

Interim Results 2020

For The 6 Months Ended 30 June 2020



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.

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Eamonn Crowley, CEO



Challenging Business Environment - Impacted By Covid-19

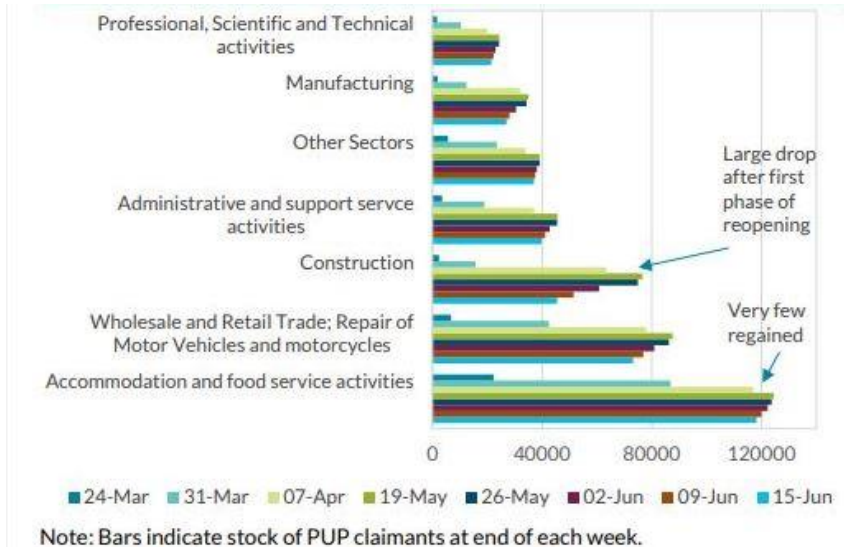
H1 2020 Highlights

Covid - 19	>10k Payment Breaks Approved	<ul style="list-style-type: none"> 10.5k Mortgage Payment Breaks approved (Peak May '20) c.€1.6bn c.10% of Gross Loans Average Loan Size €152k, Average Yield 2.80% c.50% Reduction in the number of Payment Breaks
Commerical	15.2% ¹ Mortgage Market Share	<ul style="list-style-type: none"> Total New Lending of €0.6bn, down 16% YoY Mortgage Market Share of 15.2%¹ Reduced Fixed and Variable Mortgage Pricing For Both New and Existing Customers
Financial	€57m Loss Before Tax	<ul style="list-style-type: none"> Operating Profit ²of €23m Net Interest Margin 1.75% Operating Expenses³ of €142m, down 2% YoY Regulatory Charges of €20m Expected Credit Loss of €75m – Reflecting the Current Macro Economic Environment
Asset Quality	6.8% NPL Ratio	<ul style="list-style-type: none"> NPL's of €1.1bn Provision Coverage Ratio Remains Appropriate Medium Term Commitment to Mid Single Digit Ratio
Capital	13.9% CET1 Fully Loaded	<ul style="list-style-type: none"> CET1 Ratio (Fully Loaded) of 13.9% CET1 Ratio (Transitional) of 16.5% Higher RWAs arising from Payment Breaks (+€0.5bn), a conservative approach to Capital All Ratios remain above Management and Regulatory minimum

Irish Economy Impacted By Worldwide Pandemic

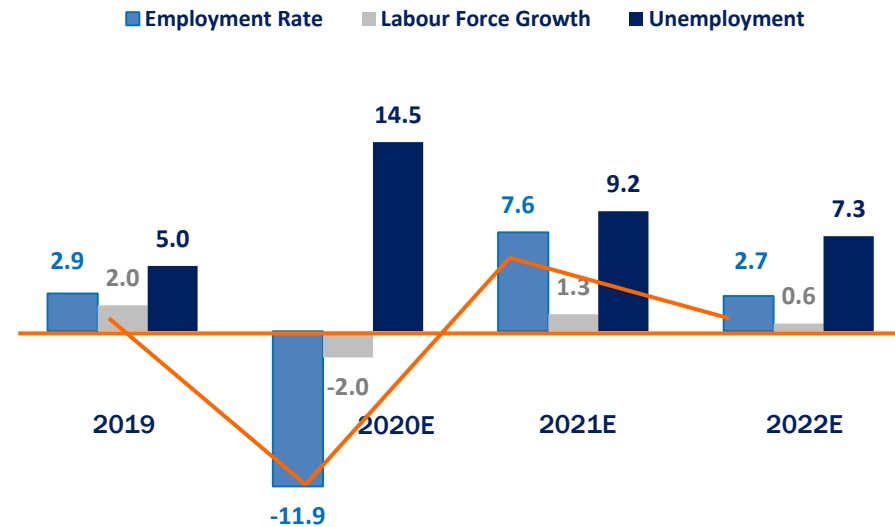
An Unprecedented Contraction In Economic Activity

Job Losses Came In Waves

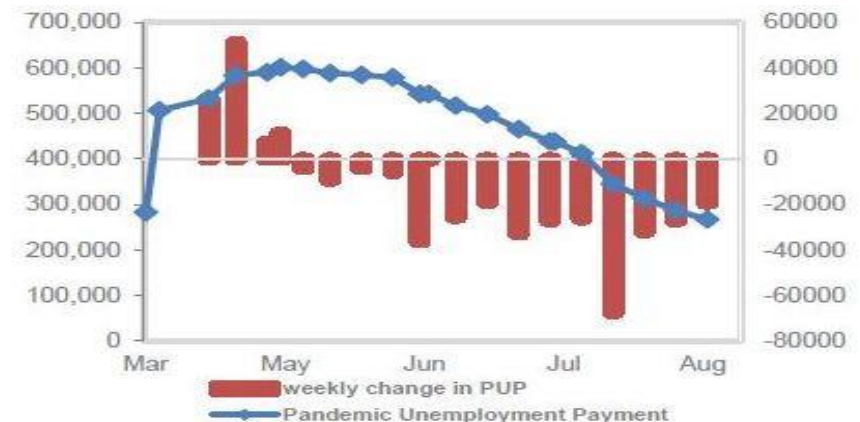


- Following the sharp increase in job losses since the onset of the Covid-19 outbreak, the labour market is showing signs of a gradual recovery in line with the Governments phased reopening of the economy.
- Pandemic Unemployment Payment (PUP) claimants have declined from a peak of >600k in April to 286k in July.
- However unemployment will remain elevated over the forecast horizon especially in the Accommodation and Food Service Industry.

Labour Market (%)



Pandemic Unemployment Payment (PUP)



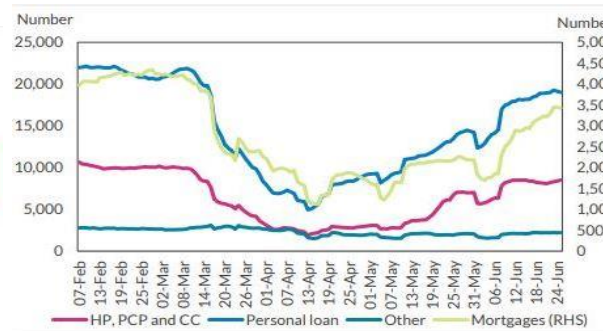
Indicators Support Significant Lows In April And May

Signs Of Recovery With A Strategy Of Phased Reopening

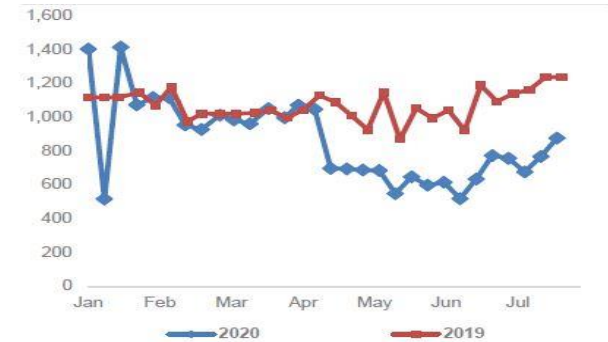
House Hold Deposits Increase To Record Highs Suggesting Ability To Support Recovery



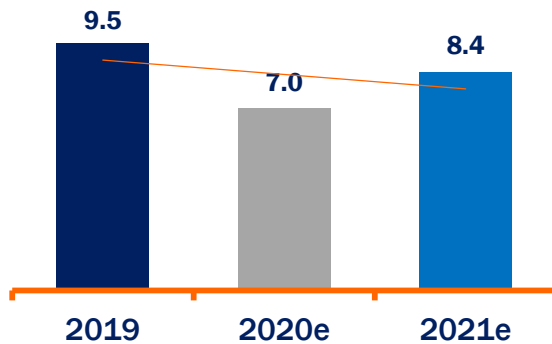
New Household Debt, 65% Decline In April 20 - But Showing Signs of Recovery



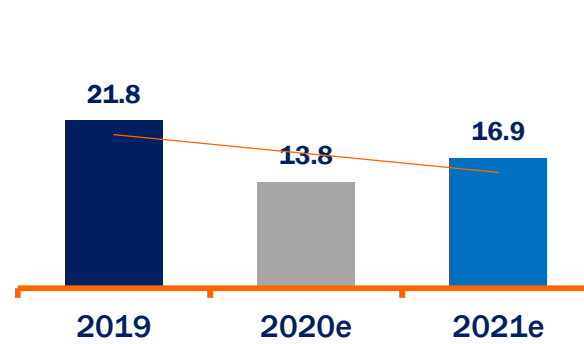
Transactions Added To The Property Price Register



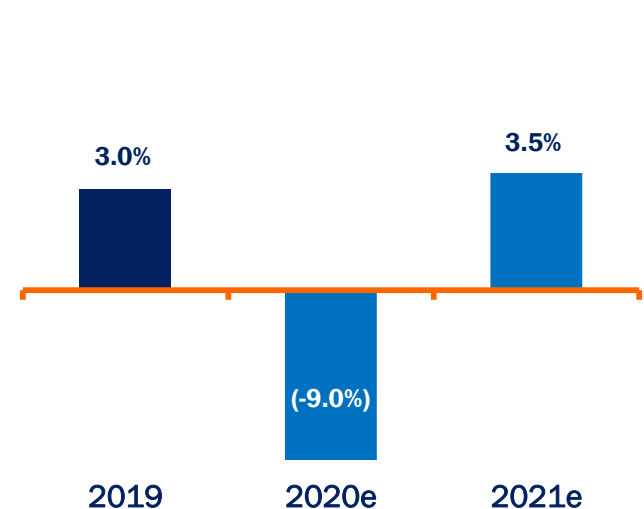
Mortgage Market (€bn)



Housing Completions (000s)



House Price Growth



Mortgage enquiries were subdued in quarter 2 and remained at levels far below normal for April and May, activity in the Irish housing market is showing positive signs of recovery.

Covid-19 Response

Supporting Our Customers, Colleagues And Communities

Customer Support



Payment Breaks¹ Approved

- c.10.5k Mortgage Payment Breaks, €1.6bn in Value



Online portal

- Facilitating Payment Breaks and SFS for Customers



€1m Cashback to Customers

• €5 Back On GoRewards Programme¹



- **Unlimited 10c Cashback** on Explore Current Account debit card transactions (Q2'20)

- **2% + 2% Cashback on Mortgages**



€50 Contactless Payment Limit

- An increase of €20 per transaction
- 40 million contactless payments
- 92% customers are using contactless payments over cash, 60% reduction in over the counter cash in Q2'20

Seamless Business Continuity – All Locations Remained Open Throughout the Lockdown



Branches

- All 76 Branches Remain Open
- Invested In PPE, Social Distancing & Hygiene Measures
- Prioritised In Branch Banking Hours For Elderly And Vulnerable Customers



Direct Banking

- Contact Centers Remain Fully Operational
- 4 New Regional Centers
- 72% of Customers are now choosing to Bank using Online Channels
- 42% Increase in Mobile App Log-Ins



Colleagues

- 1,200 colleagues working remotely
- 800 Additional Remote Working Licenses Issued
- 150 communications since the beginning of the crisis
- Emergency Customer Support Allowance For Customer Facing Roles

Relationship NPS² Increased From +3 to +14, Clear No. 1 In The Market

Driving Sustainable Performance

Strong Ambition, Purpose And Priorities



Our Ambition

To Be Ireland's Best Personal
And Small Business Bank



Our Purpose

To Work Hard Every Day to Build
Trust with Our Customers – We
are a Community Serving the
Community

Our Priorities

Customers



Customers

Build Trust,
Advocacy &
Loyalty



Digital

Enhance Digital
Capabilities



Culture

Embed an Open
and Inclusive Risk
Aware Culture



Simplification

Simplify our
Business



Profitability

Grow Sustainable
Profits

Customers

Build Trust And Loyalty With Our Customers



Enhance
Customer Journeys



Leverage
Digital Capabilities



Re-Position
Our Brand

Delivering On Our Priorities

- **Mortgage Pricing**
 - Realigned Fixed Rates for New and Existing Mortgage Customers
 - Reduction to Mortgage Variable Rates
- **Partnership with Ó Cualann Cohousing – Approved Housing Body**
 - €350k Donation Over 3 Year period
 - Supporting the Development of 1,800 Affordable Homes Across Ireland
- **Further Developing The Customer Digital Journey**
 - >47 Million Successful Log-Ins Online, 30% Increase Year On Year
 - >650k Active Online Customers, 8% Increase Year On Year
 - 94% of Term Loans Applied For Through Direct Channels
- **Relationship NPS¹ - 1st in the Market**
 - Increased from +3 to +14 in H1'20. Customer Care and Relevance being the Positive Drivers
- **Trust Score² – We Continue To Build Trust With Our Customers**
 - NPS score up 10 points since Dec 19

Medium Term Outcomes

- **Significant Improvement In Customer Satisfaction, Trust, and Loyalty**
- **Clear No.3 Mortgage Provider in Ireland**
- **Strong Intermediary Relationships**
- **Be the Best Bank for Small Businesses in Ireland**
- **Simple, Digitally Enabled Customer Journeys**
- **Re-Positioned Brand**

1. Relationship Net Promoter Score (NPS) – an index ranging from -100 to 100 measuring the willingness of customers to recommend a company's products or services to others based on the Red C research commissioned by the Bank, June 2020.

2. Trust Score H1'20 refers to the proportion of main bank customers who would endorse their bank as being "Trustworthy" – Source Red C research commissioned by the Bank, June 2020.

Transform

Build A Sustainable Future For The Bank



Digital Development



Business Model Simplification



Embed Our Values

Delivering On Our Priorities

Medium Term Outcomes

- **Digital Development And Simplification - Better Customer Experience**

- Increased Flexibility and Process Improvements
- 72 Hours to Mortgage Decision
- Term Loans (Instant Approval), Credit Cards (Online)
- Prioritisation of Direct & Digital Mortgage Channel
- 12 Month Mortgage Approval in Principle (H2'20)
- Digital Current Account Onboarding (6 Minutes Opening Time) and Overdrafts Online (H2'20)
- Mobile Payment Capability (H2'20)

- **Supporting Small Businesses**

- Participation in SBCI Government Backed Funding to Small Businesses
- Accelerate our Digital Agenda to Support Business Banking Customer Journeys

- **Embedding Our Values**

- Launched a New Purpose Centred On Rebuilding Trust
- Employee Net Promoter Score of +13
- Positive Customer Focused Culture – 98% of colleagues believe we are doing the right thing for our customers

- **Strengthened Culture**

- A Diverse, Inclusive And Risk Aware Culture

- **A Streamlined Organisation**

- Effective Organisational Design
- Delivering Capability & Efficiency
- Reduce Product and Process Complexity Over Time

- **Grow Quality Earnings**

- Growth in Mortgage, Consumer And SME Loan Books

- **Direct Banking Propositions**

Profitability

Growth, Efficiency And Sustainable Returns



Grow Diversified
Income Streams



Efficient
Organisation



Capital And
Resource Allocation

Delivering On Our Priorities

Medium Term Outcomes

Growth

- Mortgage Market Share 15.2%
- Operating Income €23m, NIM 1.75%

Efficiency

- Net Fee Income c. 9% Of Total Income
- Total Operating Expenses¹ Reduced by €3m or 2% YoY

Returns

- Impairment Charge of €75m
- CET1% (Fully Loaded) 13.9%

- Revenue Growth Through Diversified Income Streams
- Competitive Commercial Pricing Within The Banks Risk Appetite
- Drive Efficiencies, Transform The Cost Base - Absolute Cost Base Declining Year On Year
- Strategic Allocation Of Capital

Financial Performance



Income Statement

Covid-19 Pandemic Has Material Impact On Profitability

	H1 20 €m	H1 19 €m	YoY €m	YoY %
NII	171	181	(10)	-6%
Fees & Commissions	16	17	(1)	-6%
Net Other Income	(2)	12	(14)	-117%
Operating Income	185	210	(25)	-12%
Operating Expenses ¹	(142)	(145)	3	-2%
Regulatory Charges	(20)	(18)	(2)	-11%
Operating Profit	23	47	(24)	-51%
Impairment Charge	(75)	(5)	(70)	-
Profit / (Loss) Before Exceptional Items & Tax	(52)	42	(94)	-
Exceptional Items (Net) ¹	(5)	(14)	9	-64%
Profit / (Loss) Before Tax	(57)	28	(85)	-

H1 20 Vs H1 19

- 6% reduction in NII primarily due to lower income from Treasury Assets (€11m) and NPLs (€5m) offset by lower funding costs.

- Fees & Commissions lower due to the reduced transactional activity as a result of the impact of Covid-19 on quarter two banking activity.

- Net Other Income - Prior year €12m, primarily from gains on the disposal of Properties In Possession, no gains from disposals of properties in possession in 2020.

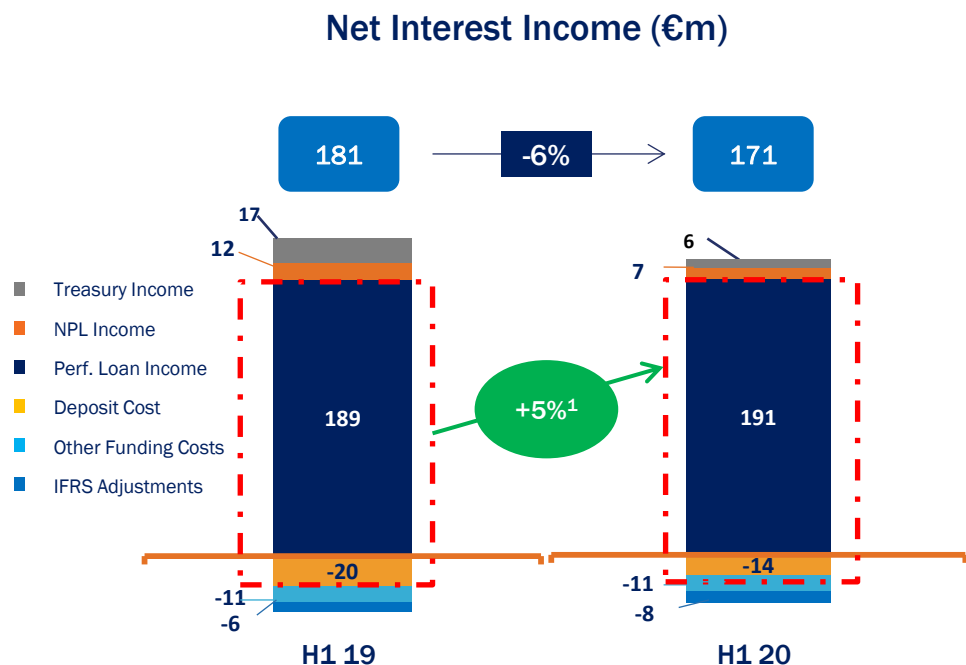
- Operating Expenses are 2% lower as efficiency savings offset Investment and Inflationary pressures. The Bank continues to maintain good cost discipline.

- A material Impairment Charge of €75m reflecting the revision of the current macroeconomic factors and impact from Covid-19 payment breaks.

- Exceptional Items primarily relate to costs incurred due to Covid-19 (€4m) and Restructuring and Other Costs (€1m).

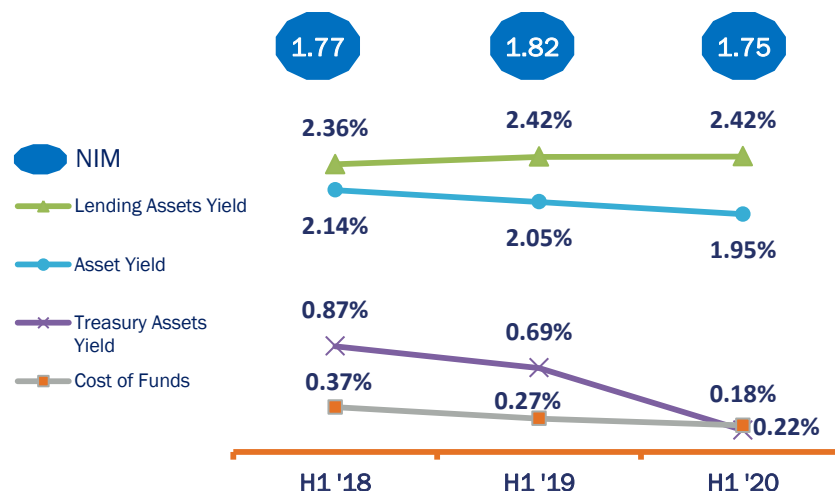
Lower Net Interest Income

NIM Declining, 7 Bps Lower Year-On-Year



- Net Lending Income¹ of €177m increased by 5% YoY primarily due to a reduction in the cost of Deposits
- Treasury Income lower by €11m due to continued maturity of legacy, high-yielding treasury assets. All such assets have now fully matured
- NPL income lower by €5m mainly due to deleveraging activity in H2 2019

Net Interest Margin (%)



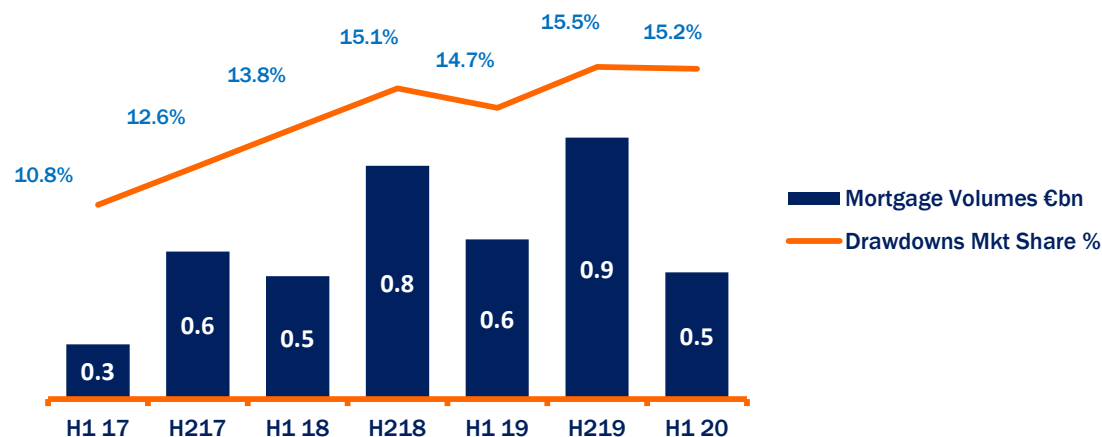
- Lower YoY Cost of Funds primarily through continued active management of Deposit Costs, partially offset by MTN issuance in H2 19
- Reduction in Asset Yield due to the continued maturity of high yielding legacy treasury assets, cost of excess liquidity together with the price reductions to the Bank's Fixed Rate Mortgage products
- Lending Assets Yield remains above 2%
- NIM trajectory expected to be low 170 basis points in 2020

Total New Lending Reduced By 16% YoY

Mortgage Market Share Remained Strong



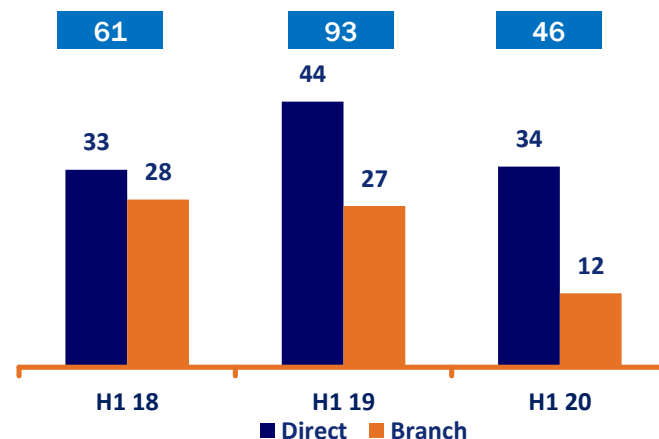
Mortgage New Lending Volumes And Market Share



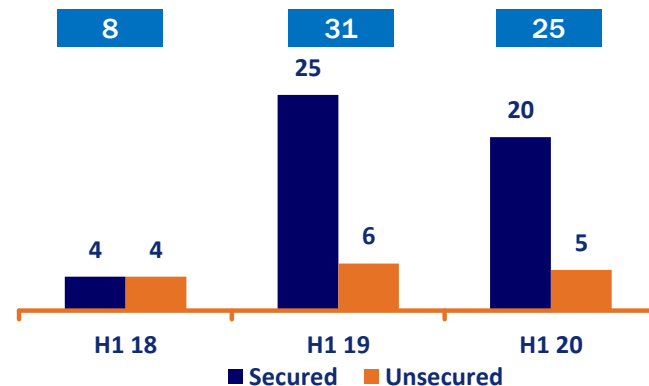
- Market Share of Mortgage Drawdowns remained strong at 15.2%
- Taking action on pricing:
 - Competitive 2 & 5 Year Rates for New Business >€250k
 - Fixed rates for existing and new customers aligned
 - SVR reducing by 55bps; MVR reducing by 10-35bps (depending on LTV)
- Fixed Rate Products Account for c.95% of New Mortgage Business
- c.50% of New Mortgage Business in H1'20 is to First Time Buyers
- Average LTV of New Mortgage Lending in H1'20 was 76%



Personal Term Lending²



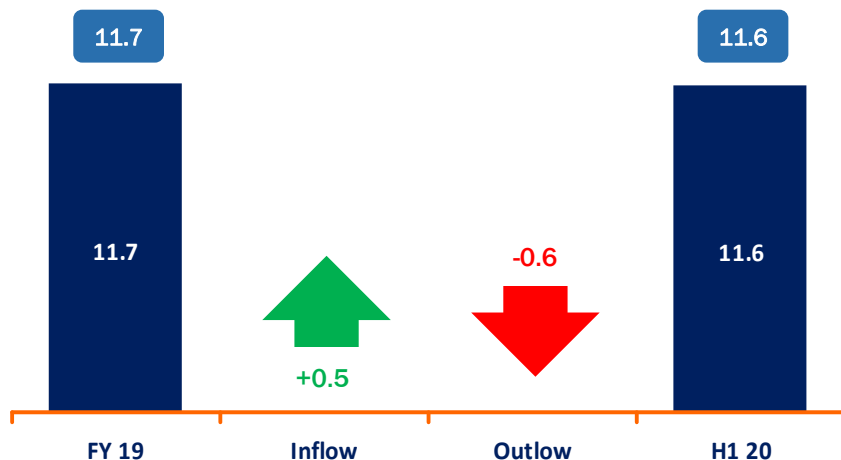
SME Lending



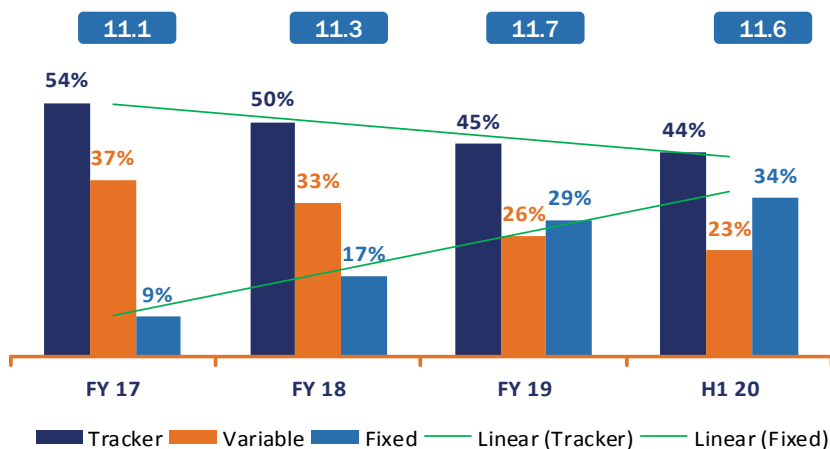
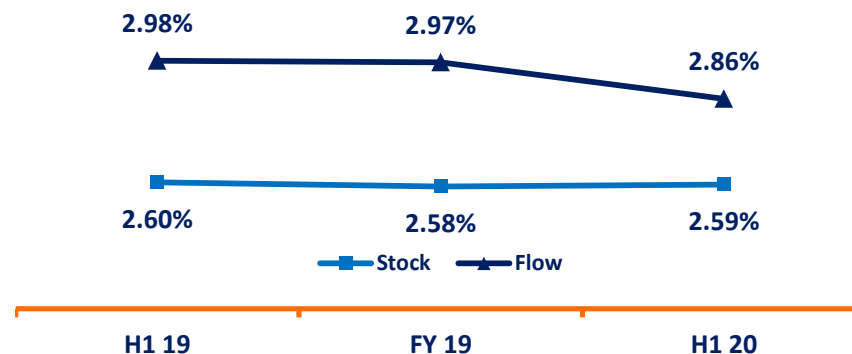
Performing Home Loan Book Broadly In Line

Home Loan Yield 11 Basis Points Lower

Performing Home Loan Book Movement (€bn)



Performing Home Loan Yield (%)

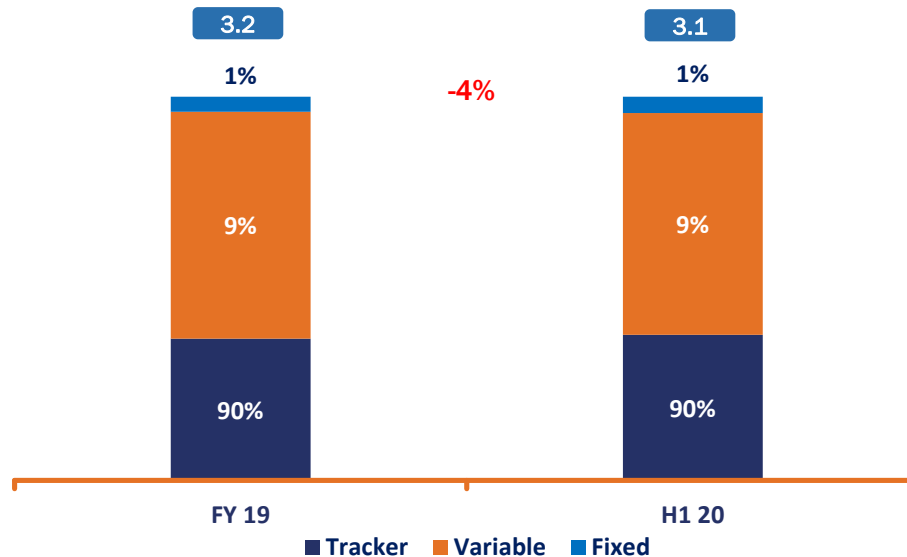


- Home Loan Mortgage Book reduced by 1% since Dec 2019
- 90% of Inflows to Fixed Rate products, Average Yield 2.88%
- 42% of Outflows from Tracker Rate products, Average Yield 1.29%
- Competition continues to drive down new mortgage customer rates with average New Business Mortgage Yield of 2.86%
- Tracker Mortgages are now 44% of the Total Home Loan Mortgage Book, down from 54% in 2017
- 3% of the Performing Home Loan Mortgage Book is on Interest Only

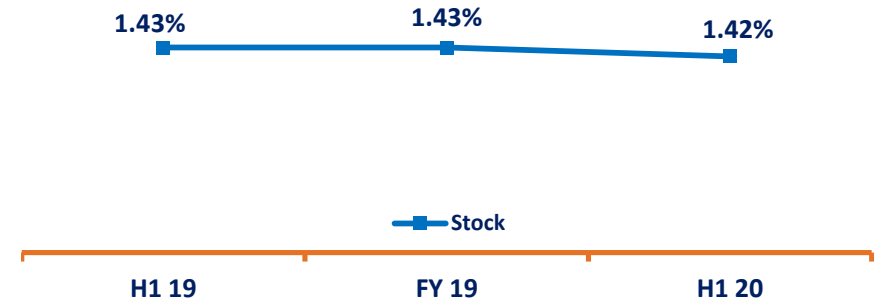
Buy to Let Book Continues To Contract

Reducing By 4% From Dec 19

Performing Buy to Let Book Movement (€bn)



Performing Buy to Let Yield (%)



- During H1 20 the Buy to Let Mortgage Book reduced by 4% (€131m) to €3.1bn
 - 90% Tracker | 9% Variable | 1% Fixed
 - 84% of Buy to Let Book in Tracker at an average yield of 1.09%
 - 60% of the Buy to Let Book is Interest Only
 - Average Yield on Total BTL Book at 1.42%

Operating Expenses¹ 2% Lower Year On Year

Strong Cost Discipline

Movement In Operating Expenses (€m)



- Operating Expenses (before Regulatory Charges) of €142m, reduced by €3m (2%) YoY, cost management remains a key focus of the Bank.
- The primary movements in Operating Expenses are:
 - Wage inflation of €1m, investment in business and technology programmes of €1m, partly offset by lower costs in contractors fees of €1m together with other cost saving initiatives and lower legal & professional fees of €6m
 - Depreciation & Amortisation increased by €2m YoY

€m	H1 20	H1 19	YoY €m	YoY %
Staff Costs	77	77	-	-
Non Staff Costs	46	51	-5	-10%
Addressable Costs²	123	128	-5	-4%
Depreciation & Amortisation ³	19	17	+2	12%
Operating Expenses	142	145	-3	-2%
Regulatory Charges	20	18	+2	11%
Total Operating Expenses	162	163	-1	-1%
Cost Income Ratio ⁴	77%	69%	-	
Average No. Staff	2,424	2,376	+48	+2%

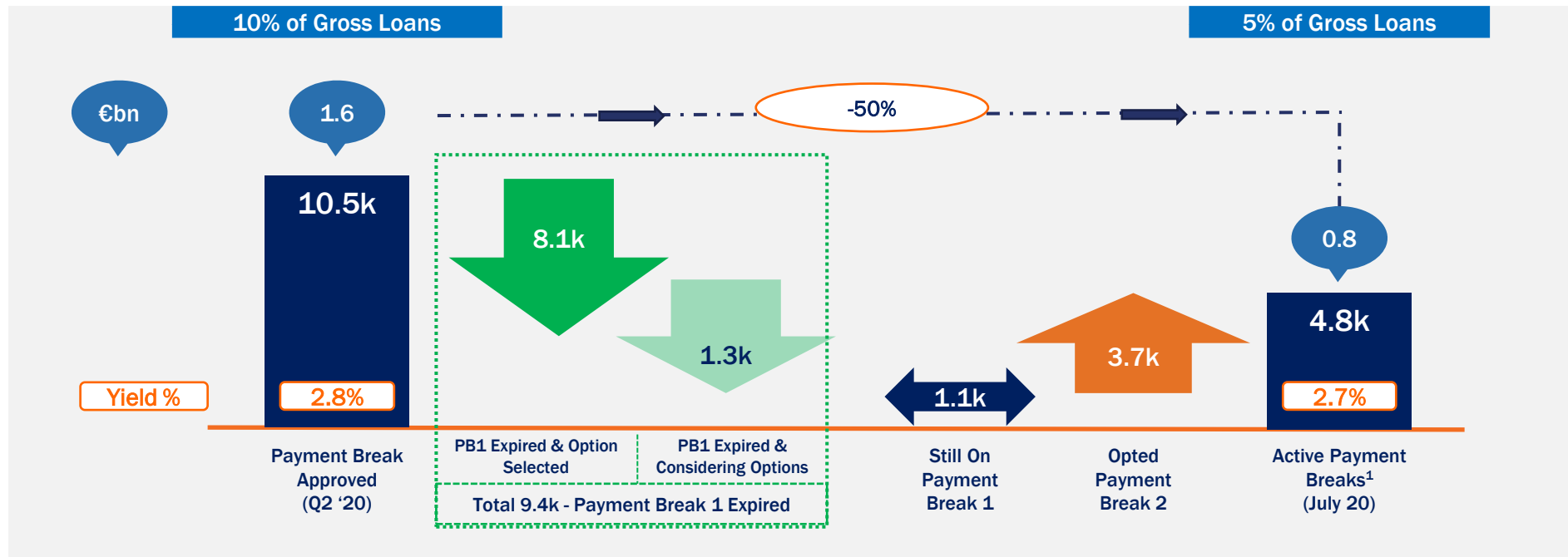
Staff Numbers Increased by 2% YoY, as a result of investment in technology and business divisions, together with additional staff required in the Banks response to Covid-19.

Addressable Costs are expected to continue to reduce over the Medium Term as the Cost of Investment is funded from sustainable operational efficiencies within the Bank's cost base.

1. For the purpose of this presentation, in order to give a true comparison of the movement in Underlying Operating Expenses, the costs incurred in the Bank's response to Covid-19 have been included in Exceptional Items
 2. Addressable Costs are Operating Costs before Depreciation & Amortisation and Regulatory Charges
 3. IFRS 16 restatement of €4m in H1 2019 from Non Staff Costs to Depreciation & Amortisation, with a comparable €4m in H1 2020
 4. Operating Expenses (excl. Regulatory Costs and Exceptional Items) divided by Total Operating Income

Covid-19 Mortgage Payment Breaks

Reduced By c.50%¹ By End July 2020



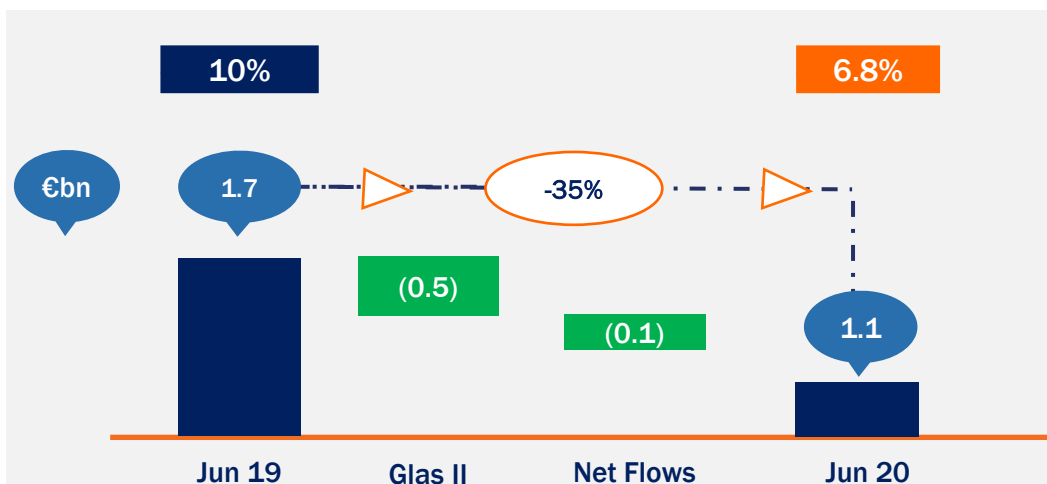
- **10.5k Payment Breaks - Classified as Performing Residential Mortgages**
 - Average Mortgage Size of c.€152k
 - Average Loan To Value (LTV) of 71%
 - Average Yield of 2.80%
 - c.50% of Payment Breaks are Tracker Mortgages
- **The Net Impairment Charge at Jun 20 Takes a Prudent Approach to Provisioning**

At End July'20:

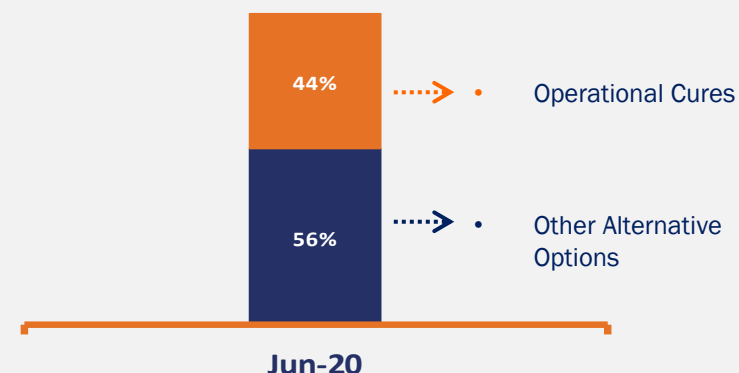
- **9.4k Expired Payment Breaks**
 - 40% (3.7k) have availed of Payment Break 2
 - 14% (1.3k) in discussion on Options
 - 47% (4.4k) do not require a Payment Break 2
- **4.8k Active Payment Breaks, Average Yield 2.7%**

NPL Ratio 6.8%

Stable Since End Of 2019



NPL Strategy (€1.1bn)



Asset Quality / Coverage

Category	Balance (€bn)	ECL (€bn)	Coverage (%)
Stage 1 & 2	15.1	0.53	3.5%
Stage 3 (NPLs)	1.1	0.35	31.9%
Total	16.2	0.88	5.4%

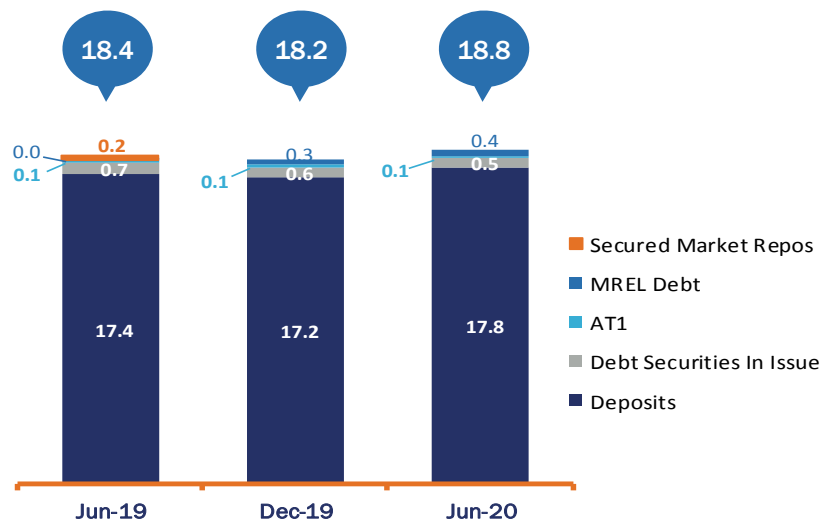
- Asset Quality Coverage remains appropriate, with Stage 3 Provision Coverage of c.32%
- SREP guidance remains, requirement of coverage levels for secured NPLs (over 7 years) of 40% from end 2020

- Non Performing Loans of €1.1bn, 35% lower YoY
- Committed to Mid-Single Digit ratio;
 - 44% of NPLs are Organic and / or Technical Cures on a path to cure over the next 12 - 18 months
 - The balance will be assessed using all alternative options while protecting capital

Strong Funding And Liquidity Position

Liquidity Coverage Ratio >200%

Total Funding (€18.8bn)



Liquidity And Funding Ratio

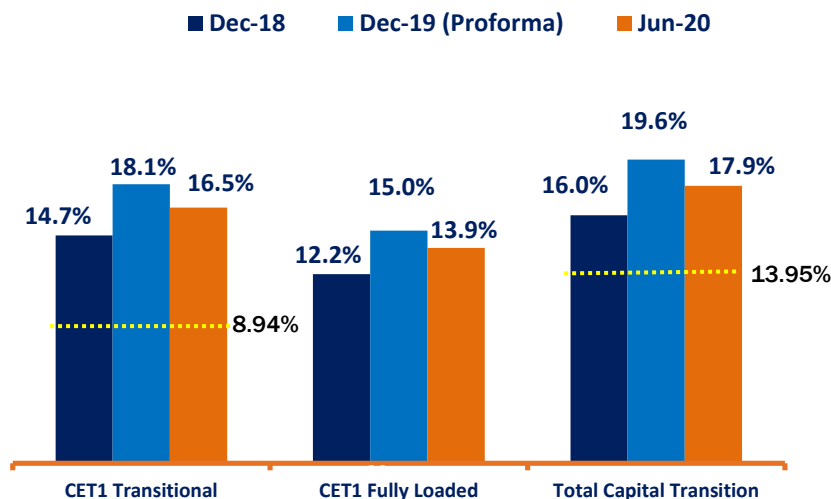
Ratio	Dec 19	Jun 20	Movement
LCR	170%	208%	+38%
NSFR	138%	142%	+4%
LDR	91%	87%	-4%
Encumbrance	6%	5%	-1%

- 95% funded by total Customer Deposits, 85% from Retail Deposits including Current Accounts
- The Central Bank of Ireland (CBI) has revised the Bank's current MREL requirements in order to reflect the reduction in the Counter Cyclical Buffer (CCyB) from 1% to 0% and has extended the transitional period to comply with this requirement by six months
- Confirmation of revised target with a new MREL decision is expected in early 2021 using the Bank Resolution and Recovery Directive 2 (BRRD2) framework
- At 30 June 2020, the Excess Liquidity held with the CBI was c.€300m at -50bps

Capital Remains Above Regulatory Requirements

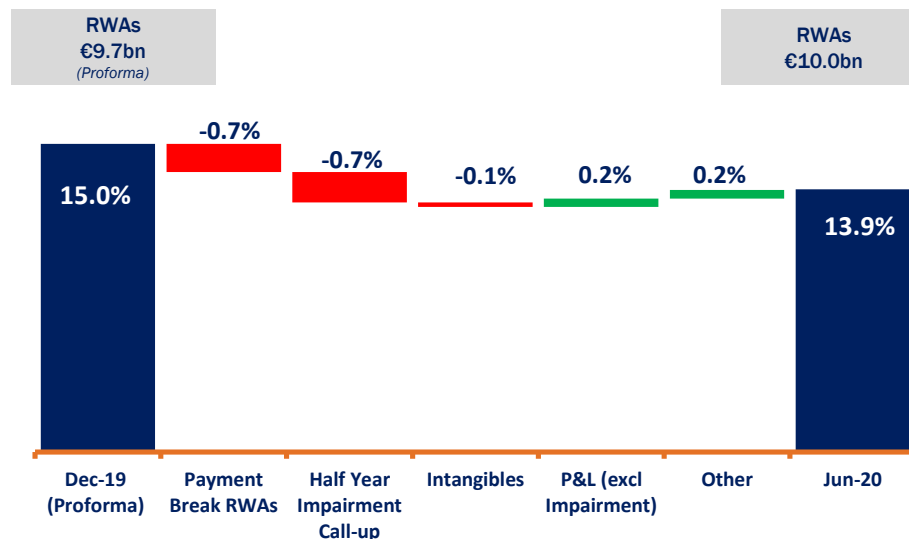
Reduction in Capital Ratios Driven By Prudent Impairment And Higher RWAs

Regulatory Capital Ratios



- In response to the Covid-19 pandemic, the CBI have introduced measures to support the sustainable provision of credit to the economy; specifically:
 - The removal of the Counter Cyclical Buffer (1.0%)
 - The early introduction of the CRD V Regulatory amendment (1.51%)
- Total CET1 (Transitional) Regulatory Requirement has reduced from 11.45% to 8.94%
- The Total Capital (Transitional) Regulatory Requirement has reduced from 14.95% to 13.95%
- Management CET1 (Fully Loaded) Long Term Target is c.13%

CET 1 Fully Loaded Ratio Movement



- Reduction in Fully Loaded CET1 ratio primarily due to:
 - H1 impairment charge of €75m reflecting the revised macroeconomic outlook as a result of Covid-19
 - Higher Risk Weighted Assets primarily as a result of the risk captured, which has not yet materialised, in respect of Payment Breaks, of c.€0.5bn.
- The Bank maintains robust Leverage Ratios with Tier 1 Capital (Fully Loaded) >7% and Tier 1 capital (Transitional) >8%

2020 Outlook

Growth

- **New Lending** - c.60% of 2019 volumes (€1.7bn)
- **Net Interest Income** will be lower as the remaining higher yielding Treasury Assets mature
- **NIM** expected to reduce to Low 170bps in 2020
- Continue to grow **Non Interest Income** as transactional activity recovers

Efficiency

- **Operating Expenses** will remain stable as we pay for investment and inflationary pressure through sustainable efficiency savings
- **NPLs** - will be managed efficiently, while protecting capital
- **Net Impairment Charge** – directly linked to the emerging macro-economic indicators and impact of payment breaks c. 70 bps Annualised in 2020
- **Balance Sheet Management** as we wait for revised MREL Target in 2021

Returns

- 2020 will be loss making as we prudently provide for the impact as a result of the Covid 19 Pandemic
- Minimum **Management CET1 Ratio** on a fully loaded basis of **> 13%**

Summary

- **Safe and Secure Balance Sheet with Strong Funding and Capital Positions**
- **Maintaining Competitive Position in Mortgage Market**
- **Targeted Growth in SME and Consumer Lending**
- **Cost Management a Key Focus – Progressing with Business Initiatives to Improve Efficiency and Drive Digital Transformation**
- **Well Positioned for Future Challenges and Opportunities**

Appendix



Domestically Focused Retail And SME Bank

Business Overview

Business

€15bn

Performing
Loan Book

€5.4bn

Current Account
Balances

€10.5bn

Retail Deposit
Balances

Market Share

15.2%

Residential
Mortgage
Balances¹

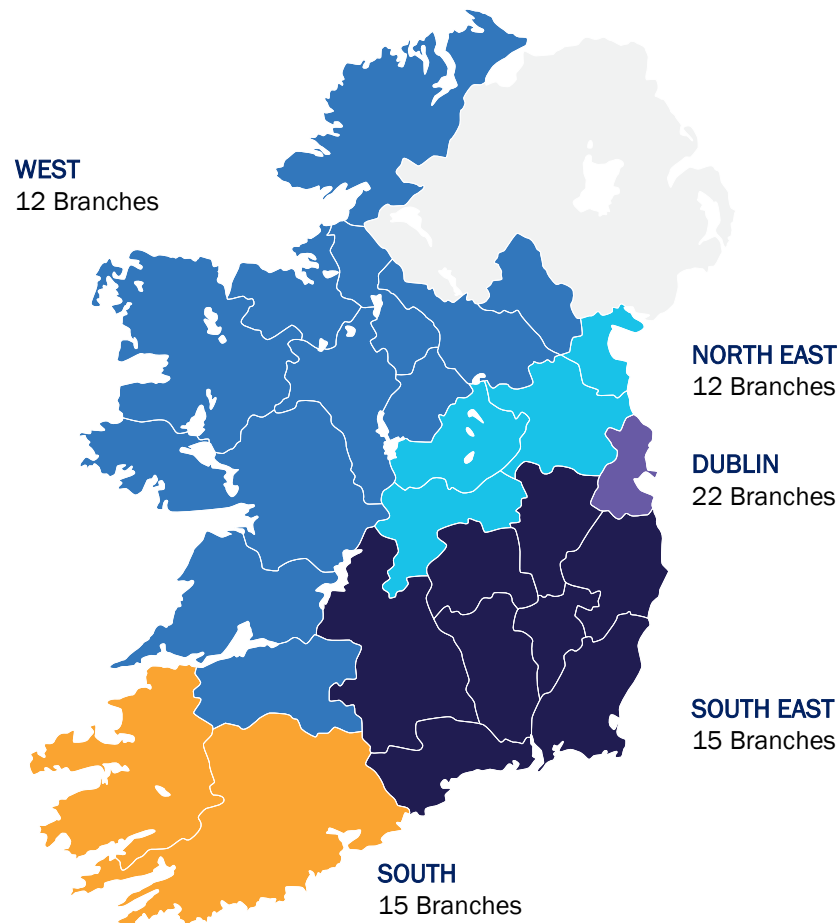
12.2%

Current Account
Balances²

11.0%

Retail Deposit
Balances²

Our Physical Landscape



Historical Financial Information – Income Statement

€m	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Net Interest Income	356	379	407	394	358
Other Income	58	63	38	71	34
ELG Fees	-	-	(2)	(4)	(14)
Total Operating Income	414	442	443	461	378
Total Operating Expenses (Before Exceptional Items)	(330)	(331)	(329)	(341)	(317)
Pre-Impairment Profit / (Loss)	84	111	114	120	61
Impairment (Charge) / Write-Back	(10)	(17)	(49)	68	(35)
Profit / (Loss) Before Exceptional Items	74	94	65	188	26
Exceptional Items (Net)	(32)	(91)	(13)	(414)	(460)
Profit / (Loss) Before Tax	42	3	52	(226)	(434)

Key Metrics	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Net Interest Margin	1.80%	1.78%	1.80%	1.48%	1.12%
Headline Cost Income Ratio ¹	80%	75%	74%	74%	84%

Historical Financial Information – Balance Sheet

€bn	Dec 2019	Dec 2018	Dec 2017	Dec 2016	Dec 2015
Total Loan Book (net)	15.6	15.9	18.4	18.9	23.0
Treasury Assets	3.6	3.8	3.5	3.9	5.5
Other Assets	1.1	2.1	0.9	0.8	0.8
Total Assets	20.3	21.8	22.8	23.6	29.3
ROI Retail Deposits (Incl. Current Accounts)	15.0	14.8	14.3	13.6	14.0
Isle of Man Deposits	-	-	-	0.4	0.5
Corporate & Institutional	2.2	2.2	2.7	3.0	4.0
Total Customer Deposits	17.2	17.0	17.0	17.0	18.5
Wholesale Funding	0.9	2.6	3.3	2.8	3.1
ECB Funding	-	-	0.2	1.4	4.7
Other Liabilities	0.2	0.2	0.2	0.3	0.6
Total Liabilities	18.3	19.8	20.7	21.5	26.9
Total Equity (incl. AT1)	2.0	2.0	2.1	2.1	2.4
Total Equity and Liabilities	20.3	21.8	22.8	23.6	29.3
Key Metrics:					
NPLs	€1.1bn	€1.7bn	€5.3bn	€5.9bn	€6.6bn
LDR	91%	93%	108%	111%	125%
CET1 Ratio (Fully Loaded Basis)	14.6%	12.2%	15.0%	14.9%	15.0%

Interest Income Analysis

	Average Balances (€bn)		Yields (%)		Interest Income (€m)	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Tracker	9.4	9.7	1.3%	1.3%	56	61
Fixed and Variable	6.8	6.7	3.6%	3.8%	128	126
Consumer Finance	0.3	0.3	9.5%	10.3%	15	17
SME / CRE	0.1	0.1	3.3%	3.3%	0	2
Treasury Assets	3.6	4.1	0.1%	0.7%	4	15
Underlying Interest Income					203	221
Deferred Acquisition Costs and Accounting Adjustments					(9)	(16)
Total Interest Income					194	205

Interest Expense Analysis

	Average Balances (€bn)		Cost of Funds (%)		Interest Expense (€m)	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Current Accounts	5.0	4.2	0.0%	0.0%	0	0
Retail Deposits	10.4	10.4	0.2%	0.3%	9	13
Corporate Deposits	2.1	2.5	0.5%	0.5%	5	6
IOM Deposits	-	-	-	-	-	-
Wholesale Funding	0.9	1.8	1.2%	0.3%	6	2
ECB Funding	0.0	0.0	0.0%	0.0%	-	-
Underlying Interest Expense					20	21
Other					0	3
Total Interest Expense					20	24

Asset Quality

Loans and Advances to Customers

Measured at Amortised Cost

	30-Jun 2020 €m	31-Dec 2019 €m
Home Loans	12,231	12,260
Buy To Let	3,494	3,598
Total Residential Mortgages	15,725	15,858
SME / CRE	174	165
Consumer Finance	326	366
Total Measured at Amortised Cost	16,225	16,389

Analysed By ECL Staging

Stage 1	9,777	10,999
Stage 2	5,346	4,340
Stage 3	1,100	1,048
POCI	2	2

Neither past due nor Stage 3	15,095	15,295
Past due but not stage 3	28	44
Stage 3	1,102	1,050
Loss Allowance – Statement of Financial Position	16,225	16,389

Stage 1	38	44
Stage 2	488	439
Stage 3	351	335
Total Loss Allowance	877	818

NPLs and NPAs

30-Jun-20

NPL is < 90 Days
 NPL is > 90 Days and < 1 year past due
 NPL is 1-2 years past due
 NPL is 2-5 years past due
 NPL is > 5 years past due
 POCI
 Non-performing loans
 Foreclosed assets*
 Non-performing assets
 Gross Loans
 NPLs as % of gross loans

Stage 3 Analysis

Home Loan	Buy-To-Let	Commercial	Consumer Finance	Total
€m	€m	€m	€m	€m
443	315	25	1	784
55	22	1	9	87
28	6	-	1	35
19	5	2	1	27
102	56	4	5	167
-	-	-	2	2
647	404	32	19	1,102
8	27	-	-	35
655	431	32	19	1,137
12,231	3,494	174	326	16,225
5.3%	11.6%	18.4%	5.8%	6.8%

31-Dec-19

NPL is < 90 Days
 NPL is > 90 Days and < 1 year past due
 NPL is 1-2 years past due
 NPL is 2-5 years past due
 NPL is > 5 years past due
 POCI
 Non-performing loans
 Foreclosed assets*
 Non-performing assets
 Gross Loans
 NPLs as % of gross loans

Stage 3 Analysis

Home Loan	Buy-To-Let	Commercial	Consumer Finance	Total
€m	€m	€m	€m	€m
420	294	29	1	744
46	12	-	7	65
20	4	-	1	25
19	8	4	2	33
109	59	8	5	181
-	-	-	2	2
614	377	41	18	1,050
13	45	-	-	58
627	422	41	18	1,108
12,260	3,598	165	366	16,389
5.0%	10.5%	24.8%	4.9%	6.4%

Regulatory Capital

	30 June 20		31 Dec 19	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Risk Weighted Assets	9,983	9,970	10,012	9,996
Capital Resources:				
Common equity tier 1	1,646	1,385	1,765	1,464
Additional Tier 1¹	79	96	85	103
Tier 1 Capital	1,725	1,481	1,850	1,567
Tier 2 Capital	66	66	61	61
Total Capital	1,791	1,547	1,911	1,628
Capital Ratios:				
Common Equity Tier 1 Capital	16.5%	13.9%	17.6%	14.6%
Tier 1 Capital	17.3%	14.9%	18.5%	15.7%
Total Capital	17.9%	15.5%	19.1%	16.3%
Leverage Ratio²	8.3%	7.2%	9.1%	7.8%

	30 June 20		31 Dec 19	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Total Equity	1,932	1,932	1,997	1,997
Less: AT1 Capital	(122)	(122)	(122)	(122)
Adjusted Capital	1,810	1,810	1,875	1,875
Prudential Filters:				
Intangible Assets	(77)	(77)	(66)	(66)
Deferred Tax	(214)	(334)	(170)	(337)
IFRS 9 Transitional Adjustment ³	131	-	134	-
Others	(4)	(4)	(8)	(8)
Common Equity Tier 1 Capital	1,646	1,385	1,765	1,464

1. The amount of Additional Tier 1 (AT1) Capital and Tier 2 instruments included within the consolidated capital of the holding company is restricted within the limits laid down under the CRR. Effective 1 January 2018, these restrictions are now fully phased in.
2. The leverage ratio is calculated by dividing Tier 1 Capital by gross balance sheet exposure (total assets and off-balance sheet exposures).
3. The CET1 transitional impact to the Group as a result of EU Regulation 2017/2395 mitigating the impact of the introduction of IFRS 9 own funds and applies to both the static day 1 addback and the dynamic addback for increases in stage 1 & 2 provisions (net of expected loss).