INTERIM RESULTS 2018

For The Six Months Ended 30 June 2018

permanent tsb
Group Holdings plc

Forward Looking Statements

This document contains 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 operational results, 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.

www.permanenttsbgroup.ie/investor-relations

Agenda

Steady Commercial And Financial Progress

Key Points

Growth	New Lending of €0.6bn, up 50% on H1 17 Mortgage Market Share of 13.8% up from 12.6% in FY17
Profit	Profit Before Tax increased by 33%
NPLs	Project Glas sale announced in July (€2.1bn) NPL Ratio will reduce to 16%
Capital	CET1 Ratio remains above Regulatory minimum • Transitional 16.2% • Fully Loaded 13.4%

33% Increase In Profit Before Tax

Financial Performance

Profit Before Tax	Net Interest Margin	Operating Expense	Impairment Charge
€57m	1.77%	€143m	€0m
H1 17 €43m	H1 17 1.81%	H1 17 €144m	H1 17 €6m

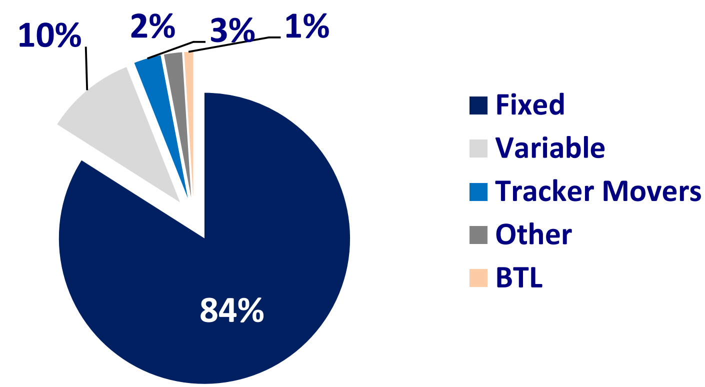
Retail Deposits (including C/As)	€14.6bn	Dec 2017 €14.3bn
Performing Loan Book	€15.2bn	Dec 2017 €15.3bn
NPLs / NPL%	Pre-Glas €5.1bn / 25% Post-Glas €3.0bn / 16%	Dec 2017 €5.3bn / 26%
CET1 Ratio (Fully Loaded)	13.4%	Dec 2017 15.0%

50% Growth In Total New Lending

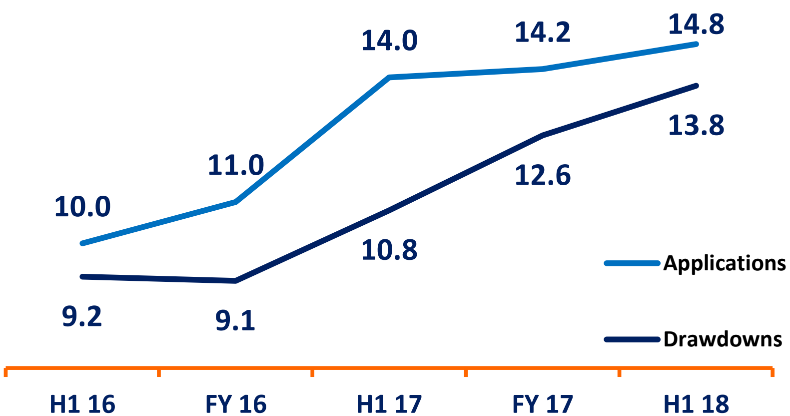
New Customer Lending €m

			Mkt (%)
Mortgage Lending	516	↑ 51%	↑ 22%
Personal Term Lending	61	↑ 42%	

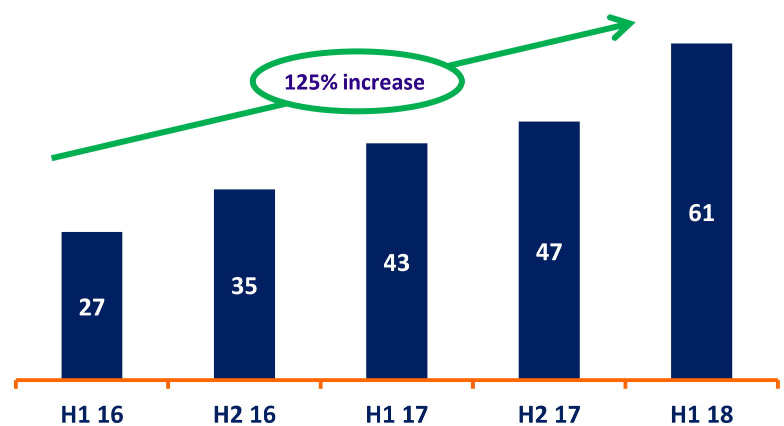
New Mortgage Lending By Product



Mortgage Market Share (%)[1]



New Personal Term Lending €m

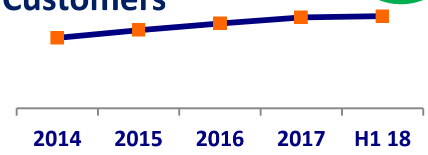


1. Source: BPFI Data

Positive Trends In Customer & Channel Activity

Customer Base & Loyalty

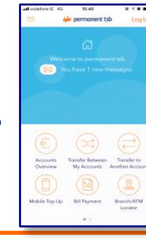
Engaged Customers[1] +17%



% – % = NPS[2]

2nd in the Market
Q4 2017 /Q1 2018

Active Mobile Customers +21% yoy



Customer Activity

New-To-Bank Mortgage Customers

29%
Of New Business

Online Transactions +18% yoy

98m
in the first 6 months

Branch & Intermediaries

- Branch Evolution – Continuing To Invest In Branch Technology
- New Mobile Operating Model Embedded
- Distinctive Intermediaries Service Proposition

Digital & Voice

- Continuing To Invest in Digital Channels e.g. Term Loans now In App
- Online Mortgage enhancements and Self-Service improvements
- 54% of Personal Loan payouts were through Digital and Voice Channel

1. Engaged Customers refer to customers who are actively using PTSB as their main bank (17% between 2014-H1 2018).
2. Recommendation NPS– 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.

Domestically Focused Retail And SME Bank

Business Overview

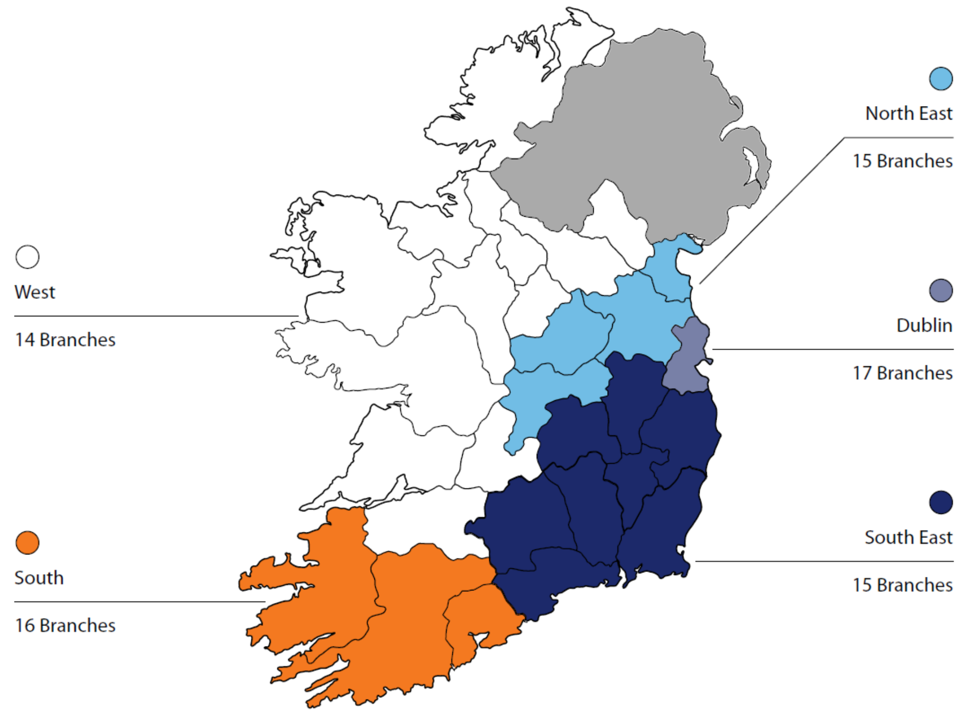
Business

Performing Loan Book	€15.2bn
Current Account Balances	€4.0bn
Retail Deposit Balances	€10.6bn

Market Share

Residential Mortgage Balances[1]	17.0%
Current Account Balances[2]	12.9%
Retail Deposit Balances[2]	11.6%

Our Physical Landscape



1. Gross Loans as at 31 March 2018. Source: Central Bank Statistics.
2. Based on balances as at 30 June 2018. 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 Superior Relative Total Shareholder Return

Customers

- Deliver The Right Customer Outcomes
- 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

Continued Progress Against Strategic Objectives

Summary

- **50% New Lending Growth**
- **33% Growth in Profit Before Tax**
- **Material Reduction In NPLs**
- **Capital Comfortably Above Minimum Requirements**

Priorities

Investing In Customer Franchise

Growing Sustainable Profitability

Lowering Risk And Protecting Capital

Developing High Performing Teams

Rebuilding Permanent TSB Over The Last 6 years

2012-2014

- State Capitalisation
- Irish Life Sale
- New Management Team
- Restructuring Plan Development
- ECB Stress Test Fail
- Funding Position Stabilised

2015-2017

- Restructuring Plan Approved
- Significant Non-Core Deleveraging
- Capital Raise Through a Re-IPO
- State Ownership Reduced To 75%
- Return To Profitability

2018-

- >€1bn of New Lending
- Mortgage Market Share Recovered
- NPL % Reduced To 16%
- TRIM Exercise To Be Completed

We are very close to completing the rebuilding of the Bank so we can focus solely on profitable growth

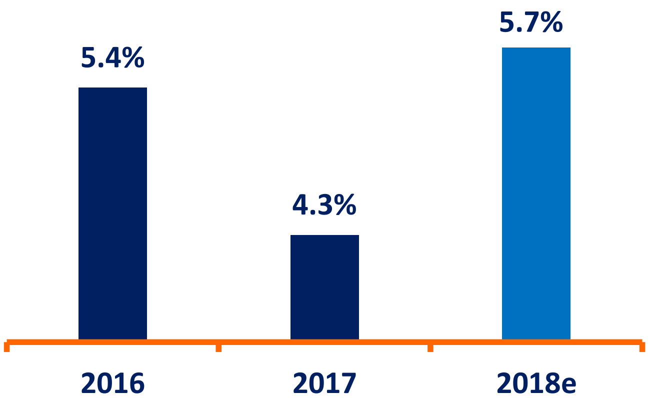
Financial Performance

Eamonn Crowley

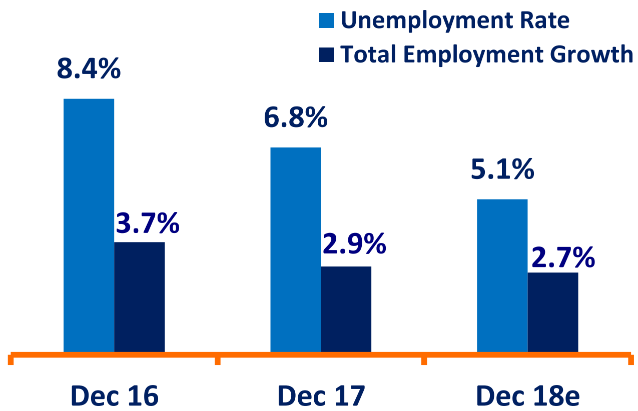
CFO

Growth In Economy Supported By Housing Market

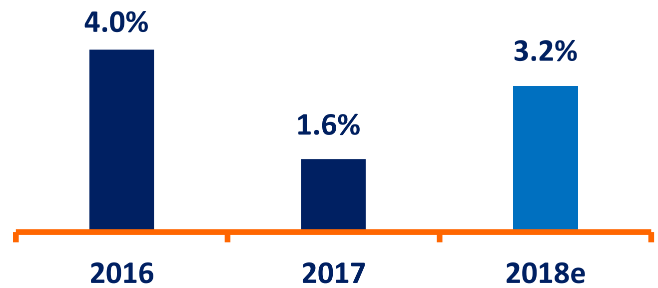
Domestic GDP



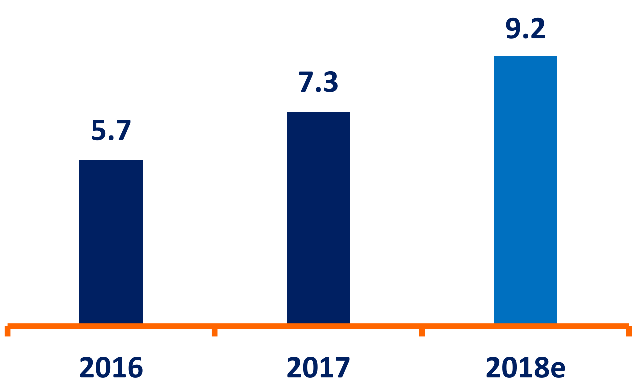
Labour Market



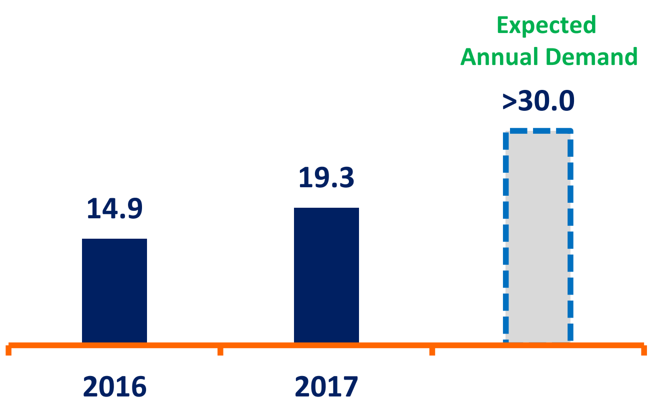
Real Consumer Spending Growth



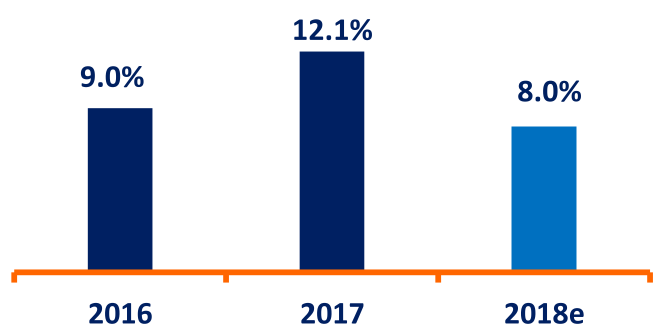
Mortgage Market (€bn)



Housing Completions (000s)



House Price Growth



Source: CSO, Davy

Profit Before Tax +33%

Income Statement

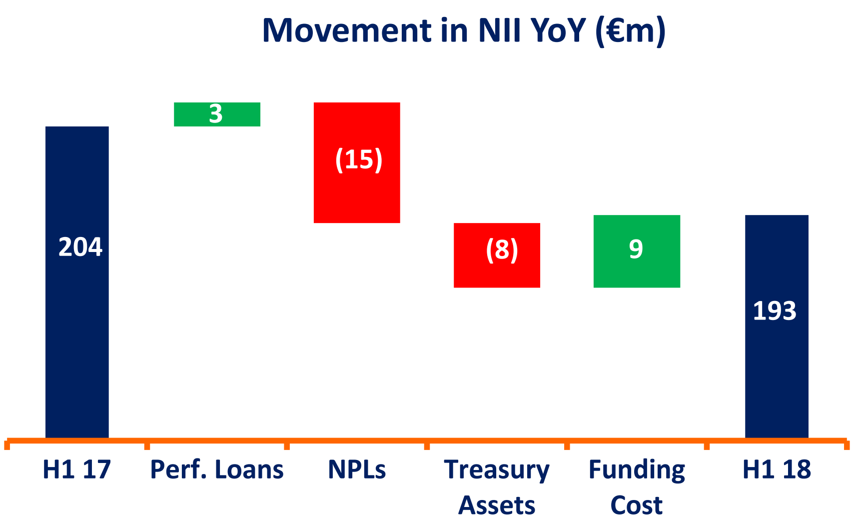
€m	H1 18	H1 17	YoY (Vs. Underlying)	
NII (after ELG Fees)	193	203	-10	-5%
Fees & Commissions	19	18	+1	+6%
Net Other Income	22	-	+22	-
Operating Income	**234**	**221**	**+13**	**+6%**
Operating Expenses	(143)	(144)	+1	-1%
Regulatory Charges	(18)	(18)	-	-
Pre-Impairment Profit	**73**	**59**	**+14**	**+24%**
Impairment Charge	-	(6)	+6	-
Profit Before Exceptional Items & Tax	**73**	**53**	**+20**	**+38%**
Exceptional Items (Net)[1]	(16)	(10)	-6	-
Profit Before Tax	**57**	**43**	**+14**	**+33%**

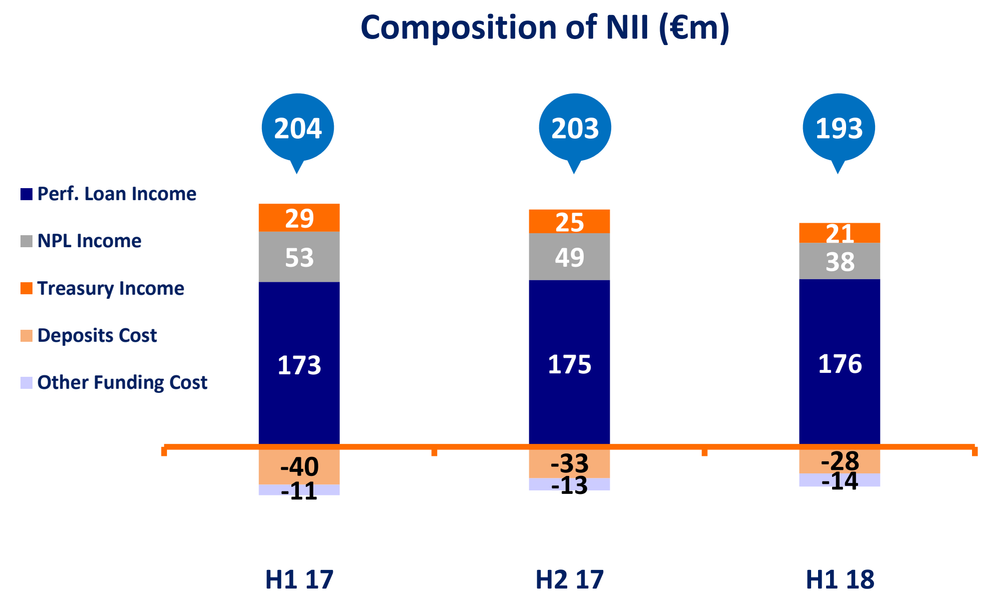
H1 18 Vs H1 17

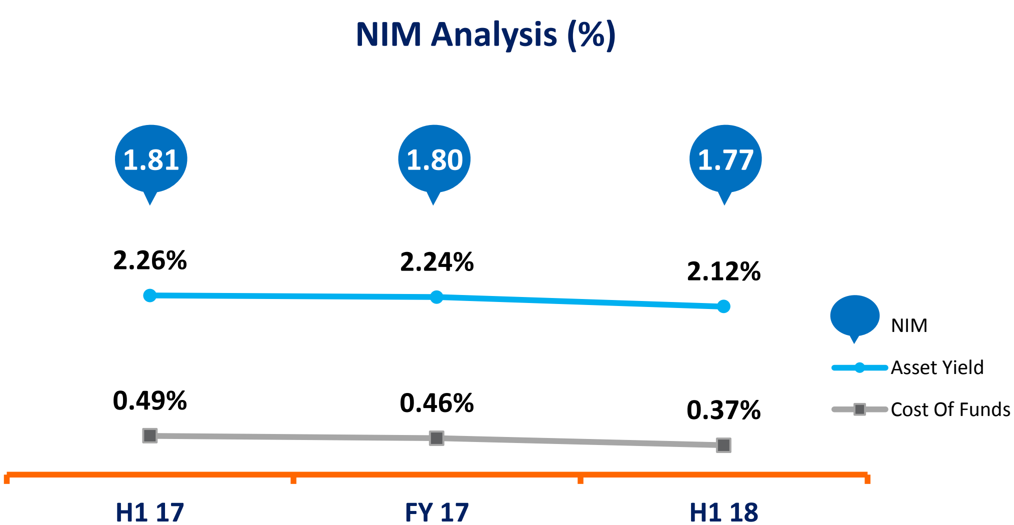
- **5% reduction in NII due to lower income from Treasury Assets and NPLs offset by lower funding cost**
- **Underlying F&C income broadly flat**
- **Net Other Income primarily includes :**
  - **€9m gain on the closure of a derivative position; and**
  - **€15m gain on sale of Treasury Assets**
- **Operating Expenses broadly flat YoY**
- **Impairment Charge of zero reflects stable economic conditions**
- **Exceptional Items primarily relate to additional provisions of €15m in relation to legacy Tracker Mortgage related expenses[1]**

1. €15m provision in relation to legacy Tracker Mortgage related expenses is reflected in Operating Expenses within the Interim Financial Statements

NII Impacted By Reduced Income From Treasury Assets And NPLs



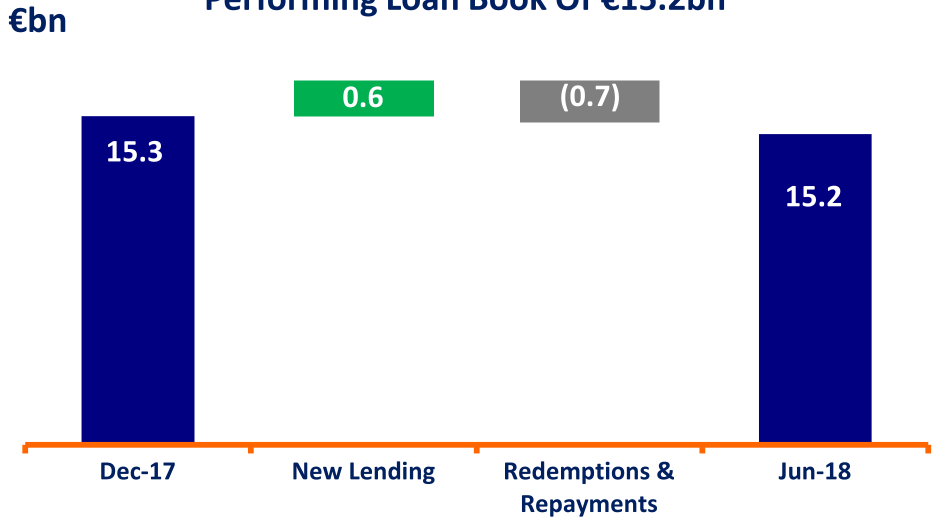




- Reduction in NII due to:
  - lower NPL income due to reduction in NPLs
  - lower Treasury Income due to maturities and sales
  - lower Cost of Funds through active management
- Income from Performing Loan book continues to increase and will grow once net loan book growth returns (expected in 2019)
- NIM trajectory expected to remain stable
- Highly geared to an upward yield curve shift – 50bps equates to c.€40m increase in NII

Performing Loan Book Broadly Flat

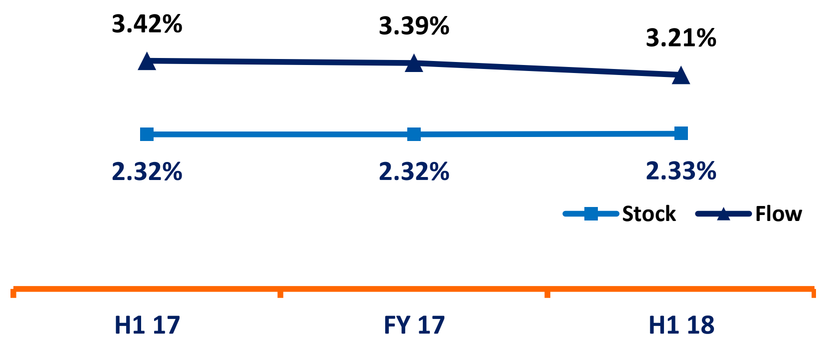
Performing Loan Book Of €15.2bn



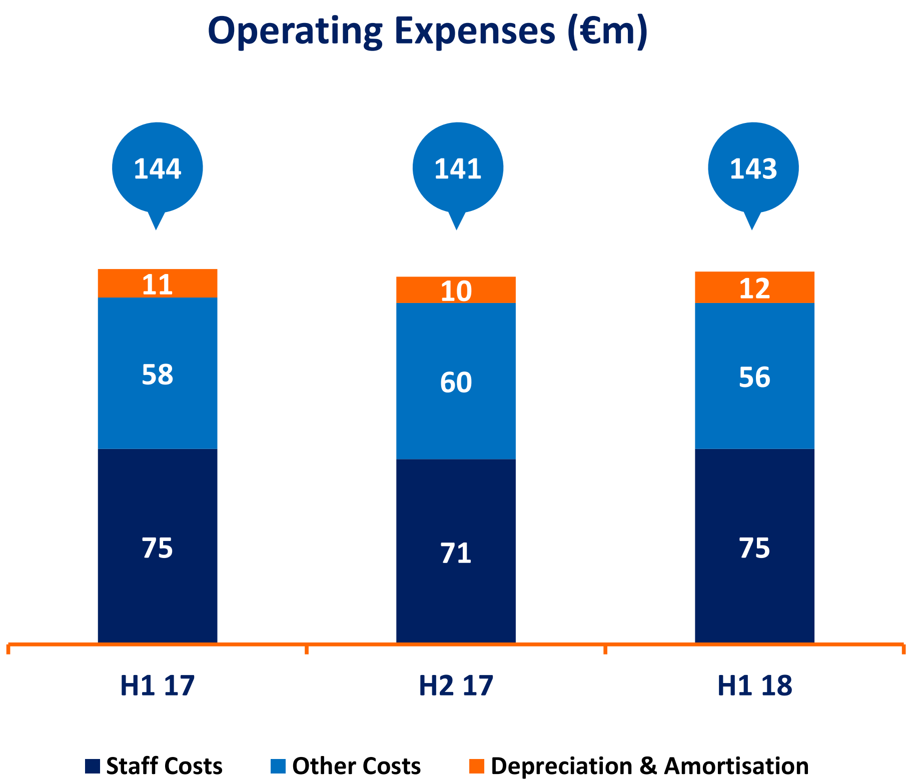
- €0.6bn of Gross New Lending supported by growth in Mortgage Market Share
- New Lending rate continues to be higher than Back Book
- Net Loan Book growth expected in 2019
- Residential Mortgage Book of €14.9bn
  - 62% Tracker (FY17 – 63%)
  - 29% Variable (FY17 – 31%)
  - 9% Fixed (FY17 – 6%)

Performing Loan Book Split (€15.2bn)

Performing Loan Yield (Mortgages Only)



Operating Expenses Remain Stable

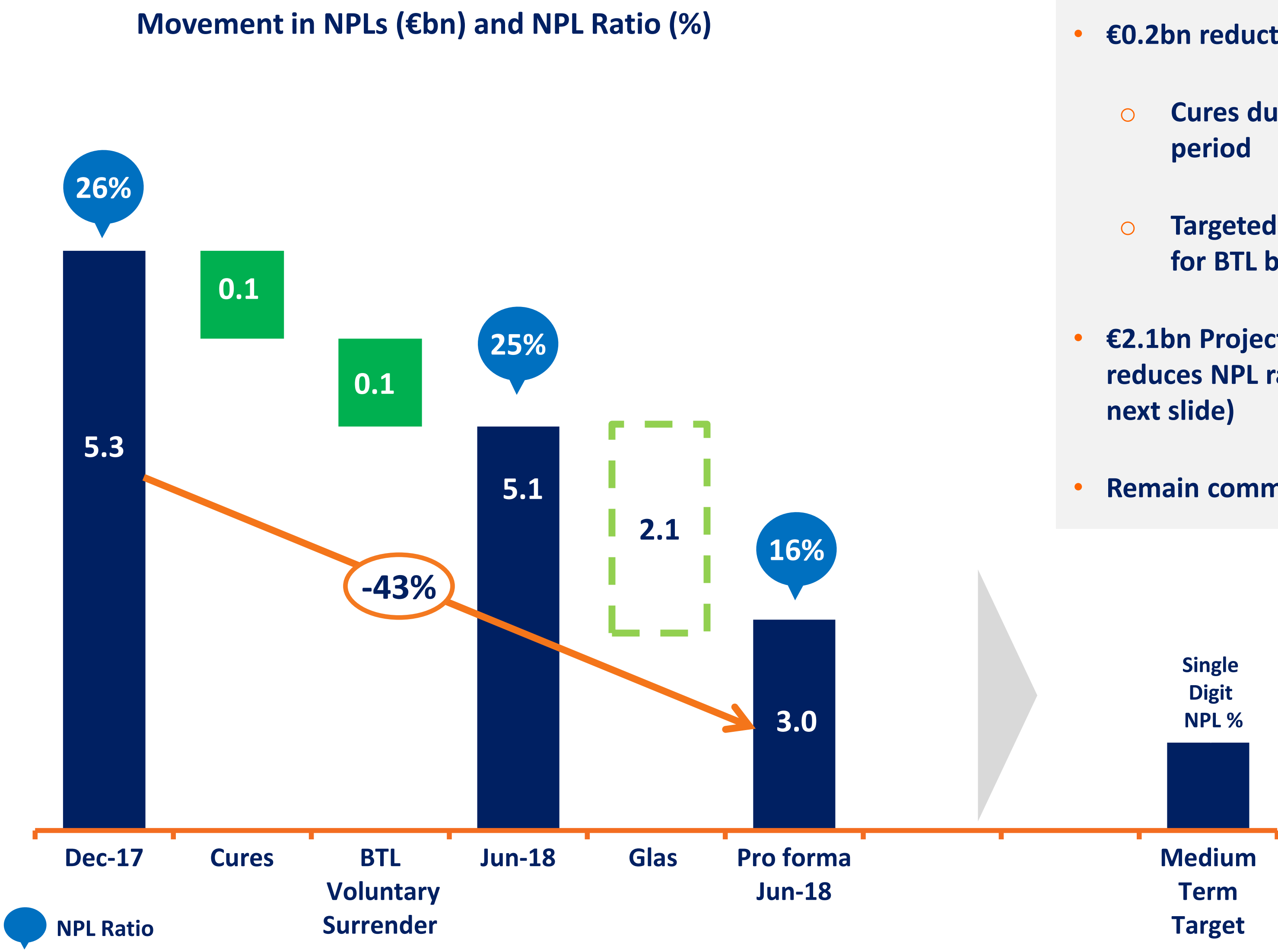


€m	H1 18	H1 17	YoY	YoY %
Wages and Salaries	62	62	-	-
Social Insurance and Pensions	13	13	-	-
Staff Costs	**75**	75	-	-
Other Costs	56	58	**-2**	**-3%**
Depreciation & Amortisation	12	11	**+1**	**+9%**
Operating Expenses	**143**	144	**-1**	**-1%**
Regulatory Charges	18	18	-	-
Operating Expenses (Incl. Regulatory Charges)	**161**	162	**-1**	**-1%**
Average No. Staff	**2,401**	2,441	**-40**	**-2%**
Cost Income Ratio[1]	**61%**	65%	**-4ppts**	

- **Total Staff costs remain in line YoY – lower average staff numbers offset by increases from the new Career Development Framework**
- **Other Costs are 3% lower YoY – efficiencies from cost reduction initiatives (c.€8m) re-invested in the business (e.g. GDPR, PSD2, Digital Enhancements and IFRS9)**

1. Operating Expenses (excl. Regulatory Costs and Exceptional Items) divided by Total Operating Income

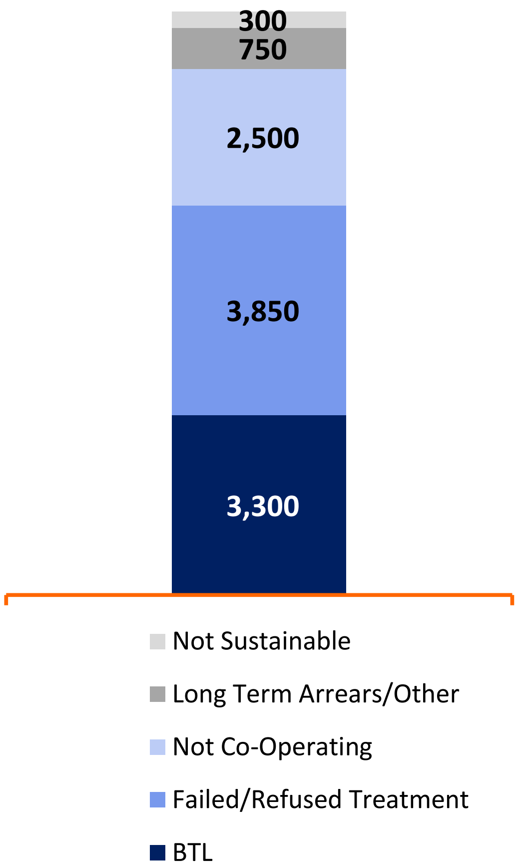
Material Reduction In NPLs Following Glas Sale



- €0.2bn reduction in NPLs in H1
  - Cures due to loans exiting probationary period
  - Targeted Voluntary Surrender programme for BTL borrowers continued from 2017
- €2.1bn Project Glas sale announced in July – reduces NPL ratio significantly to 16% (details next slide)
- Remain committed to Medium Term Target

Project Glas Successfully Executed

Glas Portfolio by Number of Properties

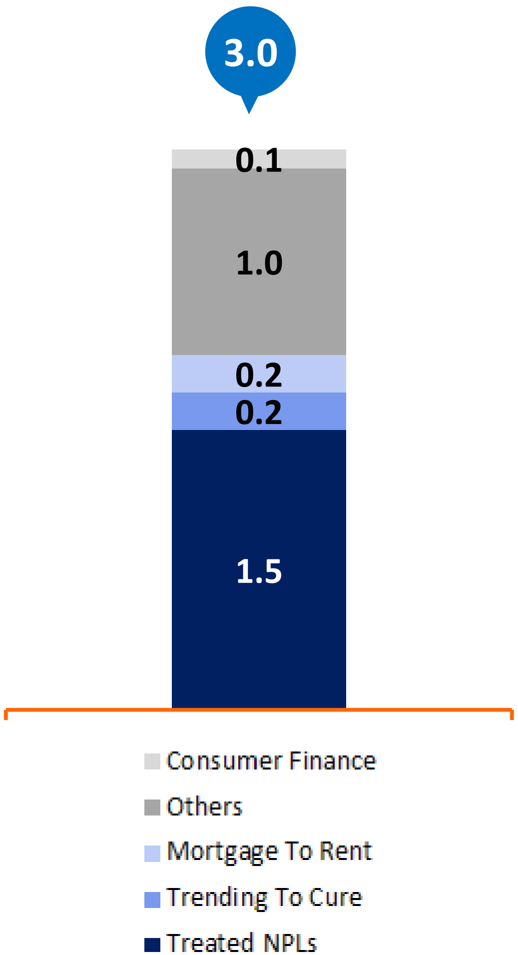


- c.10,700 properties in the portfolio with a mix of BTL and PDH
- Average arrears of €29K and days past due of c.3.5 years
- Gross Balance Sheet Value of €2.1bn
- Sold at Book Value €1.3bn – financial impact of Glas included in H1 P&L
- Capital accretion c.2%[1] from RWA release will be reflected on completion
- On track to complete in Q4
- Rationale For The Transaction
  - Reduces NPLs by over 40% / 9 ppts
  - Enables meeting regulatory requirements
  - Lowers the risk profile of the Bank
  - Provides additional Capital for growth and further reducing the NPLs

1. On a Transitional Basis from the reported H1 2018 CET1 Ratio

On Track To Meet The Medium Term NPL Target

Remaining NPLs Post Glas (€bn)



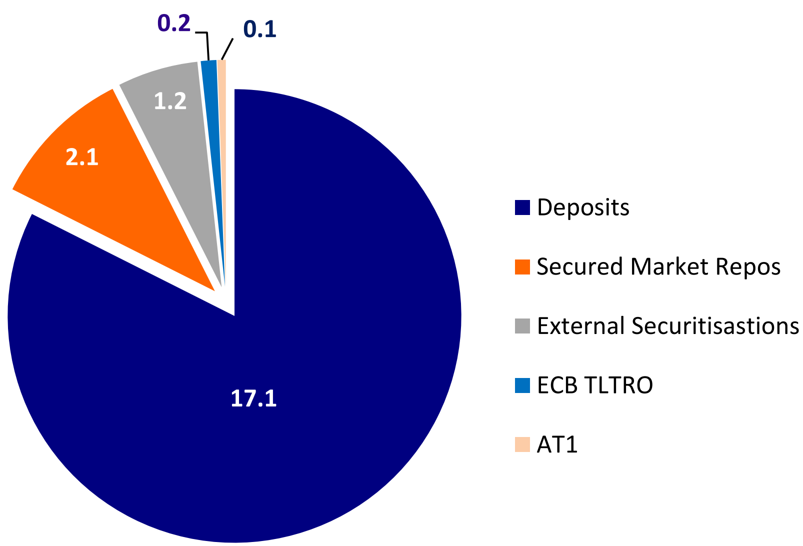
- Treated NPLs of €1.5bn
  - Continue to perform to the agreed restructure terms
  - Remain classified as NPLs
  - Continue to assess all options available
- €0.2bn of NPLs expected to cure in the next 12 months
- €0.2bn of NPLs identified for Mortgage To Rent Solution and excluded from original Glas perimeter
- €1.0bn of Others includes a variety of loans (such as Insolvency cases, Tracker examination) which are expected to be worked out over the medium term
- Case by case restructures continue to be part of the strategy

Significant Progress In Exiting Properties In Possession

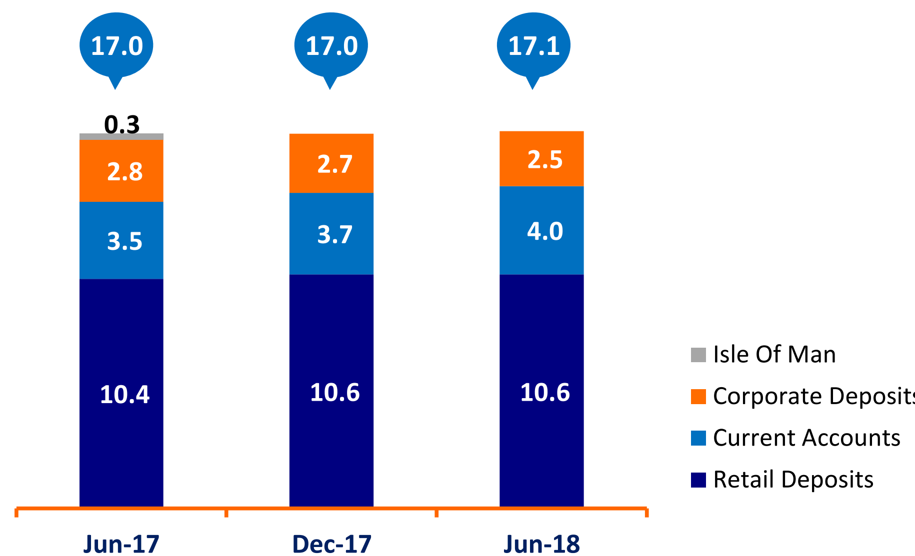
- 1,900 properties in possession at the end of July 2018
- 1,500 properties acquired through BTL Voluntary Surrender campaign over the last 9 months
- c.500 properties sold in the last 18 months; >350 properties sold YTD (to July)
- A further 250 Sale Agreed – expected to be closed in Q3/Q4
- c.800 of stock are either on the market or being prepared for market
- Ongoing discussions with various authorities including the Housing Agency
- Expect to exit majority of properties within the next 12 months

Stable Funding And Liquidity Position

Total Funding (€20.7bn)



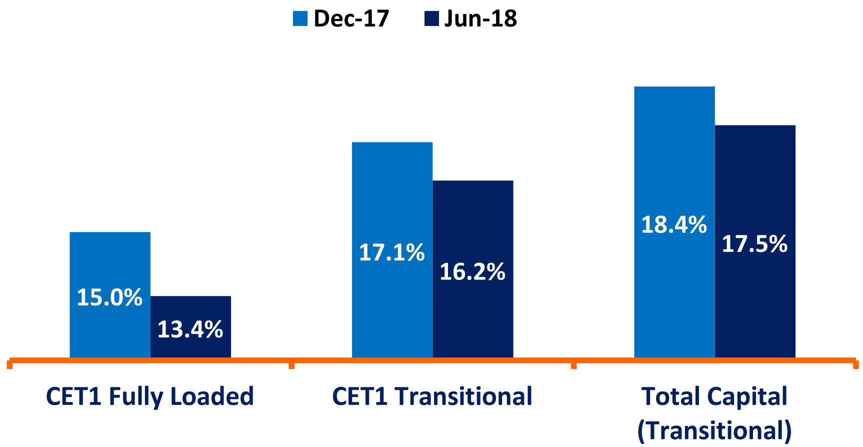
Customer Deposits (€bn)



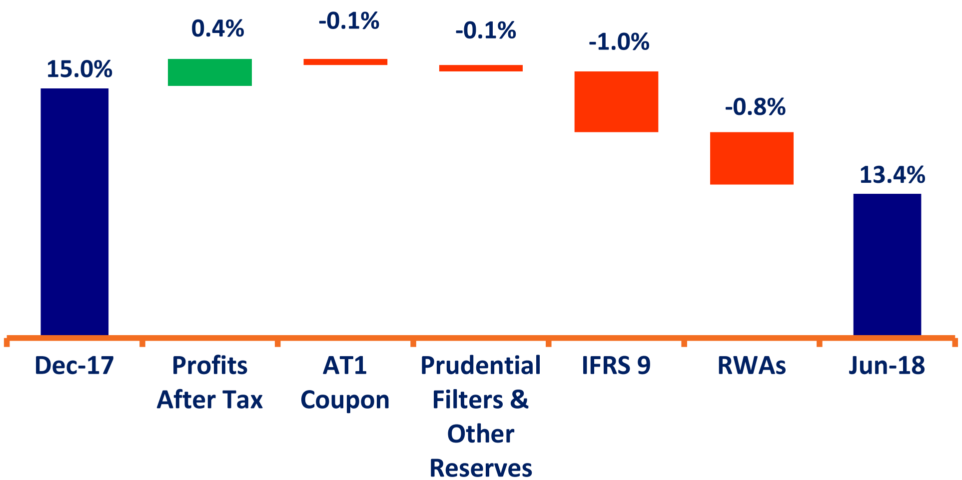
- **LDR – 105%, LCR – 156%, NSFR – 112%**
- **83% funded by Customer Deposits, 70% from Retail Deposits including Current Accounts**
- **MREL indicative target of 25.8% – issuances manageable at c.€1bn over the next three years**

Capital Position Comfortably Above Minimum Requirements

Regulatory Capital Ratios



CET 1 Fully Loaded Ratio Movement



- Reduction in CET1 ratios at H1 18 due to IFRS 9 Transition and increase in TRIM-related RWAs (c.€0.7bn)
- RWAs of €11.2bn at H1 2018 will be impacted by the following in H2:
  - Final outcome of TRIM expected to increase RWAs by an incremental c.€1.7bn
  - Derecogniton of Glas portfolio of €1.3bn
  - Expected net reduction of 50bps to CET1 Ratio (FL)
- CET1 Minimum Regulatory Transitional Requirement for 2018 – 9.825%.
- Countercyclical Capital Buffer (CCyB) will add 1% to the Minimum Requirement from July 2019 onwards
- Bank's Medium Term Target remains unchanged at 12% Fully Loaded

Summary

- €0.6bn New Lending in the first six months, an increase of 50% YoY
- Improved Profitability
- Material Reduction in NPLs (>40%)
- Stable Funding and Liquidity Position
- Capital Ratios comfortably above Minimum Regulatory Requirement

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	74%	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			Interest Income (€m)	
	H1 2018	H1 2017		H1 2018	H1 2017		H1 2018	H1 2017
Tracker	12.3	13.1	x	1.1%	1.1%	=	66	74
Fixed and Variable	7.5	7.5	x	3.8%	3.8%	=	138	141
Consumer Finance	0.3	0.3	x	10.1%	10.3%	=	15	16
CRE	0.2	0.3	x	3.1%	2.0%	=	3	3
Treasury Assets	3.7	3.9	x	1.2%	1.4%	=	21	28
Underlying Interest Income						=	243	262
Deferred Acquisition Costs							(8)	(8)
Total Interest Income							235	254

Interest Expenses Analysis

	Average Balances (€bn)			Cost of Funds			Interest Expense (€m)	
	H1 2018	H1 2017		H1 2018	H1 2017		H1 2018	H1 2017
Current Accounts	3.8	3.5	x	0.0%	0.0%	=	1	1
Retail Deposits	10.5	10.2	x	0.3%	0.5%	=	18	25
Corporate Deposits	2.6	2.9	x	0.6%	0.9%	=	8	13
IOM Deposits	-	0.3	x	-	0.9%	=	-	1
Wholesale Funding	3.3	4.2	x	0.6%	0.6%	=	10	11
ECB Funding	0.2	0.8	x	0.0%	0.0%	=	-	-
Underlying Interest Expense							37	51
Other							5	-
Total Interest Expense							42	51

Asset Quality

Loans and Advances to Customers ***Measured at Amortised Cost***	*** 30 June 2018 €m**	**1 January 2018** €m	31 December 2017 €m
Residential Mortgages:			
Home Loans	14,851	15,037	15,037
Buy To Let	4,964	4,953	4,953
Total Residential Mortgages	**19,815**	**19,990**	**19,990**
Commercial	119	224	224
Consumer Finance	302	314	345
Total Measured at Amortised Cost	**20,236**	**20,528**	**20,559**
Analysed By ECL Staging			
Stage 1	10,880	11,649	-
Stage 2	4,306	3,594	-
Stage 3	5,045	5,278	-
POCI	5	7	-
Analysed as to Asset Quality			
Excellent	-	-	10,585
Satisfactory	-	-	3,978
Fair	-	-	1,066
Neither past Due Nor Impaired	-	-	15,629
Past Due But Not Impaired	-	-	467
Impaired	-	-	4,463
Total Measured at Amortised Cost	**20,236**	**20,528**	20,559
Of Which are Reported as Non-Performing Loans	**5,050**	**5,285**	5,285
Deferred Fees, Discounts & Fair Value Adjustments	**58**	**55**	57
Loss Allowance – Statement of Financial Position			
Stage 1	46	54	-
Stage 2	379	333	-
Stage 3	1,824	1,936	-
Specific Provisions	-	-	1,913
IBNR Provisions	-	-	333
Total Loss Allowance	**2,249**	**2,323**	2,246

* The amounts for the period ended 30 June 2018 , have been prepared and are presented in accordance with IFRS9; prior year amounts as allowed under the standard have not been restated. Accordingly balances set out in the tables above are not directly comparable, where the 31 December 2017 comparative is presented on an IAS 39 basis (refer to Note 1 and Note 2 for further detail on transition to IFRS 9 on 1 January 2018).

NPLs and NPAs

30 June 2018	Stage 3				
	Home Loan €m	Buy-To-Let €m	Commercial €m	Consumer Finance €m	Total €m
NPL is < 90 Days	**2,279**	**740**	**28**	**3**	**3,050**
NPL is > 90 Days and < 1 year past due	**120**	**36**	**-**	**9**	**165**
NPL is 1-2 years past due	**124**	**50**	**3**	**2**	**179**
NPL is 2-5 years past due	**258**	**69**	**8**	**9**	**344**
NPL is > 5 years past due	**920**	**379**	**9**	**4**	**1,312**
Non-performing loans	**3,701**	**1,274**	**48**	**27**	**5,050**
Foreclosed assets*	**69**	**149**	**-**	**-**	**218**
Non-performing assets	**3,770**	**1,423**	**48**	**27**	**5,268**
NPLs as % of gross loans	**25%**	**26%**	**40%**	**9%**	**25%**

31 December 2017 **	ROI Residential mortgages				
	Home loan €m	Buy-To-Let €m	Commercial €m	Consumer Finance €m	Total €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%

* Foreclosed assets are defined as assets held on the balance sheet which are obtained by taking possession of collateral or by calling on similar credit enhancements.
** The amounts for the period ended 30 June 2018 have been prepared and are presented in accordance with IFRS9; prior year amounts as allowed under the standard have not been restated. Accordingly balances set out in the tables above are not directly comparable, where the 31 December 2017 comparative is presented on an IAS 39 basis (refer to Note 1 and Note 2 for further detail s on transition to IFRS 9 on 1 January 2018).

Regulatory Capital

	30 June 18[1] Transitional €m	30 June 18[1] Fully Loaded €m	31 Dec 17 Transitional €m	31 Dec 17 Fully Loaded €m
RWAs	**11,211**	**11,211**	10,593	10,593
Capital Resources:				
CET1 Capital	**1,814**	**1,506**	1,812	1,590
Additional Tier 1	**82**	**82**	66	52
Tier 1 Capital	**1,896**	**1,588**	1,878	1,642
Tier 2 Capital	**71**	**71**	76	67
Total Capital	**1,967**	**1,659**	1,954	1,709
Capital Ratios:				
CET1 Capital	**16.2%**	**13.4%**	17.1%	15.0%
Tier 1 Capital	**16.9%**	**14.2%**	17.7%	15.5%
Total Capital	**17.5%**	**14.8%**	18.4%	16.1%
Leverage Ratio	**8.1%**	**6.8%**	8.0%	7.1%

	30 June 18[1] Transitional €m	30 June 18[1] Fully Loaded €m	31 Dec 17 Transitional €m	31 Dec 17 Fully Loaded €m
Total Equity	**2,033**	**2,033**	2,111	2,111
Less: AT1 Capital	**(122)**	**(122)**	(122)	(122)
Captive Insurance Equity	**(9)**	**(9)**	(10)	(10)
Adjusted Capital	**1,902**	**1,902**	1,979	1,979
Prudential Filters and deductions:				
Intangible Assets	**(36)**	**(36)**	(39)	(39)
Deferred Tax	**(150)**	**(354)**	(106)	(343)
AFS Reserve	**-**	**-**	(7)	-
Revaluation Reserve	**-**	**-**	(10)	-
IFRS 9 transitional adjustment	**104**	**-**	-	-
Others	**(6)**	**(6)**	(5)	(7)
Common Equity Tier 1 Capital	**1,814**	**1,506**	1,812	1,590

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