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Group Holdings plc

Interim Results
2021

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

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INTERIM RESULTS
2021

Eamonn Crowley,
CEO

Paul McCann,
Interim CFO

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INTERIM RESULTS
2021

Business Update

Eamonn Crowley, CEO

Good Performance – In Challenging Business Environment

HY 2021 Highlights

Customers	17.5%[1] Mortgage Market Share	• Total New Lending of €0.9bn, increased by 43% YoY, +20% versus H1'19 • €0.8bn New Mortgage Lending, 45% increase YoY, +25% versus H1'19 • Continuing to enhance Customer Journeys and build Partnerships
Transform	€50m Additional Investment Committed	• New Digital Current Account launched - facilitating secure customer on-boarding online • Full Organisational Review Completed – new hybrid working arrangements for employees • Recruitment of 180 new roles into key growth areas
Profitability	€9m Loss Before Tax	• Operating Income is 10% lower YoY • Net Interest Margin (NIM) 1.50%; Underlying NIM% 1.72%[2], 5 bps lower YoY • Operating Expenses[3] have increased 4% YoY as Investment Initiatives accelerated
Asset Quality	7.0% NPL Ratio	• Asset Quality remains satisfactory, Net Impairment Charge of €3m • NPLs reduced by c.€85m to €1.0bn from FY20 with NPL% reducing by 60bps to 7.0% • All Covid-19 mortgage payment breaks expired
Capital	15.3% CET1 Fully Loaded	• 15.3% CET1 Fully Loaded, 20Bps increase on FY20 • €250m Tier 2 issuance May'21 adding c. 3% to Total Capital ratios • All Capital Ratios remain above Management and Regulatory minimum

1. BPFI data at 30 June 2021
2. Underlying NIM% excludes the cost of excess liquidity
3. Operating Expenses exclude Regulatory Charges (€21m)

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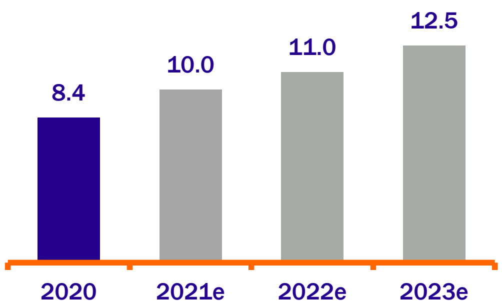
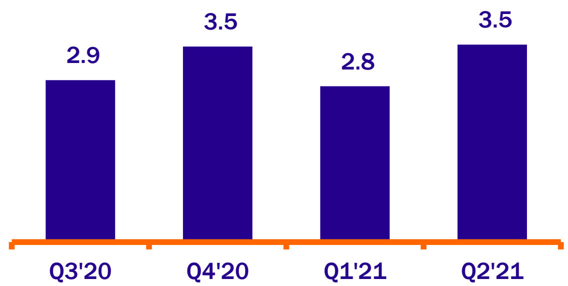
Mortgage Market Is Growing

Demand Continues to Exceed Supply

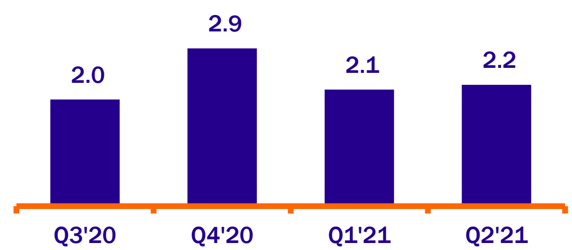
Mortgage Market (€bn)



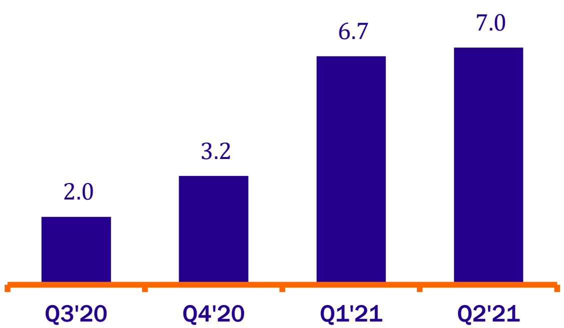
Mortgage Market Approvals (€bn)



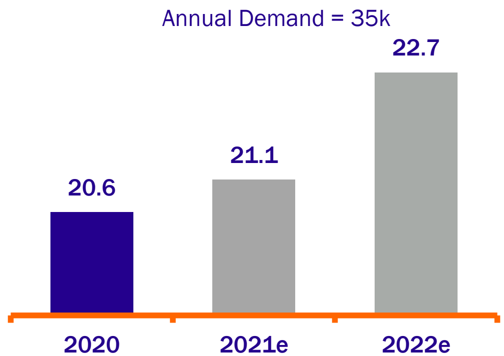
Mortgage Market Drawdowns (€bn)



Mortgage Market Applications (€bn)



Housing Completions (000s)



- Mortgage Market increased by 26% YoY, expected to grow c. 20% in FY21
- Mortgage Approvals and Drawdowns have performed strongly in the first half of the year as demands continues to outweigh supply

Source: Goodbody, BPFI

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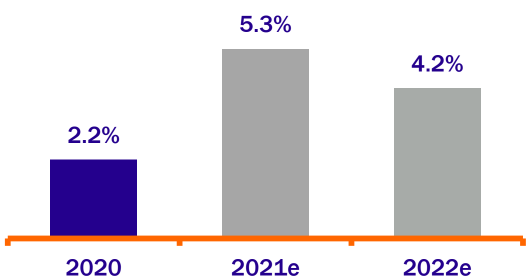
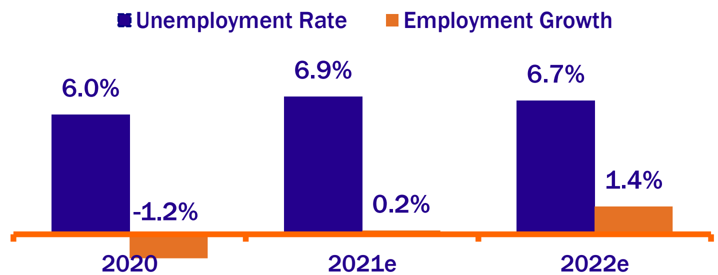
Macroeconomics Better Than Previously Forecast

Domestic Performance Linked to Successful Easing of Restrictions

House Price Growth (%)

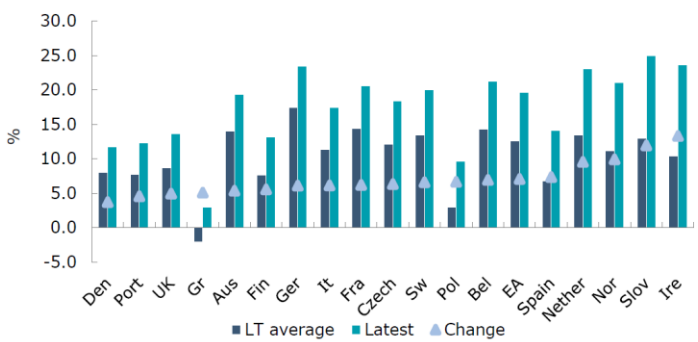


Labour Market (%)

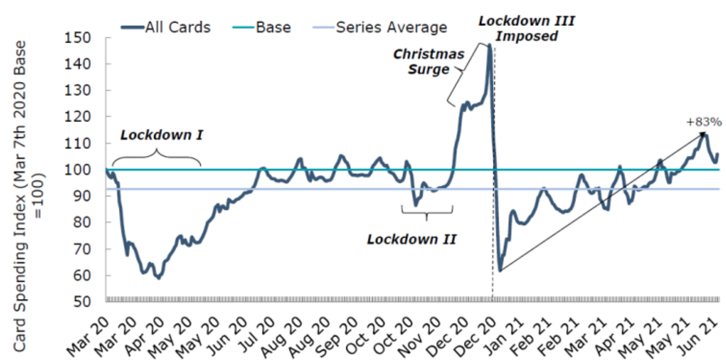


- HPI is expected to rise as restrictions on construction activity during the pandemic together with low levels of stock available for sale continues to increase prices
- Uncertainty remains around the true state of the Labour market due to ongoing high levels of government supports
- However, most recent data shows the number of job openings rising to above pre-pandemic levels

Savings Ratio%



Card Spending Index



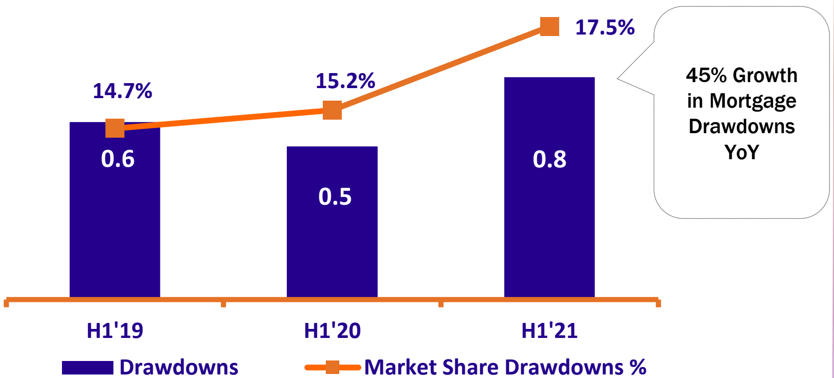
- Significant fiscal support throughout the pandemic has led to a record increase in the household savings ratio, rising to 24% in 2020
- Card spending has increased each month year-to-date from the low point of the third lockdown at the start of the year
- A combination of elevated deposit levels and easing of restrictions is expected to lead to a spending surge throughout the summer

Source: Goodbody, CBI, BPFI

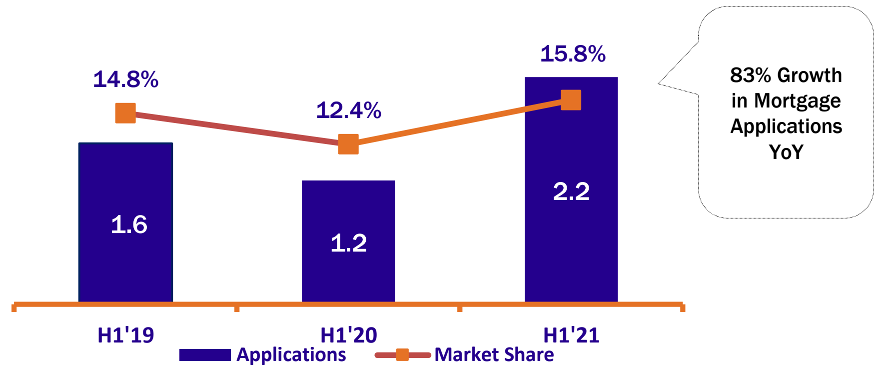
Strong Business Performance – H1’21 Growth

Mortgage Market Share 17.5%[1] - up 2.3% YoY

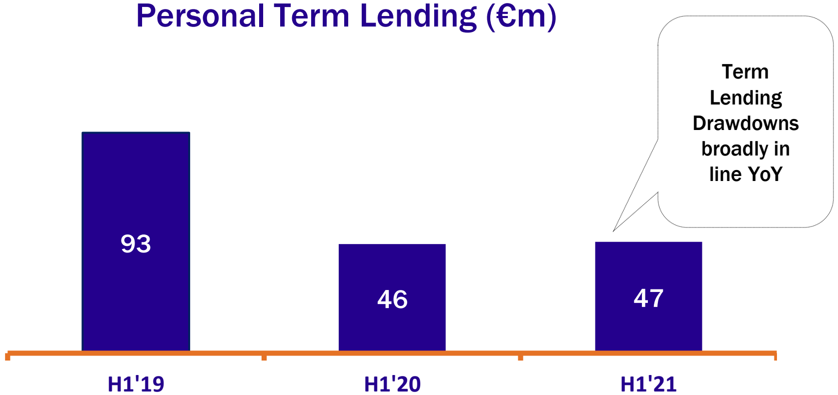
Mortgage Drawdowns & Market Share[2]



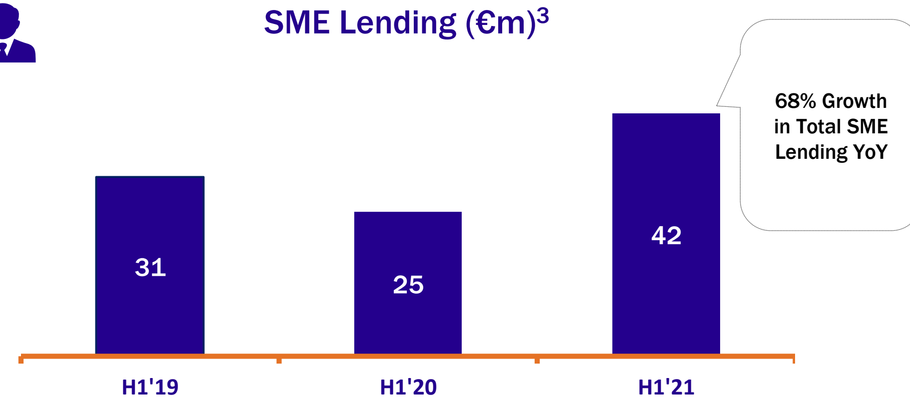
Mortgage Applications & Market Share



Personal Term Lending (€m)



SME Lending (€m)[3]



1. Source: BPFI Data at June 2021
2. All euro amounts have been rounded to the nearest million /billion, percentage movements are calculated on absolute numbers
3. H1 21 SME TL includes SBCI lending

A Purpose Led Strategy

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	Transform		Profitability
Customers Increasing Trust, Advocacy & Loyalty **Digital** Enhancing Digital Capabilities	**Culture** Embedding an Open, Inclusive, Risk Aware & Growth Culture	**Simplification** Simplifying our Business	**Profitability** Growing Sustainable Profitability

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Customers

Build Trust And Loyalty With Our Customers

Enhance Customer Journeys

Leverage Digital Capabilities

Re-Position Our Brand

Delivering On Our Priorities

NPS[1] + 19
Top 2 Market Position
(+6 points YoY)

72 Hour
Mortgage Approval Decision Time

42%
New To Bank Mortgage Customer

Digital Activity[2]
>50 million
Online Log-Ins
(+20% YoY)

550k[3]
Digital Customers
(+10% YoY)

45m
Contactless Payments
(+22% YoY)

Developing Partnerships For Our Customers

Intermediary Partnerships
27%
Broker Market Share
(Up 2 ppts YoY)

Credit Logic

worldpay from FIS

BIBBY FINANCIAL SERVICES

SBCI

CASTLIGHT

Meeting Changing Customer Needs

Customer Feedback Is Important To Us

- ✓ Relationship NPS[1] - delivering strong Customer Service and Experience

Action Taken On Mortgage Pricing

- ✓ Reduced Mortgage Pricing across Variable and Fixed Products
- ✓ Launched 4 Year Fixed 'Rate Only' Product broadening choice for our customers, an alternative to an upfront cash back option

Delivering Enhanced Customer Journeys

- ✓ c. 60% of Branch network migrated to digitally enhanced branches as we adapt to changing customer behaviours
- ✓ Branches adopting 'JAM Card Friendly' initiative from July, allowing vulnerable customers time and space to communicate

Partnerships – Giving Customers Choice

- ✓ New Partnership with **Credit Logic** – an Irish FinTech who will provide a new digital application platform for mortgage applicants
- ✓ New Partnership with **Worldpay from FIS** – connecting business banking customers with safe and easy-to-use merchant solutions
- ✓ We continue to support SMEs by partnering with the **Strategic Banking Corporation of Ireland (SBCI)** to provide up to €50 million in low-cost loans under the Irish Governments Future Growth Loan Scheme

Enhancing Digital Adoption For Customer Choice

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 Kantar Survey Jan 2021.
2. Online refers to both Mobile App and Desktop
3. Digital Customers refer to both Mobile App and Desktop

Transform

Build A Sustainable Future For The Bank

Digital Development | **Business Model Simplification** | **Embed Our Values**

Delivering On Our Priorities

✓ **Digital Current Account**	Successfully launched facilitating secure customer on-boarding online
✓ **Cyber Security**	Enhanced cyber defences bringing maturity to cyber capabilities
✓ **Video Banking**	The first of its kind in the Irish market
✓ **Digital Document Upload**	Live for both Mortgage and Consumer Finance Applications
✓ **Customer Communication Management (CCM)**	Migrating existing customer communication to a CCM platform reducing reliance on 3rd party

Focus 2021/22

✓ **Google Pay**	Building on the success of Apple Pay
✓ **Digital Mortgage Journey**	Mortgage Application Portal & Tracker (Q3'21)
✓ **SME Customer Journey**	Digitalisation of key SME Customer journeys
✓ **Everyday Banking**	A scalable & resilient digital servicing platform bringing essential servicing journeys to both desktop & mobile channels

A Bank-Wide Enterprise Transformation Programme Underway

- **Effective Organisation Design**
  - ✓ Full organisation review completed H1'21
  - ✓ c.200 colleagues exited the Bank in H1'21 under the Voluntary Severance Scheme, an additional c.100 colleagues scheduled to exit through H2'21 and Q1'22
  - ✓ Announced recruitment of 180 new roles into key growth areas
  - ✓ New hybrid working arrangements for employees established for at least 50% of the Bank's total workforce
- **Sustainable Workplace Solutions**
  - ✓ Enhancing our Digital Workplace to enable smarter and more flexible ways of working
  - ✓ A new HQ 'Collaboration Zone' to facilitate collaboration between people on-site and those working remotely
  - ✓ 4 remote working hubs across the country
- **Operational Excellence, Information Security & Operational Resilience**
  - ✓ Adapting and automating, reducing risk and providing efficiencies

A Digitally Connected Customer Centric Bank

Building a Responsible and Sustainable Business

Engaging Communities to Build a Better Future

Supporting Local Communities

Through Building Partnerships, Providing Financial Support and Engaging in Employee Volunteering

- Partnering with O Cualann Cohousing. €350k over 3 years, developing 1,800 affordable homes across the country
- c.€500k in financial contributions to Irish community organisations in H1 and the announcement of 6 new Community Fund Partners

Committing To Do More

BUSINESS IN THE COMMUNITY

- Signatory to the Business in the Community Ireland Elevate Inclusive Workplace Pledge
- Achievement of the Business Working Responsibly mark from Business in the Community Ireland

Guaranteed Irish

- Awarded the Guaranteed Irish symbol for the Bank's contribution to local communities

Supporting Colleagues and Embedding Our Values

Every Voice Counts

- Awarded 1st Place for Empowering and Building Employee Trust by the CIPD

Living As Leaders

- Successfully completed two waves of virtual round tables with 1,300 participants and 130 facilitators, bringing our Values to life in a reflective manner weekly.
- **97% of colleagues surveyed** said they noticed positive changes in behaviours as a result of the process

Diversity & Inclusion

- Awarded a Bronze accreditation from the Irish Centre for Diversity

Ambitions For H2 2021 Onwards

- Increasing our focus on Climate Change and the Bank's Sustainability Agenda

A Sustainable Strategy

- Developing an overarching Sustainability Strategy for the organisation and communicating it with Stakeholders

ESG Risk Rating

- Engaging a rating agency to produce an ESG Risk Rating for the Bank

Community Impact

- Elevating our social impact through partnerships and supporting local communities through the Permanent TSB Community Fund

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INTERIM RESULTS
2021

Financial Performance

Paul McCann, Interim CFO

Lower Income Impacting Profitability

Income Statement

Grow Diversified Income Streams | Efficient Organisation | Capital And Resource Allocation

	H1 21 €m	H1 20 €m	YoY €m	YoY %
Net Interest Income	152	171	(19)	-11%
Fees & Commissions	15	16	(1)	-6%
Net Other Income	0	(2)	2	+100%
Operating Income	167	185	(18)	-10%
Operating Expenses	(147)	(142)	(5)	+4%
Regulatory Charges	(21)	(20)	(1)	+5%
Operating Profit	(1)	23	(24)	-100%
Impairment Charge	(3)	(75)	72	-96%
Loss Before Exceptional Items & Tax	(4)	(52)	48	-92%
Exceptional Items (Net)[1]	(5)	(5)	-	-
Loss Before Tax	(9)	(57)	48	-84%

HY 2021 Vs HY 2020

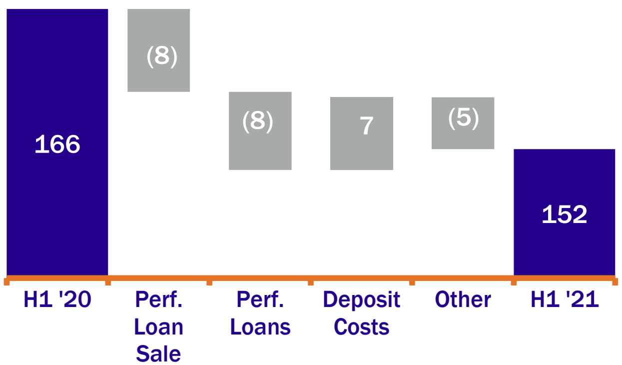
- 11% reduction in **Net Interest Income** primarily as a result of the Performing loan sale in Q4'20 (€8m), reduced performing loan income (€8m) and increased Interest Expense on excess liquidity (€4m). This was partially offset by lower interest expense on deposits (€7m)
- Fees & Commissions broadly in line YoY. Income has increased gradually throughout the first half of the year following the restrictions imposed at the start of the year
- Operating Expenses are 4% higher YoY due to higher depreciation costs arising from the significant investment in the digital transformation programme over the last several years
- An Impairment Charge of €3m reflecting a more positive outlook to the current macroeconomic environment
- **Exceptional Items** in H1'21 relate to advisory costs incurred in respect of the potential transaction with Natwest

1. H1'20 Exceptional Items comprised costs incurred due to Covid-19 (€4m) and Restructuring and Other Costs (€1m)

Net Interest Income

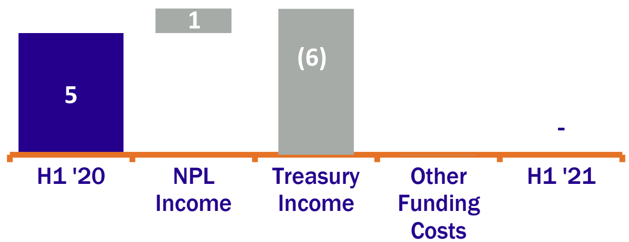
Net Lending Income 8% Lower - Actively Managing Deposit Costs

Net Lending Income (€m)



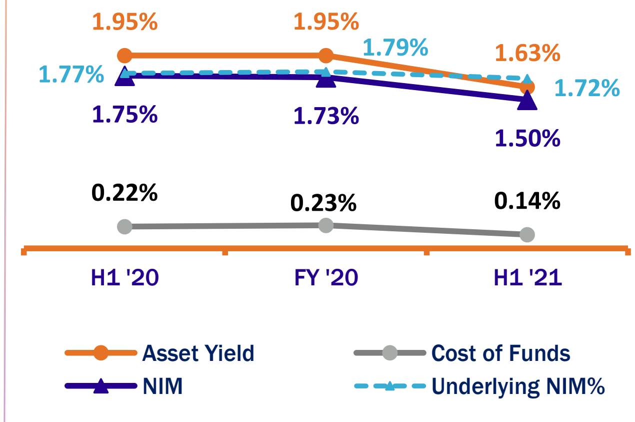
- Net Lending Income[1] of €152m decreased by 8% YoY, mainly due to:
  - Reduced income as a result of the H2'20 Performing loan sale (€1.4bn); and
  - Price reductions on the Bank's Fixed Rate products for both new and existing customers
- Continued active management of the cost of Deposits helps to offset part of the reduction in Performing Loan Income

Other Interest Income (€m)



- Other Interest Income has reduced from €5m at H1'20 to zero at H1'21
  - Income from the Total Non Performing Loan Book has increased marginally c. €1m
  - Treasury Income reduced by €6m due to the low interest rate environment and the cost of excess liquidity;
  - Funding Costs (excluding Deposits) have remained stable YoY as the cost of Tier 2 issuance in Q2'21 is offset by lower interest expense on RMBS issuances

Net Interest Margin (%)[2]



- Net Interest Margin has reduced by 23bps from 2020 Exit NIM of 1.73% to 1.50% for H1'21
  - The cost of holding excess liquidity has reduced NIM% by 22bps in H1'21, the underlying NIM remains at c. 1.72% as lending asset yields remain at c. 2.4%
  - Cost of Funds, has reduced by 8 bps YoY as we continue to actively manage the cost of Deposits

1. Net Lending Income = Performing Loan Income less Deposit Cost
2. Underlying NIM% excludes the impact from the cost of excess liquidity

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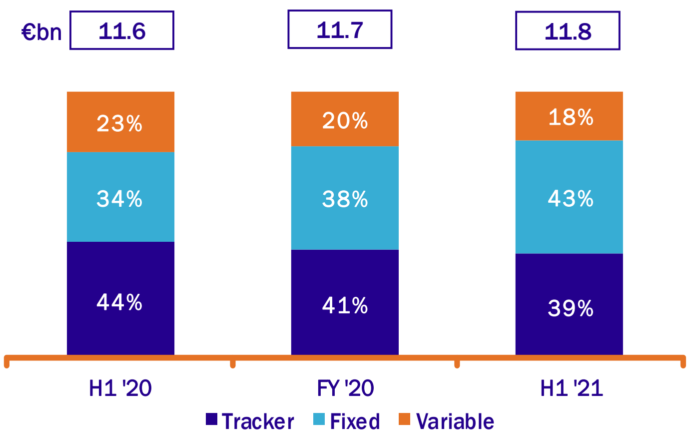
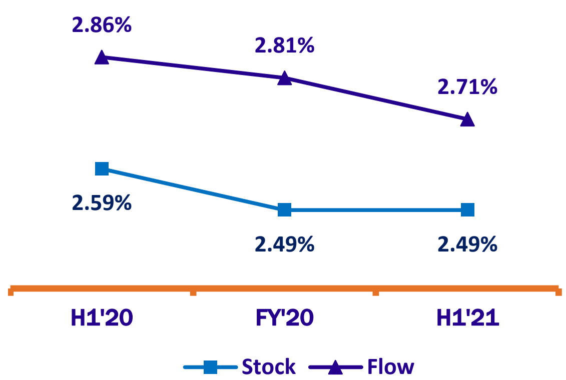
Performing Residential Loan Book

Home Loan Book 2% Growth YoY

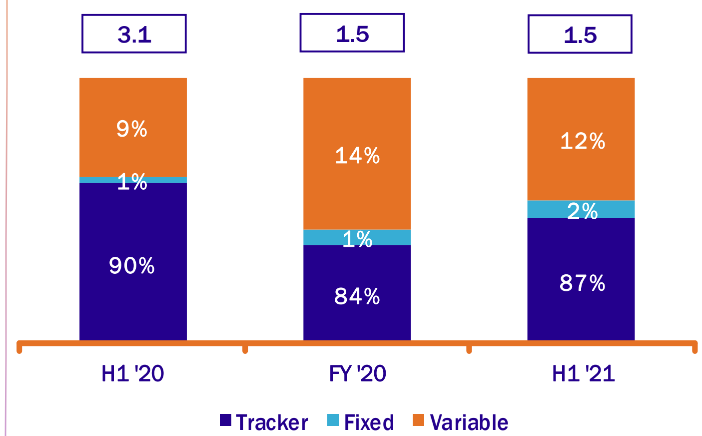
Home Loan Book by Product (Mix %)



Home Loan Yield (%)



BTL Book by Product (Mix %)



- Home Loan Mortgage Book has grown 2% YoY
- Strong New Business Performance:
  - New Lending 45% higher YoY
  - 97% of Inflows (€733m) to Fixed Products
  - 93% of New Business to Customers availing of 3 and 5 Year Fixed Rates (average yield 2.71%)
- New Business exceeded Outflows[1] by 17% with 35% of outflows from Tracker Products (average yield 1.40%)

- Average New Business Yield of 2.71%, a reduction of 15 Bps YoY
  - The Bank introduced competitive 3 & 5 Year Rates for High Value (>250k) New Business
  - Launched 4 Year Fixed Rate Only product with rates from 2.25%

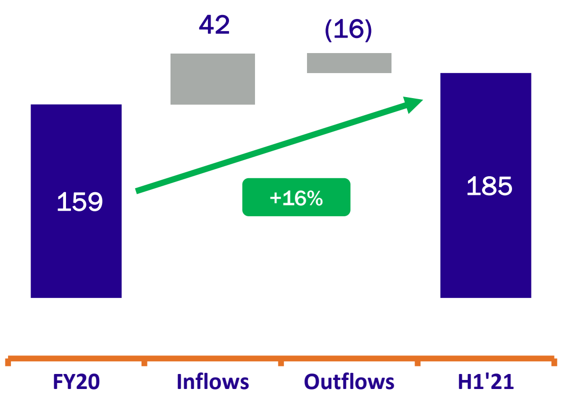
- €1.6bn reduction in BTL loan book from Jun'20 to Jun'21 reflects €1.4bn Performing Loan sale transaction ('Glenbeigh II') in Q4'20
- Average yield on Performing BTL book at Jun'21 of 1.67%; 25bps higher YoY as the average yield on the Performing Loan sale transaction ('Glenbeigh II') was 1.08%

1. Outflows include out-of-course Redemptions and Contractual Repayments

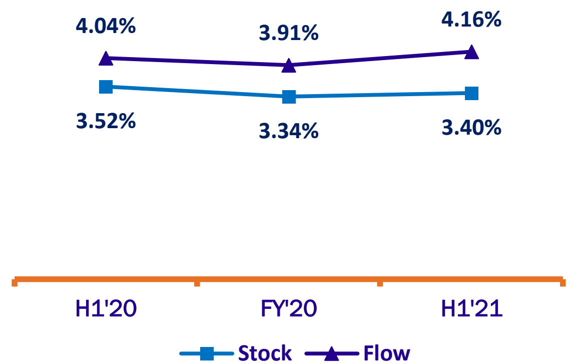
Total SME Loan Book

New Lending Driving 16% Growth YTD

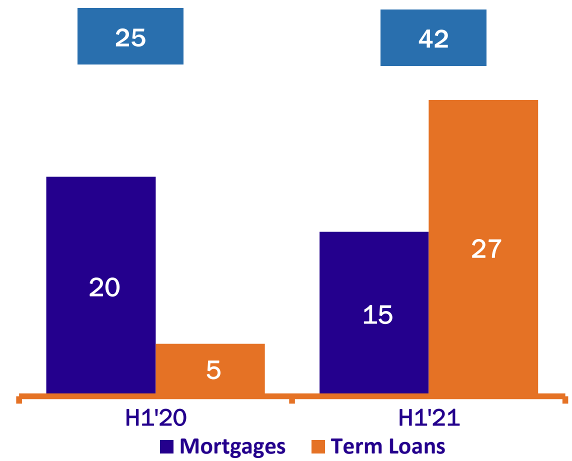
Total SME Book Movement (€m)[1]



SME Yield (%)



SME New Lending (€m)



- SME Loan Book grew 16% as the pace of new lending exceeds outflows
  - New Lending of €42m, with a blended yield of 4.2%
  - 50% of New Lending through the SBCI Future Growth Loan Scheme
- Pipeline remains strong with drawdowns from €50m SBCI Future Growth Loans scheme expected to conclude in H2’21
- Significant Sanctioned Pipeline[2] of €25m expected to drawdown over the course of H2’21

1. Includes Performing and Non Performing Mortgages, Term Loans and Overdrafts
2. Sanctioned Pipeline refers to loans approved by Credit Underwriting, but subject to AML approval

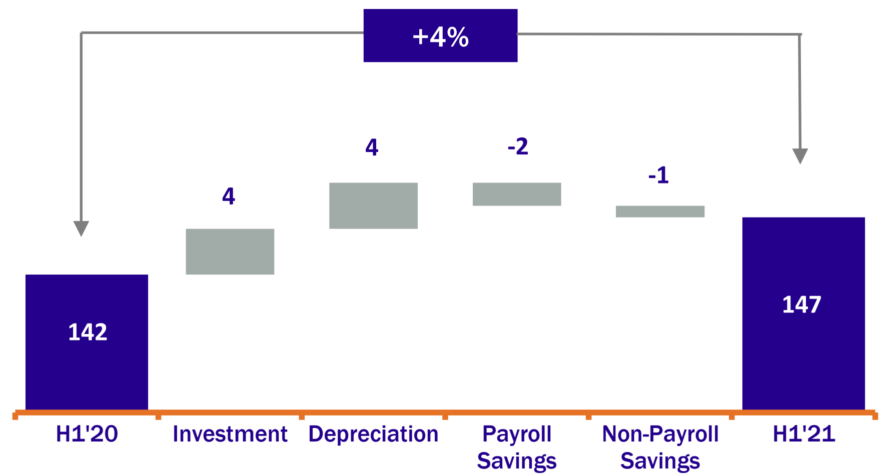
Operating Expenses

Total Costs Increase By 4% - Cost Management Remains A Key Focus

Cost Base Analysis	H1'21 €m	H1'20 €m	YoY €m	YoY %
Total Costs	**168**	**162**	**+6**	**+4%**
o/w Regulatory Charges	*21*	*20*	*+1*	*+5%*
Total Operating Expenses	**147**	**142**	**+5**	**+4%**
o/w Depreciation & Amortisation	23	19	+4	+19%
Addressable Costs	124	123	+1	+1%
Cost Income Ratio[1]	88%	77%	-	+10%
Average Staff Numbers	**2,356**	**2,424**	**-68**	**-3%**
Closing Staff Numbers[2]	**2,255**	**2,465**	**-210**	**-9%**

- **Total Costs of €168m have increased by €6m YoY**
- **The Cost Income Ratio at 88% is 11 ppts higher YoY, primarily as a result of the 10% reduction in Total Operating Income**
- **Closing Staff Numbers reduced by 210 FTE (9%) from 2,465 to 2,255**
- **To date c.200 staff have exited the Bank under the Voluntary Redundancy Scheme in the first half of 2021, we expect an additional c. 100 staff to leave the Bank in H2'21**

Movement In Operating Expenses (€m)



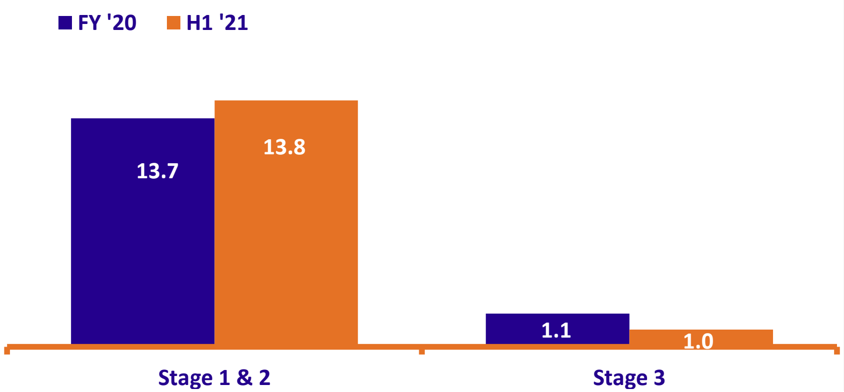
- **Total Operating Expenses increased by 4% YoY;**
  - **Higher spend on Digital Banking Initiatives (c. €4m), the Bank is in its third year of the Technology Investment Programme (Project Forte), and has committed an additional €50m investment in Technology over the medium term;**
  - **Depreciation is 19% (€4m) higher YoY, as we pay for the investment on the Digital Banking Initiatives completed to date. The outlook for depreciation is to grow over the medium term; offset by**
  - **Payroll savings from Enterprise Transformation (€2m) together with additional savings from third party spend (€1m)**
- **FY21 Total Costs are expected to be c.3% higher YoY, as the Bank continues to invest in technology and support lending growth**

1. Cost Income Ratio is calculated as Operating Expenses (excl. Regulatory Charges and Exceptional Items) divided by Total Operating Income.
2. Closing staff numbers are calculated on a full time equivalent (FTE) basis.

Asset Quality Improving

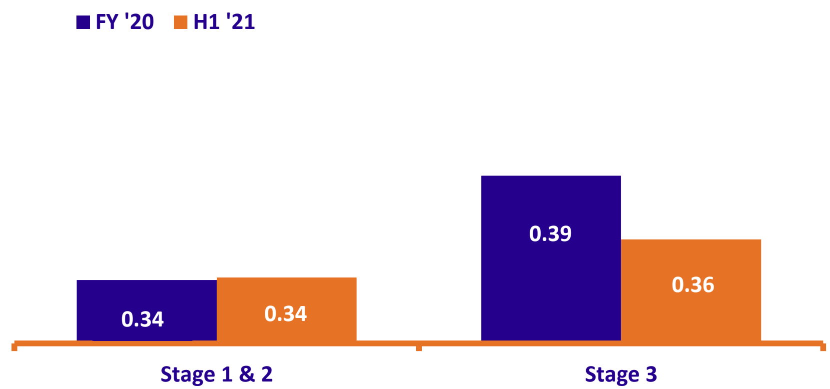
NPL Ratio of 7.0% - Provision Coverage In Line With FY20

Total Loan Book By Stage (€bn)



NPL Ratio Reduced By 60 Bps to 7.0%

Provisions By Stage (€bn)



- Gross Performing Loans have increased by 1% in 2021 to €13.8bn
- Non Performing Loan book (stage 3) decreased by c. €85m (8%) to €1.0bn, primarily driven by higher levels of cures and lower defaults
- All Covid-19 mortgage payment breaks have expired and there are no EBA compliant payment breaks as at 30 June 2021. The Bank however, continues to support customers impacted by the Covid-19 pandemic
- Remain committed to a Mid-Single Digit NPL Ratio
- c. 30% of NPLs are on a path to cure over the next 12 – 18 months. The balance will be assessed using all alternative options while protecting capital

Asset Quality / Coverage

Category	Balance (€bn)	ECL (€bn)	Coverage (%)	+ / - Vs FY '20
Stage 1 & 2	13.8	0.34	2.5%	In line
Stage 3 (NPLs)	1.0	0.36	34.6%	+0.3 ppts
Total	**14.9**	**0.70**	**4.7%**	**-0.2 ppts**

- Stage 1 & 2 Loan balances and associated ECL remained stable as new lending is offset by redemptions
- Fully Loaded Leverage Ratio remains strong at 7.0%

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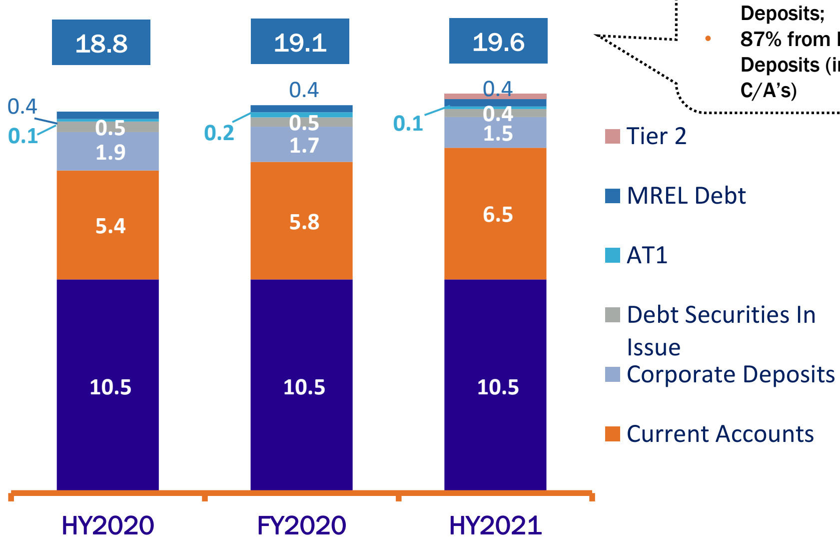
Strong Funding And Liquidity Position

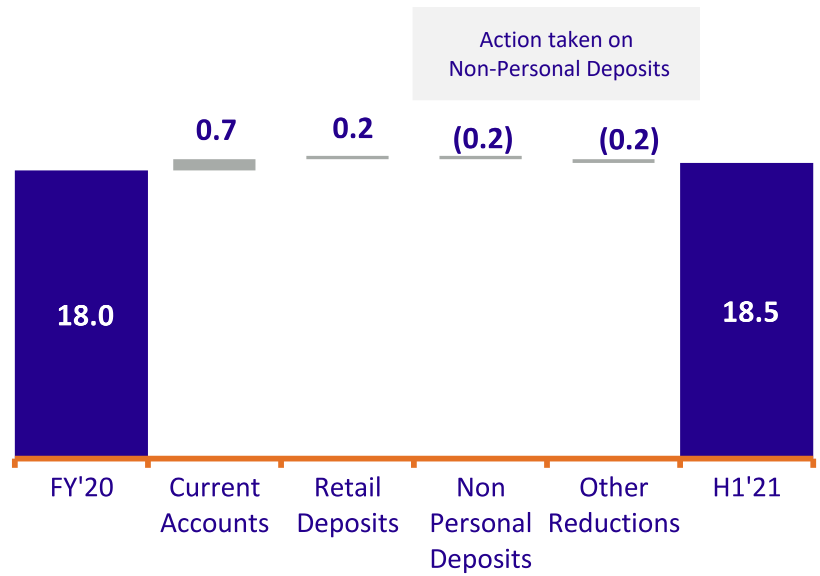
Ratios Significantly Better Than European Peers

Total Funding (€bn)



- 94% Funded by Customer Deposits;
- 87% from Retail Deposits (incl. C/A's)

Retail & Corporate Deposits (€bn)



- Current Account balances have increased by €0.7bn (12%) in H1'21
- Retail Deposits have remained broadly in line, while active management of the total Deposit base has resulted in a €0.2bn (12%) reduction in Corporate Deposits
- Post the sale of Performing Loans in Q4'20 together with the additional Current Account balances, the average volume of Excess Liquidity held with the CBI which attracted a rate of -50bps was c.€2bn
- The Bank's current MREL target (c.23% of RWAs) becomes binding on 1 January 2022 and the Bank is currently compliant with this target. A revised MREL target is expected to be communicated in Q4 2021.

Liquidity And Funding Ratio

Ratio	Jun 21	European Bank Average	PTSB v European Peers
LCR[1]	318%	173%	+145%
NSFR[2]	167%	122%	+45%
LDR[1]	77%	106%	-29%
Encumbrance[1]	5%	22%	-17%

1. European Bank Averages based on Q1 2021 and Q4 2020 Supervisory Banking Statistics published by the ECB
2. Based on the Basel III monitoring exercise on the European banking system (Dec 2020, data as at Dec 2019) using "Group 2" banks average

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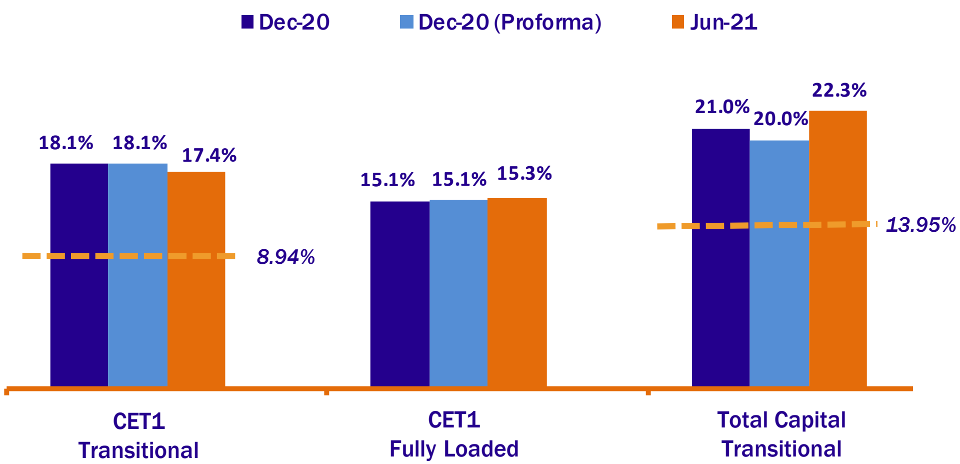
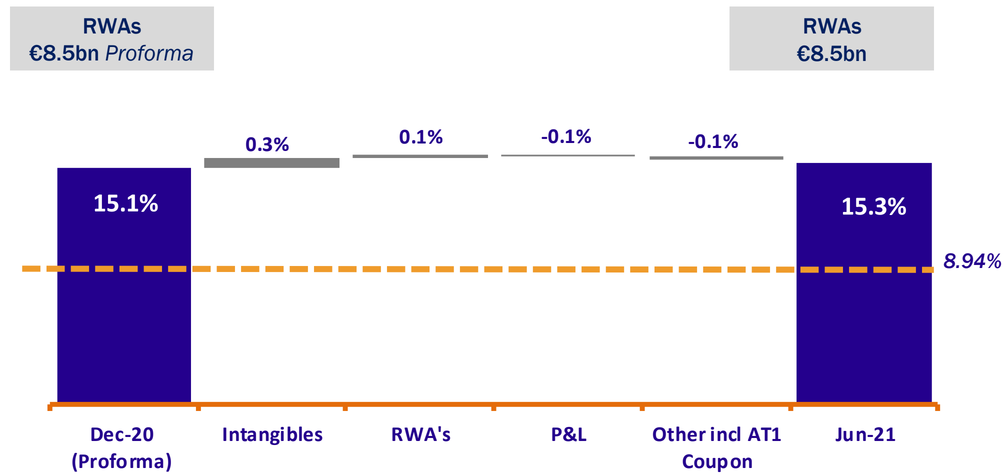
Capital Ratios Remain Above Regulatory Requirements

CET1 Fully Loaded Increased By 20bps YTD

Regulatory Capital Ratios[1] (%)



CET1 Fully Loaded Ratio Movement (%)



- In response to Covid-19, CBI introduced measures supporting sustainable provision of credit to the economy, these measures remain in place at Jun'21
- Total Capital (Transitional) ratio has increased by (+130bps) YTD vs reported Dec'20,
  - Tier 2 issuance in May 2021 of €250m (c. +300bps); and
  - Increased add-back for software assets (c.+30bps); partly offset by
  - De-recognition of 2015 AT1 note in February €125m (c. -100bps);
  - Prudential filters deductions (c. -80bps); and
  - YTD P&L loss including AT1 Distributions (c-20bps)

- Fully Loaded CET1 ratio has increased (20bps) YTD
- Movements include:
  - An increase in the allowable add-back for software assets (c. +30bps);
  - Lower Risk Weighted Assets (c. +10bps); and
  - YTD P&L loss incl AT1 Distributions (c. -20bps)

1. Pro-forma December 2020 Total Capital Transitional, reflects the impact of the de-recognition of the 2015 AT1 issuance following CBI approval in Feb 21 (-100bps)

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Building Sustainable Profitability

2021 Outlook

Growth

- New Mortgage Lending c. 30% increase on 2020 volumes
- Mortgage Market Share c. 18%, increasing 3 ppts YoY
- SME New Lending >€100m
- Consumer Term Lending >€100m
- NIM c. 1.50%
- Non Interest Income >9% of Total Income

Efficiency

- Accelerating investment in Digital Infrastructure to support growth, increasing Operating Expenses c.3% YoY
- The Bank continuing to make underlying cost savings to partly offset increases
- NPLs reduced further while protecting capital
- Net Impairment Charge <25 Bps

Returns

- Lower Net Interest Income impacting profitability in 2021
- Returning to profitability from FY22 onwards
- Leverage Ratio c. 7%

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Medium Term Outlook

Eamonn Crowley, CEO

Signed Memorandum of Understanding

Potential Acquisition of €7.6 Billion of Assets From NatWest and Ulster Bank DAC

- On the 23rd July 2021, the Bank entered into a Memorandum of Understanding (MOU) with NatWest and Ulster Bank DAC
- Potential acquisition where PTSB will acquire certain elements of the Ulster Bank Retail and SME business in the Republic of Ireland
- The potential transaction envisages PTSB acquiring €7.6 billion of Retail and SME loans, 25 branches and 400 to 500 Ulster Bank staff may transfer to PTSB (subject to TUPE)
- As part of the consideration NatWest will become a shareholder with up to 20% of the enlarged share capital of PTSB together with an additional cash consideration payable by PTSB
- The potential transaction is expected to be accretive to RoTE with PTSB expected to hold a long term pro forma management CET1 Ratio of >14%
- At this stage, and subject to regulatory engagement, PTSB does not envisage it will require additional new equity capital to complete the potential transaction

Strategically Compelling Transaction

Complements The Bank's Purpose And Ambition

Customer
Trust, Advocacy, Loyalty

- Accelerates growth of PTSB customer base allowing the Bank to deliver an improved proposition for all customers.
- Increased market share in complimentary products and significant growth in the micro SME market

Increased Customer Numbers

Digital
Enhanced Digital Capability

- Increased income supporting investment in IT infrastructure, accelerating digital enhancements
- Transfer of Asset Finance IT Infrastructure will create a digital Asset Finance solution for PTSB

New & Enhanced Digital Journeys

Cultural
Open Inclusive Growth Culture

- Ulster Bank customer facing staff within the perimeter have the opportunity to move to PTSB (via TUPE).
- New growth opportunities will be created for staff in both organisations

New Customer Facing Staff

Simplification
Simplify Business Processes

- Transformative change opportunity to rethink business processes, champion simplification and create Cost Synergy Opportunities by eliminating complex processes
- Productivity enhancements by combining complementary networks

Transformative Change Opportunity

Profitability
Grow Sustainable Profitability

- Increased scale will create a more robust balance sheet with increased income, a stable funding profile and strong/improving capital and other ratios

Increased Income and Scale

Strong Ambition, Purpose And Priorities

Strategic Priorities Will Drive Sustainable Returns

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

Nationwide Physical Footprint

A continued physical presence in our communities in Ireland, helping our customers in person when they need sales support

Right Products, Right Price

The right products, at the right price, with strong market share in our target segments

Digitally Led

Opti - Channel with digital capabilities on key sales & service journeys

Routine Service On Digital Channels

Everyday, routine transactions will transition to digital channels and be available at a time that is convenient for our customers

Customers	Transform	Medium Term[1]
• Supporting Customers At Every Stage Of Life • Powered By Partnerships & Innovation • Digital Support For Customers Every Day Banking Needs • Developing a distinctive offer for Business Customers	• Enhancing Customer Journeys For A More Digital World • Simplifying Our Business Improving Customer Experience • Increasing Efficiency And Reduce Costs • Successfully combining "Bricks and Clicks"	• Material Loan Book Growth • NIM c. 1.90% • Increasing Fee Income • Cost Income Ratio < 60% • CET1 Ratio >14% • ROTE >9%

1. Indicative Medium Term Objectives to be finalised as part of Due Diligence phase.

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Appendix

Domestically Focused Retail And SME Bank

Business Overview

Business

€13.8bn	**€6.5bn**	**€10.5bn**
Performing Loan Book	**Current Account Balances**	**Retail Deposit Balances**

Market Share

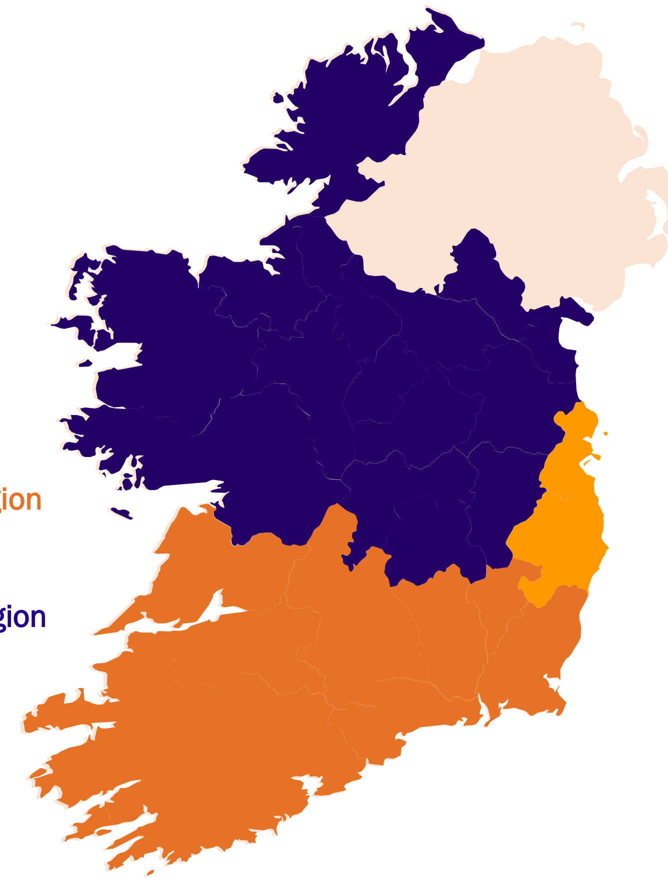
c.15%	**12%**	**10%**
Residential Mortgage Balances[1]	**Current Account Balances[2]**	**Retail Deposit Balances[2]**

Our Physical Landscape

Dublin Region
25 Branches

South & East Region
25 Branches

North & West Region
26 Branches



1. % Market Share of Stock of Mortgages as at June 2021. Source: Banking Payments Federation of Ireland.
2. Data based on balances as at May 2021. Source: Central Bank Statistics.

Historical Financial Information – Income Statement

€m	HY2021	FY 2020	FY 2019	FY 2018	FY 2017
Net Interest Income	152	341	356	379	407
Other Income	15	34	58	63	38
ELG Fees	-	-	-	-	(2)
Total Operating Income	167	375	414	442	443
Total Operating Expenses (Before Exceptional Items)	(168)	(329)	(330)	(331)	(329)
Pre-Impairment Profit / (Loss)	(1)	46	84	111	114
Impairment (Charge) / Write-Back	(3)	(155)	(10)	(17)	(49)
(Loss) / Profit Before Exceptional Items	(4)	(109)	74	94	65
Exceptional Items (Net)	(5)	(57)	(32)	(91)	(13)
(Loss) / Profit Before Tax	(9)	(166)	42	3	52

Key Metrics	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Net Interest Margin	1.50%	1.73%	1.80%	1.78%	1.80%
Cost Income Ratio [1]	88%	73%	80%	75%	74%

1. Cost Income Ratio is calculated as Operating Expenses (excl. Regulatory Charges and Exceptional Items) divided by Total Operating Income

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Historical Financial Information – Balance Sheet

€bn	Jun 2021	Dec 2020	Dec 2019	Dec 2018	Dec 2017
Total Loan Book (net)	14.2	14.2	15.6	15.9	18.4
Treasury Assets	6.5	5.9	3.6	3.8	3.5
Other Assets	0.8	0.8	1.1	2.1	0.9
Total Assets	21.5	20.9	20.3	21.8	22.8
ROI Retail Deposits (Incl. Current Accounts)	17.0	16.3	15.0	14.8	14.3
Isle of Man Deposits	-	-	-	-	-
Corporate & Institutional	1.5	1.7	2.2	2.2	2.7
Total Customer Deposits	18.5	18.0	17.2	17.0	17.0
Wholesale Funding	0.8	0.8	0.9	2.6	3.3
ECB Funding	-	-	-	-	0.2
Other Liabilities	0.4	0.2	0.2	0.2	0.2
Total Liabilities	19.7	19.0	18.3	19.8	20.7
Total Equity (incl. AT1)	1.8	1.9	2.0	2.0	2.1
Total Equity and Liabilities	21.5	20.9	20.3	21.8	22.8
Key Metrics:					
NPLs	€1.0bn	€1.1bn	€1.1bn	€1.7bn	€5.3bn
LDR	77%	79%	91%	93%	108%
CET1 Ratio (Fully Loaded Basis)	15.3%	15.1%	14.6%	12.2%	15.0%

Interest Income Analysis

	Average Balances (€bn)		Yields (%)		Interest Income (€m)	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Tracker	6.7	8.7	1.3%	1.3%	43	54
Fixed and Variable	7.2	7.1	3.3%	3.6%	116	125
Consumer Finance	0.3	0.3	10.4%	10.1%	14	16
SME / CRE	0.2	0.2	3.8%	3.0%	4	3
Treasury Assets	6.2	4.1	-0.1%	0.2%	(2)	4
Underlying Interest Income					174	203
Deferred Acquisition Costs and Accounting Adjustments					(9)	(11)
Total Interest Income					165	191

Interest Expense Analysis

	Average Balances (€bn)		Cost of Funds (%)		Interest Expense (€m)	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Current Accounts	6.2	5.0	0.0%	0.0%	0	0
Retail Deposits	10.6	10.4	0.1%	0.2%	3	9
Corporate Deposits	1.6	2.1	0.5%	0.5%	4	5
Wholesale Funding	0.9	1.0	1.3%	1.1%	6	6
Underlying Interest Expense					13	20
Other					0	0
Total Interest Expense					13	20

Asset Quality

Loans and Advances to Customers Measured at Amortised Cost	30-Jun 2021 €m	31-Dec 2020 €m
Home Loans	12,435	12,338
Buy To Let	1,893	2,009
Total Residential Mortgages	14,328	14,347
SME / CRE	186	181
Consumer Finance	334	327
Total Measured at Amortised Cost	14,848	14,855
Analysed By ECL Staging		
Stage 1	11,500	10,575
Stage 2	2,304	3,152
Stage 3	1,042	1,127
POCI	2	1
	14,848	14,855
Neither past due nor Stage 3	13,746	13,692
Past due but not stage 3	58	35
Stage 3	1,044	1,128
Loss Allowance – Statement of Financial Position	14,848	14,855
Stage 1	94	55
Stage 2	248	286
Stage 3	361	387
Total Loss Allowance	703	728

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NPLs and NPAs

30-Jun 21	Stage 3 Analysis Home Loan €m	Buy-To-Let €m	Commercial €m	Consumer Finance €m	Total €m
NPL is < 90 Days	425	256	45	1	727
NPL is > 90 Days and < 1 year past due	46	48	1	6	101
NPL is 1-2 years past due	38	18	-	1	57
NPL is 2-5 years past due	26	6	1	2	35
NPL is > 5 years past due	75	39	4	4	122
POCI	-	-	-	2	2
Non-performing loans	610	367	51	16	1,044
Foreclosed assets[1]	7	22	-	-	29
Non-performing assets	617	389	51	16	1,073
Gross Loans	12,435	1,893	186	334	14,848
NPLs as % of gross loans	4.9%	19.4%	27.4%	4.8%	7.0%

31-Dec-20	Stage 3 Analysis Home Loan €m	Buy-To-Let €m	Commercial €m	Consumer Finance €m	Total €m
NPL is < 90 Days	464	319	28	1	812
NPL is > 90 Days and < 1 year past due	42	32	1	9	84
NPL is 1-2 years past due	42	14	-	1	57
NPL is 2-5 years past due	21	4	2	1	28
NPL is > 5 years past due	89	49	4	4	146
POCI	-	-	-	1	1
Non-performing loans	658	418	35	17	1,128
Foreclosed assets*	25	5	-	-	30
Non-performing assets	683	423	35	17	1,158
Gross Loans	12,338	2,009	181	327	14,855
NPLs as % of gross loans	5.3%	20.8%	19.3%	5.2%	7.6%

1. Foreclosed assets are assets held on the balance sheet which are obtained by taking possession of collateral or by calling on similar credit enhancements.

Regulatory Capital

	30 June 21		31 Dec 20	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Risk Weighted Assets	8,486	8,481	8,480	8,471
Capital Resources:				
Common equity tier 1	1,481	1,296	1,535	1,282
Additional Tier 1[1]	123	123	190	198
Tier 1 Capital	1,604	1,420	1,725	1,480
Tier 2 Capital	290	290	54	59
Total Capital	1,894	1,710	1.779	1,539
Capital Ratios:				
Common Equity Tier 1 Capital	17.4%	15.3%	18.1%	15.1%
Tier 1 Capital	18.9%	16.7%	20.3%	17.5%
Total Capital	22.3%	20.2%	21.0%	18.2%
Leverage Ratio[2]	7.4%	6.6%	8.2%	7.1%

	30 June 21		31 Dec 20	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Total Equity	1,808	1,808	1,951	1,951
Less: AT1 Capital	(123)	(123)	(245)	(245)
Adjusted Capital	1,684	1,684	1,706	1,706
Prudential Filters:				
Intangible Assets	(40)	(40)	(72)	(72)
Deferred Tax	(250)	(347)	(213)	(343)
IFRS 9 Transitional Adjustment[3]	87	-	122	-
Others	(1)	(1)	(8)	(9)
Common Equity Tier 1 Capital	1,481	1,296	1,535	1,282

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 IRFS 9 own funds. This was further amended by the adoption of Regulation EU 2020/873 ("CRR Quick Fix")

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Thank You

End of Presentation