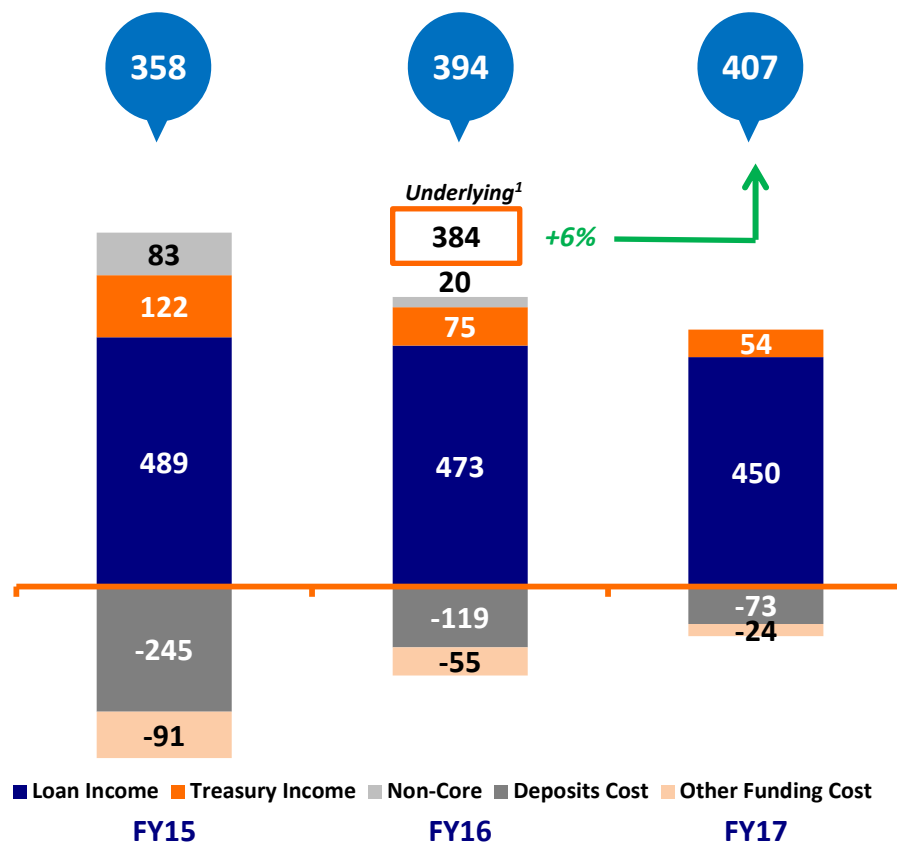
Income Statement

€m	FY17	FY16 <i>(Reported)</i>	FY16 <i>(Underlying¹)</i>	YoY <i>(Vs. Underlying)</i>		FY17 Vs FY16 Underlying
NII	407	394	384 ²	+23	+6%	6% growth in NII due to reduction in Cost of Funds offset by lower Treasury Income
ELG Fees	(2)	(4)	(4)	+2	-50%	
Non-Interest Income	38	71	41	-3	-7%	Underlying F&C income broadly flat
Operating Income	443	461	421	+22	+5%	
Operating Expenses (Incl. Regulatory Charges)	(329)	(341)	(332)	+3	-	Operating Expenses (Incl. Regulatory Charges) flat YoY
Pre-Impairment Profit	114	120	89	+25	+28%	Impairment Charge reflects a prudent approach to the NPL Strategy as previously highlighted
Impairment (Charge) / Write-Back	(49)	68	81 ²	-130	-	
Profit Before Exceptional Items & Tax	65	188	170	-105	-62%	Exceptional Items primarily relate to Restructuring Costs
Exceptional Items (Net)	(13)	(414)	(414)	+401		
Profit Before Tax	52	(226)	(244)	+296		Positive Operating Jaws contributing to increased underlying earnings

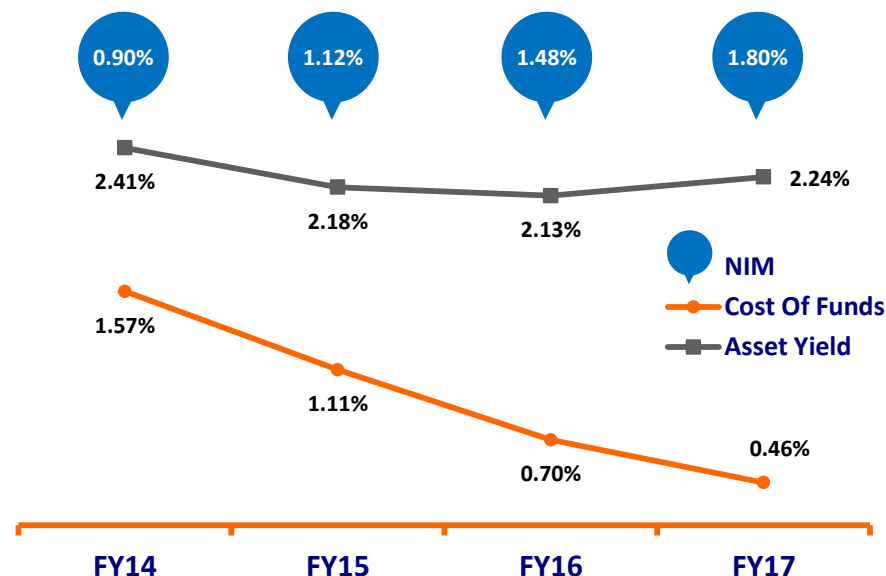
- FY16 Underlying excludes one-off gain from Visa Share sale of €29m (Non-Interest Income), Loss of €11m (NII €8m, Non-interest Income €1m, Operating Expenses €9m and Impairment Write-Back €5m) from Non-Core Segment for 2016.
- FY16 Net Interest Income of €18m with respect to Impaired Loans reclassified to Impairment (Charge)/Write-Back for like-for-like comparison.

NIM +32bps to 1.80%

Net Interest Income (€m)



NIM Analysis (%)

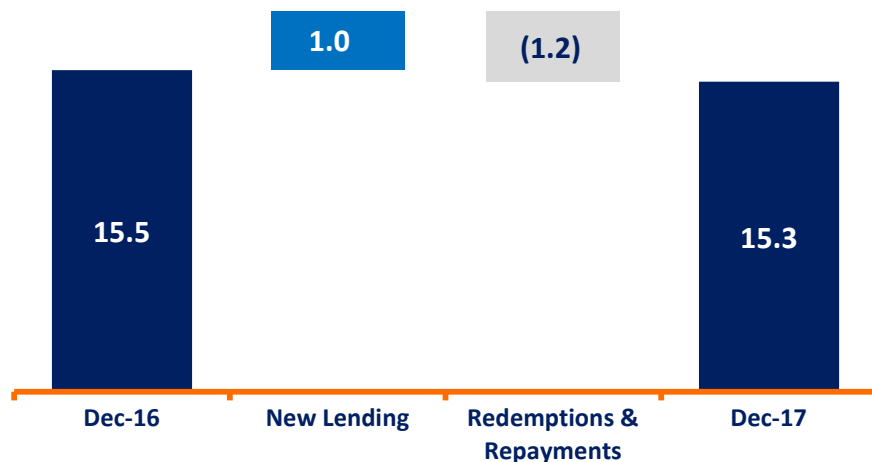


- 6% growth in NII due to reduction in Cost of Funds offset by lower Treasury Income
- 2018 NIM expected to improve towards mid 180 bps
- Highly geared to an upward yield curve shift – 100bps equates to c.€88m increase in NII

1. FY16 Net Interest Income of €18m with respect to Impaired Loans reclassified to Impairment (Charge)/Write-Back for like-for-like comparison.

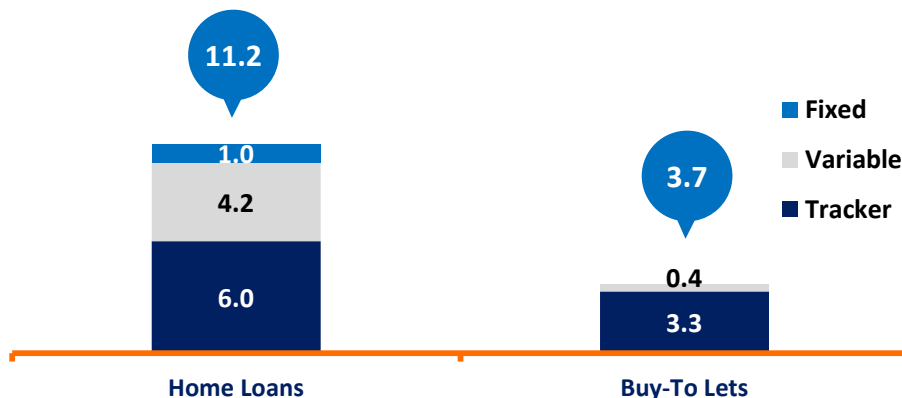
Moderate Contraction (c.1%) Of The Performing Loan Book

Performing Loan Book Of €15.3bn

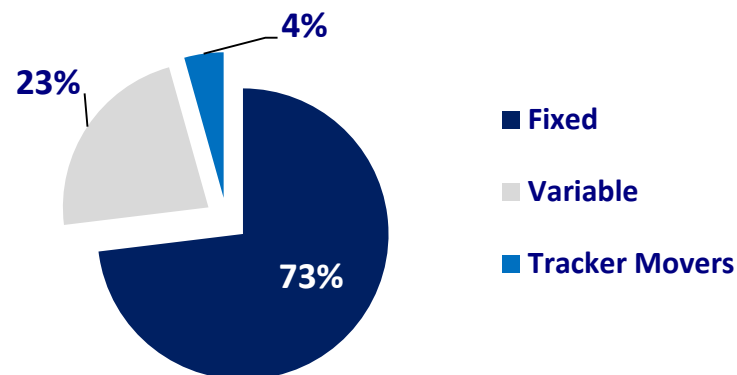


- €1bn of Gross New Lending supported by growth in Mortgage Market Share
- Performing Loan growth expected in 2019
- Residential Mortgage Book of €14.9bn
 - 63% Tracker (FY16 – 65%)
 - 31% Variable (FY16 – 33%)
 - 6% Fixed (FY16 – 2%)

Residential Mortgage Book Of €14.9bn

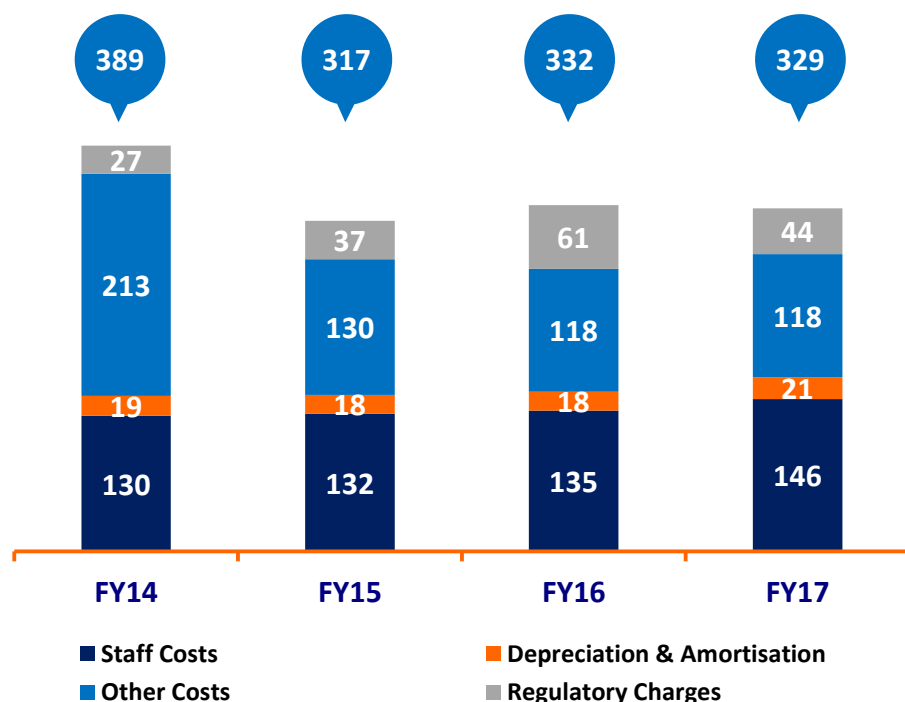


New Mortgage Lending By Product



Operating Expenses Flat

Operating Expenses (€m)



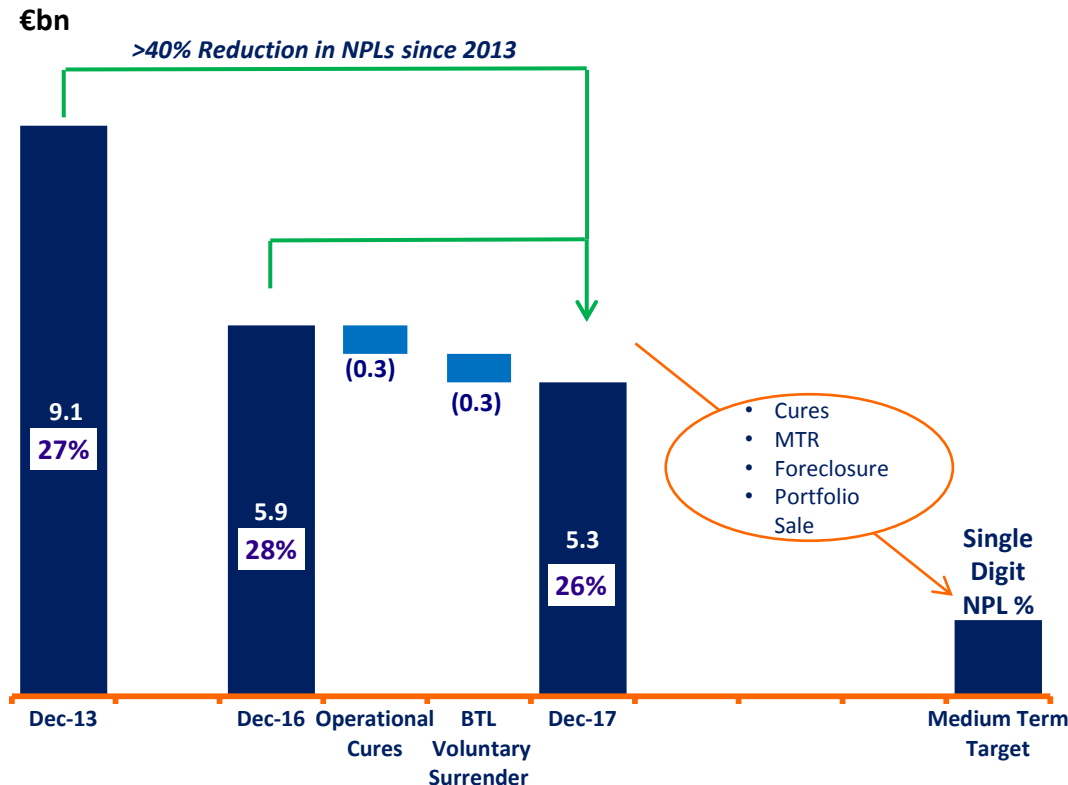
- Increase in Staff Costs reflects new Career and Reward Framework
- Regulatory Costs reduced due to lower DGS costs and Bank Levy
- Operating Expenses for 2018 expected to be broadly flat as savings from non-recurring projects are utilised for investment in capabilities

€m	FY 17	FY 16 ¹ (underlying)	YoY	YoY %
Wages and Salaries	118	111	+7	6%
Social Insurance and Pensions	26	24	+2	8%
Staff Redundancy Costs	2	-	+2	-
Staff Costs	146	135	+11	+8%
Other Costs	118	118	-	-
Depreciation & Amortisation	21	18	+3	+17%
Operating Expenses	285	271	+15	+5%
Regulatory Charges	44	61	-17	-28%
Operating Expenses (Incl. Regulatory Charges)	329	332	-2	-

Average No. Staff	2,447	2,404	+43	+2%
Cost Income Ratio (On an underlying basis)	64%	64%	-	-

Steady Progress In NPLs – Targeting A Single Digit NPL% In The Medium Term

10% Reduction in NPLs in 2017



NPL Strategy progress so far:

✓ Operational Cures

Improved performance in net cures due to successful restructures

✓ Voluntary Surrender (VS)

Targeted VS programme for Buy-To-Lets

- c.1300 properties taken in possession / €0.3bn de-recognised in H2 – 66% tenant occupied
- Clear strategy in place to expedite sales through multiple channels including Housing Agency and Not-For-Profit organisations

✓ Mortgage To Rent

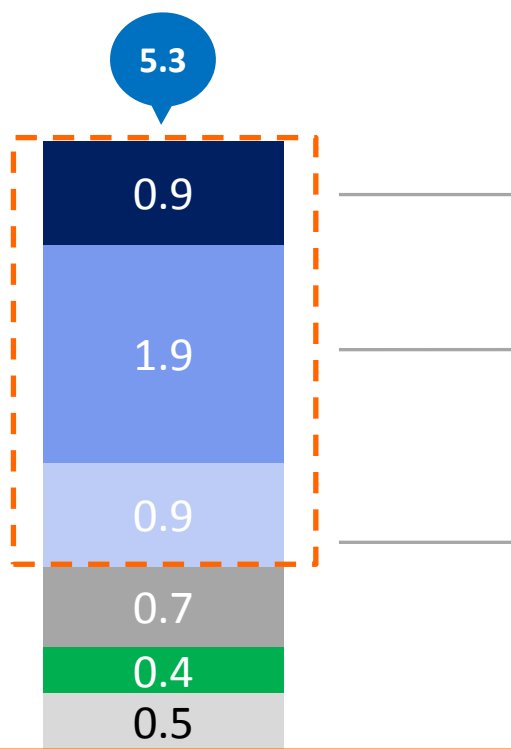
Mortgage To Rent Partnership with Irish Mortgage Holders Association and iCare Housing

✓ Portfolio Sale

Project Glas launched

Portfolio Sale – Project Glas

Total NPL Stack (€bn)



- Other
- Trending To Cure
- Treated
- Split Mortgages
- Untreated
- BTLs

Project Glas

€2.8bn (BTL & Untreated HL)

+

€0.9bn (Split Mortgages)

- 4k properties
- BTLs Portfolio

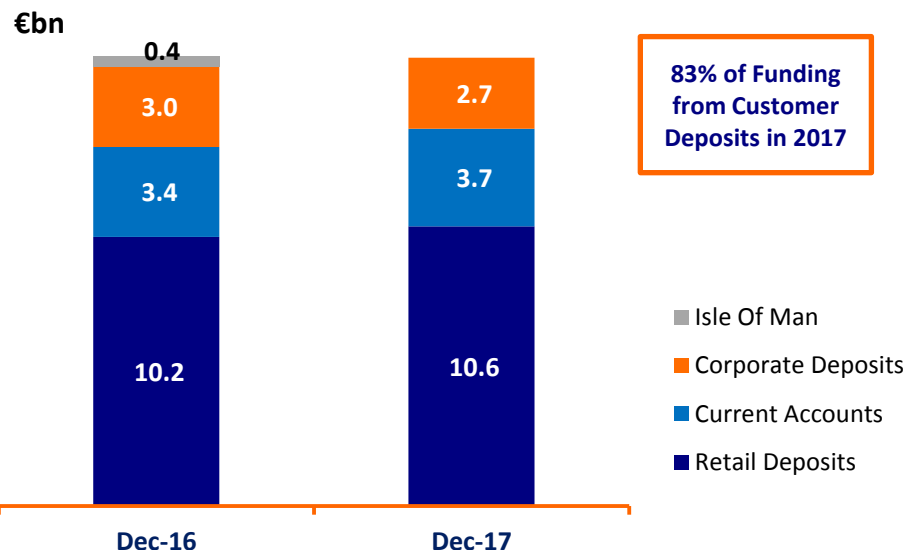
- 10k properties
- Avg of 3.5 years in arrears
- Untreated – Failed Treatment, Refused Treatment, Non-Engagers and, Cases of Unaffordability and Unsustainability

- 4.3k properties
- Classified as NPLs under EBA guidelines

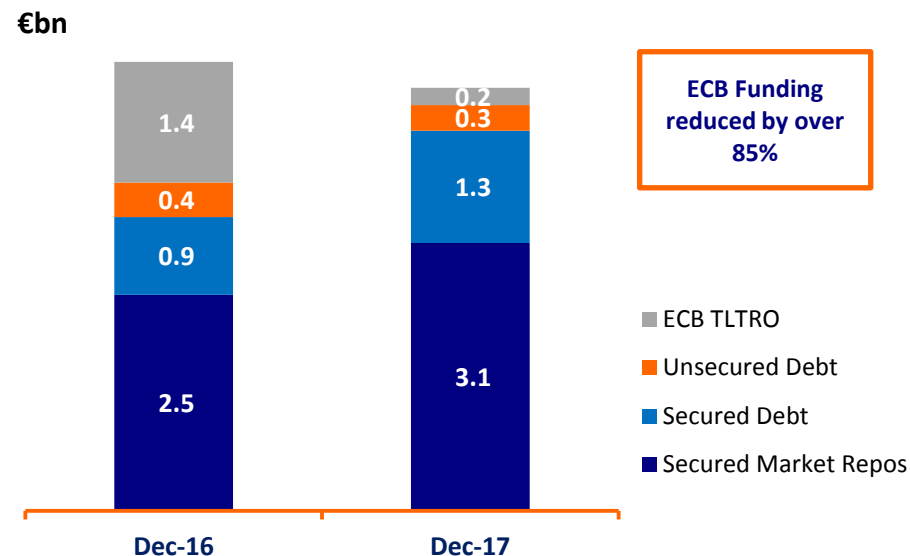
- Launched in February 2018
- Strong investor interest
- Favourable macro conditions

Strong Funding And Liquidity Position

Customer Deposits (€bn)



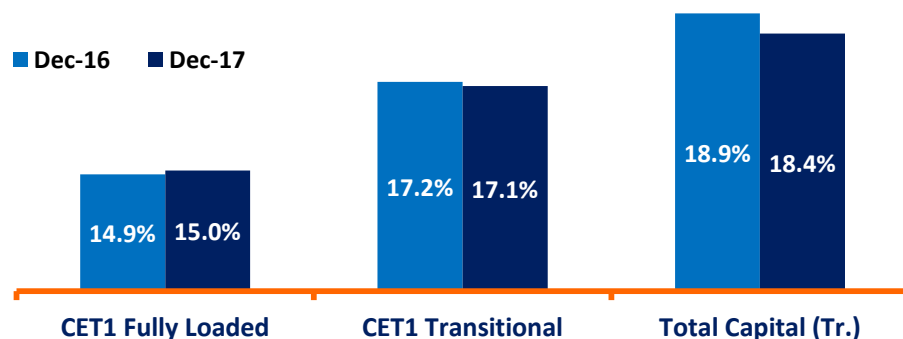
Wholesale Funding (€bn)



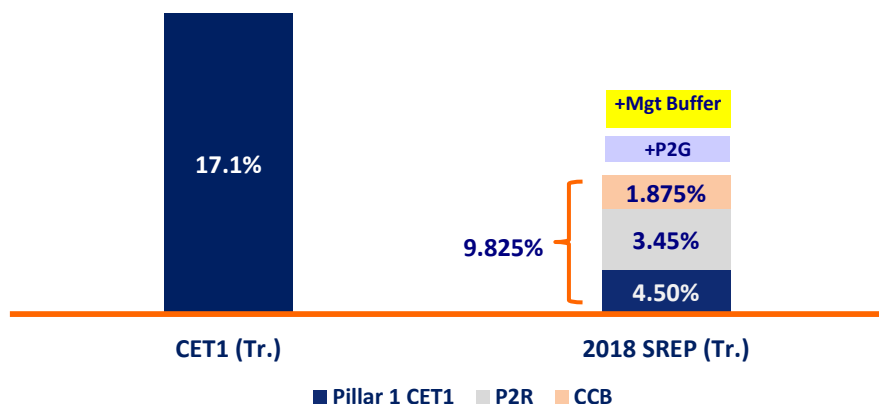
- LDR – 108%, LCR – 165%, NSFR – 114%
- 83% funded by customer deposits, 70% from Retail Deposits (+3% YoY)
- No reliance on ECB Funding (Remaining TLTRO expiring in 2018)
- RMBS issuance of €500m @ 10bps in Q3
- MREL indicative target of 25.8% – issuances manageable at c.€0.9bn over the next three years

Capital Position Well Above Minimum Requirements

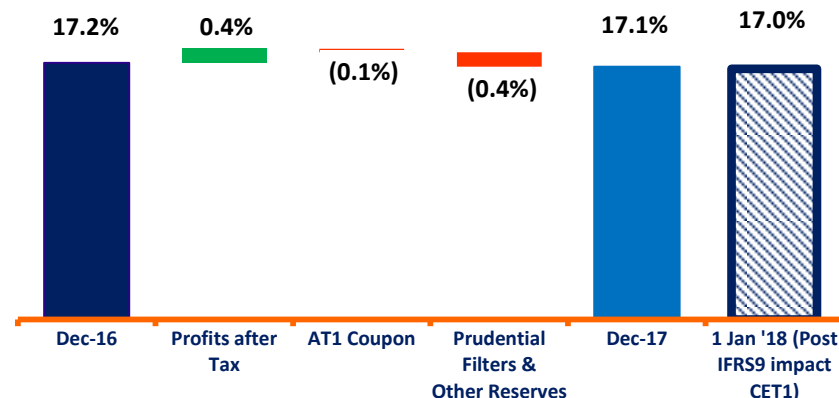
Regulatory Capital



Regulatory Requirement



CET 1 Transitional Ratio Movement



- RWAs of €10.6bn – unchanged from Dec 16
- Regulatory Minimum Requirement (On Transitional Basis) for 2018 – 9.825% compares to 17.1% at Dec 17
- IFRS9 Day 1 transitional impact of €7m (6bps) – full impact of €100m (107bps) phased over 5 years
- Guidance on incremental impact from TRIM remain unchanged at 2.5% – expected finalisation in H2

Summary

- **€1bn New Lending in the Year, an Increase of >70% YoY**
- **Steady Growth in NIM**
- **Operating Expenses Maintained Flat – Ongoing Investment in the Bank**
- **10% (€0.6bn) Reduction in NPLs**
- **Strong Funding and Liquidity Position**
- **Capital Ratios above Regulatory Minimum Requirements**

Appendix

Historical Financial Information – Income Statement

€m	FY 2017	FY 2016	FY 2015	FY 2014
Net Interest Income	407	394	358	329
Other Income	38	71	34	38
ELG Fees	(2)	(4)	(14)	(59)
Total Operating Income	443	461	378	308
Total Operating Expenses	(329)	(341)	(317)	(389)
Pre-Impairment Profit / (Loss)	114	120	61	(81)
Impairment (Charge) / Write-back	(49)	68	(35)	42
Profit / (Loss) Before Exceptional Items	65	188	26	(39)
Exceptional Items (Net)	(13)	(414)	(460)	(9)
Profit / (Loss) Before Tax	52	(226)	(434)	(48)

Key Metrics	FY 2017	FY 2016	FY 2015	FY 2014
Net Interest Margin	1.80%	1.48%	1.12%	0.90%
Headline Cost Income Ratio	75%	74%	84%	126%

Historical Financial Information – Balance Sheet

€bn	Dec 2017	Dec 2016	Dec 2015	Dec 2014
Total Loan Book (net)	18.4	18.9	23.0	27.2
Treasury Assets	3.5	3.9	5.5	8.1
Other Assets	0.9	0.8	0.8	1.0
Total Assets	22.8	23.6	29.3	36.3
ROI Retail Deposits (Incl. Current Accounts)	14.3	13.6	14.0	14.3
Isle of Man Deposits	-	0.4	0.5	0.6
Corporate & Institutional	2.7	3.0	4.0	5.5
Total Customer Deposits	17.0	17.0	18.5	20.4
Wholesale Funding	3.3	2.8	3.1	8.1
ECB Funding	0.2	1.4	4.7	4.9
Other Liabilities	0.2	0.3	0.6	0.7
Total Liabilities	20.7	21.5	26.9	34.1
Total Equity (incl. AT1)	2.1	2.1	2.4	2.2
Total Equity and Liabilities	22.8	23.6	29.3	36.3
Key Metrics:				
NPLs	€5.3bn	€5.9bn	€6.6bn	€8.3bn
LDR	108%	111%	125%	138%
CET1 Ratio (Fully Loaded Basis)	15.0%	14.9%	15.0%	12.4%
Total Assets	22,773	23,601	29,321	36,293
Total Equity	2,111	2,100	2,396	2,280

Interest Income Analysis

	Gross Average Balances (€bn)			Gross Yields (%) ¹			Interest Income (€m)	
	FY 2017	FY 2016		FY 2017	FY 2016		FY 2017	FY 2016
Tracker	12.8	13.5	⊗	1.2%	1.2%	=	152	165
Fixed and Variable	7.6	7.4	⊗	3.6%	3.9%	=	277	291
Consumer Finance	0.3	0.3	⊗	9.7%	9.4%	=	31	32
CRE	0.2	0.4	⊗	3.4%	2.4%	=	7	11
UK Non-Core	-	2.6	⊗	-	1.0%	=	-	20
Treasury Assets	3.9	4.8	⊗	1.3%	1.6%	=	54	75
Underlying Interest Income							521	594
Deferred Acquisition Costs							(17)	(26)
Total Interest Income							504	568

¹ Gross Yield Shown are Net of Hedging Costs and Interest Impairment

Interest Expense Analysis

	Average Balances (€bn)			Cost of Funds (%)			Interest Expense (€m)	
	FY 2017	FY 2016		FY 2017	FY 2016		FY 2017	FY 2016
Current Accounts	3.6	3.2	X	0.0%	0.0%	=	1	1
Retail Deposits	10.3	10.3	X	0.5%	0.6%	=	46	64
Corporate Deposits	2.8	3.1	X	0.8%	1.2%	=	24	39
IOM Deposits	0.2	0.4	X	1.0%	1.0%	=	2	5
Wholesale Funding	5.9	4.2	X	0.4%	1.3%	=	23	55
ECB Funding	0.5	3.0	X	0.0%	0.0%	=	-	-
Underlying Interest Expense							96	164
Amortisation Of Core Deposit Intangibles							-	10
Other							1	-
Total Interest Expense							97	174

Tracker Mortgage Review

Total Impacted Accounts	1979
Redress Offer Status	
Total Redress Offers Issued (#'s)	1979
Total Redress Offers Issued (€m's)	58
Redress Payment Completed	
Total Redress Payments Completed (#'s)	1806
Total Redress Payments Completed (€m's)	54
Not Fully Redressed	
Total Yet to Accept Redress Offer (#'s)	173
Total Yet to Accept Redress Offer (€m's)	4

- **100% of customers offered redress and compensation**
- **100% of customers have been moved to the correct rate**
- **91% (1806) of Tracker Mortgage customers have been fully redressed**
- **9% (173) awaiting confirmation of account details from customers for payment**
- **Central Bank's independent assurance review currently ongoing**

Asset Quality

31 December 2017

	ROI Residential mortgages		CRE	Consumer Finance	Total
	Home loan	Buy-to-let			
	€m	€m	€m	€m	€m
Excellent	9,287	1,098	15	185	10,585
Satisfactory	1,379	2,436	100	63	3,978
Fair Risk	752	250	36	28	1,066
Neither past due nor impaired	11,418	3,784	151	276	15,629
Past due but not impaired	360	86	5	16	467
Impaired	3,259	1,083	68	53	4,463
	15,037	4,953	224	345	20,559
Provision for impairment losses	(1,437)	(689)	(71)	(49)	(2,246)
	13,600	4,264	153	296	18,313
Deferred fees, discounts and fair value adjustments	57	-	-	-	57
	13,657	4,264	153	296	18,370

31 December 2016

	ROI Residential mortgages		CRE	Consumer Finance	Total
	Home loan	Buy-to-let			
	€m	€m	€m	€m	€m
Excellent	9,216	971	15	170	10,372
Satisfactory	1,413	2,668	117	50	4,248
Fair Risk	820	327	32	24	1,203
Neither past due nor impaired	11,449	3,966	164	244	15,823
Past due but not impaired	431	123	7	13	574
Impaired	3,406	1,360	72	74	4,912
	15,286	5,449	243	331	21,309
Provision for impairment losses	(1,406)	(930)	(81)	(65)	(2,482)
	13,880	4,519	162	266	18,827
Deferred fees, discounts and fair value adjustments	59	-	-	-	59
	13,939	4,519	162	266	18,886

NPLs and NPAs

31 December 2017

	ROI Residential mortgages		Commercial	Consumer Finance	Total
	Home loan	Buy-to-let			
	€m	€m	€m	€m	€m
Not impaired no arrears	546	131	3	-	680
Not Impaired < 90 days in Arrears	54	3	-	-	57
Not Impaired > 90 days in Arrears	82	3	-	-	85
Impaired loans	3,259	1,083	68	53	4,463
Non-performing loans	3,941	1,220	71	53	5,285
Foreclosed assets	30	160	-	-	190
Non-performing assets	3,971	1,380	71	53	5,475
NPLs as % of gross loans	26%	25%	32%	15%	26%
Provision coverage ratio *	43%	63%	104%	92%	49%
NPL provision coverage ratio**	36%	56%	100%	92%	42%

31 December 2016

	ROI Residential mortgages		Commercial	Consumer Finance	Total
	Home loan	Buy-to-let			
	€m	€m	€m	€m	€m
Not impaired no arrears	569	180	3	-	752
Not Impaired < 90 days in Arrears	53	9	-	-	62
Not Impaired > 90 days in Arrears	118	6	-	-	124
Impaired loans	3,406	1,360	72	74	4,912
Non-performing loans	4,146	1,555	75	74	5,850
Foreclosed assets	41	29	-	-	70
Non-performing assets	4,187	1,584	75	74	5,920
NPLs as % of gross loans	27%	29%	31%	22%	27%
Provision coverage ratio*	40%	68%	113%	88%	
NPL provision coverage ratio**	34%	60%	108%	88%	42%

- * Provision Coverage Ratio (PCR) is calculated as impairment provisions as a % of non-performing loans greater than 90 days in arrears and/or impaired
- ** NPL Provision Coverage Ratio is calculated as impairment provisions as a % of total non-performing loans

Regulatory Capital

	31 Dec 17		31 Dec 16	
	Transitional €m	Fully Loaded €m	Transitional €m	Fully Loaded €m
RWAs	10,593	10,593	10,593	10,593
Capital Resources:				
CET1 Capital	1,812	1,589	1,827	1,579
Additional Tier 1	66	52	98	82
Tier 1 Capital	1,878	1,641	1,925	1,661
Tier 2 Capital	76	67	78	68
Total Capital	1,954	1,708	2,003	1,729
Capital Ratios:				
CET1 Capital	17.1%	15.0%	17.2%	14.9%
Tier 1 Capital	17.7%	15.5%	18.2%	15.7%
Total Capital	18.4%	16.1%	18.9%	16.3%
Leverage Ratio	8.0%	7.1%	7.8%	6.8%

	31 Dec 17 ¹		31 Dec 16	
	Transitional €m	Fully Loaded €m	Transitional €m	Fully Loaded €m
Total Equity	2,111	2,111	2,100	2,100
Less: AT1 Capital	(122)	(122)	(122)	(122)
Captive Insurance Equity	(10)	(10)	(10)	(10)
Adjusted Capital	1,979	1,979	1,968	1,968
Prudential Filters:				
Intangible Assets	(39)	(39)	(34)	(34)
Deferred Tax	(106)	(343)	(71)	(355)
AFS Reserve	(7)	-	(24)	-
Revaluation Reserve	(10)	-	(12)	-
Others	(5)	(8)	-	-
Common Equity Tier 1 Capital	1,812	1,589	1,827	1,579

1. Calculated as Tier 1 Capital as % of gross balance sheet exposures (total assets and off-balance sheet loan commitments).