Annual Report 2023

Permanent TSB Group Holdings plc

This document contains certain forward-looking statements with respect to Permanent TSB Group Holdings plc's (the 'Group') intentions, beliefs, current goals and expectations concerning, among other things, the Group's results of operations, financial condition, performance, liquidity, prospects, growth, strategies, the banking industry and future capital requirements. These forward looking statement often can be identified by the fact that they do not relate only to historical or current facts.

Generally but not always words such as "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 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 Group's present and future business strategies and the environment in which the Group 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 Group 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 Group'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 Group operates or in economic or technological trends or conditions. Material economic assumptions underlying the forward looking statements are discussed further in Market and Regulatory context.

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 Group expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Group'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.

Investor and shareholder information and services including these Annual Reports, are available on-line at www.permanenttsbgroup.ie.

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Financial Highlights

Financial Performance

Underlying profit/(loss) €m [(a)]

2023	€166m
2022	€45m
2021	€17m

2023: €166m

Underlying profit increased due to higher net interest income partially offset by higher operational expenses.

Profit/(loss) before taxation

2023	€79m
2022	€267m
2021	€(21)m

2023: €79m

Reduction is due to a non-recurring gain on bargain purchase being recognised in 2022.

Net Interest Margin % [(b)]

2023	2.32%
2022	1.54%
2021	1.51%

2023: 2.32%

78bps higher due to higher yields on variable rate products and the elimination of negative yields on excess liquidity in the second half of 2022. This is offset by higher wholesale funding margins.

Return on Equity % [(c)]

2023	6.36%
2022	0.55%
2021	0.97%

2023: 6.36%

Higher income as a result of the interest rate environment and migration of Ulster Bank assets, offsetting increases in operating costs.

Transformation and simplification

Adjusted cost to income ratio [(d)]

2023	66%
2022	84%
2021	82%

2023: 66%

Decreased due to a significant increase in net operating income due to ECB interest rate increases and increased scale delivered as a result of the Ulster Bank transaction.

Customer deposits [(e)]

2023	€23bn
2022	€21.7bn
2021	€19.1bn

2023: €23.0bn

Increase in current account and retail deposits as a result of Retail Banks exiting the Irish Banking market and deposit rate increases attracting new customers.

Sustainability

CET 1 Ratio (Transitional basis) [(f)]

2023	14.3%
2022	16.2%
2021	16.9%

2023: 14.3%

Decrease is driven by planned capital usage due to the migration of the remaining Ulster Bank business portfolios during the year.

NPL Ratio [(g)]

2023	3.3%
2022	3.3%
2021	5.5%

2023: 3.3%

NPLs have remained in line with 2022, reflecting resilience in key credit metrics in the Irish Economy including house prices and unemployment rates.

Risk weighted assets (RWA) [(h)]

2023	€11,546m
2022	€10,627m
2021	€8,600m

2023: €11,546m

Increase is due to balance sheet growth through new lending and the purchase of the Ulster Bank business.

(a) Operating profit before exceptional and other non-recurring items. See table 8 on page 72 for a reconciliation of underlying profit to operating profit on an IFRS basis.
(b) Defined as net interest income (NII) divided by average interest-earning assets.
(c) Defined as profit for the year after tax (excluding exceptional and other non-recurring items) expressed as a percentage of total average equity.
(d) Defined as total operating expenses (excluding exceptional and other non-recurring items) divided by total operating income.
(e) Defined as the sum of current accounts, retail deposits and corporate deposits.
(f) Total common equity tier 1 (CET 1) capital on a transitional basis divided by total risk weighted assets (RWAs).
(g) Defined as non-performing loans (NPL) expressed as a percentage of the total gross loans of the bank.
(h) RWAs are the Group's assets and off balance sheet exposures, weighted according to risk.

Non-Financial Highlights

An increased focus on Sustainability and Climate Risk, with a Board approved Sustainability Strategy aligned to the Sustainable Development Goals (SDGs)* and the ongoing implementation of a Climate-Related and Environmental Risk Implementation Plan	c.€300,000 in charitable giving through the PTSB Community Fund in 2023, which included matched funding by the Bank
A 'Low' ESG Risk Rating through Sustainalytics	c.1,700 volunteering hours provided on the ground last year, equating to c.€45,500 of in-kind giving
Issuance of the Bank's inaugural Task Force on Climate-Related Financial Disclosures (TCFD) Report	Title Sponsor of the Irish Olympic Team and the Irish Paralympic Team for the 2024 Games in Paris
Disclosing the Bank's carbon impact across Scope 1,2 and 3 (including financed emissions) and committing to setting science-based carbon emission reduction targets (SBTs) by 2024	81% Culture Index Score, +11% above our Culture Index Target of 70%
c.€700m in Green Mortgage Lending in 2023, accounting for c.30% of New Mortgage Lending**	89% of employees feel comfortable to be themselves at work regardless of background or life experiences
c.38,000 new Current Accounts opened during 2023, with 54% of new Current Account openings taking place through the Bank's award-winning Digital Current Account	58% Female Board Gender Composition and 39% of Senior Leadership positions are filled by Women
c.€19.4 million in funding provided to the Social Finance Foundation since 2009***	+20 Relationship Net Promoter Score (RNPS)****, placing PTSB in joint first position among the retail banks in Ireland

Our Commitment to Building a Sustainable Business

Our purpose is to work together to build trust with our customers and communities.

Our Sustainability Strategy gives us an opportunity to put our purpose into action - enabling us to play our part in addressing the global climate crisis, elevate our social impact, enhance our culture and deliver what matter most to our customers and colleagues.

Ultimately, building a sustainable organisation that is fit for the future.

Awards And Recognition In 2023

- Winner - Innovative Banking Product, FS Awards, 2023
- Winner - Grand Prix Award, FS Awards, 2023
- Winner - Financial Services Loyalty Programme/ Initiative of the Year, Irish Loyalty and CX Awards, 2023
- Winner - Customer Experience Award, Marketing Institute Ireland All Ireland Marketing Awards, 2023
- Winner - Best Customer Success Story, Customer Experience Awards, 2023
- Winner - Best Customer Service Team, Customer Experience Awards, 2023
- Winner - Industry Professional of the Year (Team Leader), CCMA Awards, 2023
- Winner - Best Procurement Team of the Year, PTSB and Efficio, The National Procurement Awards, 2023
- Winner - Most Innovative Use of Technology – e-flow Procurement Software, PTSB and Efficio, the National Procurement Awards, 2023
- Investors in Diversity Gold Accreditation, Irish Centre for Diversity, 2023
- Winner - Inclusion and Diversity (Large), CIPD Awards, 2023
- Winner - Excellence in Diversity and Inclusion, Workplace Excellence Awards, 2023
- Winner - Excellence in Flexible and Hybrid Work, Workplace Excellence Awards, 2023
- Recertification to the Business Working Responsibly Mark, Business in the Community Ireland, 2023

Ambitions For 2024 And Onwards

- Continuing to embed PTSB's Sustainability Strategy and evolve the Bank's Sustainability Maturity
- Increasing our focus on climate-related and environmental risk management
- Using our carbon baseline to set SBTs aligned to the Paris Agreement and IPCC findings and developing a corresponding Carbon Transition Plan to help us to achieve our targets
- Elevating our social impact through partnerships and continuing to support local communities through the PTSB Community Fund
- Partnering with small businesses through our Business Banking Strategy
- Ensuring strong corporate governance, compliance and fair business conduct

* The United Nation's Sustainable Development Goals (SDGs) were launched in 2015 to provide a plan of action for people, planet and prosperity. While we recognise that we may contribute to all 17 SDGs in some way, we have identified 6 as being core to our Strategy.

** A 5-Year Fixed Product available to all new and existing home loan customers where their homes have a confirmed or proposed Building Energy Rating of A1 to B3.

*** The Social Finance Foundation was established in 2007 by the Irish Government to address the needs of community organisations and social enterprises for loan funding which was difficult to obtain from mainstream financial institutions. Acting as a 'wholesaler', it provides funding to its lending partners Clann Credo and Community Finance Ireland.

**** A Relationship Net Promoter Score (RNPS) is a measure of customer advocacy towards a brand and indicates the willingness of a customer to recommend a company's products or services to others. The question asks customers how likely they are to recommend their bank to friends or family on the basis of their own experience. The range for the scoring is -100 to +100.

Robert Elliott RIP

In December 2023, sadly, we learnt of the untimely death of our friend and former Chairman, Robert Elliott.

In March 2017, Robert commenced his position as Chairman of PTSB shortly after retiring as Chairman and Senior Partner of the international law firm, Linklaters LLP. In his six-year term, he led the Bank through an unprecedented period of transformation and growth culminating in the transformative acquisition of certain elements of Ulster Bank's Retail, SME and Asset Finance business in Ireland.

Robert was a true gentleman and a dedicated custodian of the Bank. His profound impact on the organisation, and on those who were lucky to know him as a colleague and friend, will be felt deeply for many years to come.

We extend our heartfelt condolences to Robert's wife, Sally, to his children, Catherine, Robert and Jamie, and to his extended family and friends. We will always remember him with fondness and appreciation.

"Robert was one of those very rare people with the ability to deliver results while never forgetting the human side of the equation, dignity, respect and empathy for the people he interacted with. I learned so much from my time working with this remarkable man and will greatly miss his good humour, sharp intellect and above all his friendship."
Conor Ryan,
Company Secretary and Head of Corporate Governance

"Robert was a truly great leader, guiding the Board through one of the most transformative periods in the Bank's history culminating in the successful completion of the Ulster Bank business asset acquisition. His energy, optimism and intellect was an inspiration to me and my fellow Board members, particularly during those difficult Covid days when effective leadership was needed to keep the lights on and the Bank open for our customers. He will be deeply missed."
Ronan O'Neill,
Senior Independent Non-Executive Director

"I'd like to express my heartfelt appreciation for the incredible leadership that Robert brought to the Bank. His strength, resilience and selflessness have been an inspiration to me and to many others who have known him. In the face of his own challenges he remained unwavering and led the Bank through a transformational deal, with dedication and commitment, which empowered the overall team success. Robert epitomised true leadership; a visionary, with integrity, empathy, decisive in nature, resilient, responsible, positive and inclusive. Robert will always be remembered."
Nicola O'Brien,
Chief Financial Officer

"Robert was an exceptional leader with a highly engaging and inclusive style. His behaviour, example and kind encouragement appealed to the conscience of his colleagues and had a profound influence on our culture. Throughout his tenure as Chairman, there were so many precious moments where he helped us to be more courageous, inspired us to 'push back the horizon of our hopes' and brought us into a more certain future. I want to express my deep gratitude to Robert for his dedication, his enormous sacrifice, his care and compassion, and of course his devilish wit."
Ger Mitchell,
CHRO & Corporate Development Director

Note:
The Chairperson and Chief Executive pay their own tribute to Robert Elliott in their respective statements.

Chair's Statement

It was my great honour to be appointed Chair of PTSB in March 2023. From my experience as a Board member from 2014 to 2020, I knew the extent to which the people in this Bank strive to serve its customers and communities; I am very proud to return to work with them as Chair of the Bank.

At the outset I want to pay tribute to my predecessor, Robert Elliott, who died in December 2023 as a result of an illness he had suffered from for some time. His was a tragic loss.

I had the privilege of getting to know Robert over many years. I remember his warmth, his ability to think so clearly and the deep care he felt for the people who work in PTSB.

He displayed tremendous leadership, corporate governance and people skills. He was very successful at guiding the Bank throughout his six-year term to the point where it is now a much bigger Bank, with more customers, more branches, a wider product offering, a stronger competitive proposition and an attractive platform for significant growth.

In my time as Chair so far, I have been struck by the commitment, dedication and professionalism shown throughout the Bank as we work together to achieve our Ambition of being Ireland's best personal and business bank through exceptional customer experiences.

Our results for 2023 show a Bank that has continued to make significant progress, despite the challenging economic conditions and cost of living pressures that have emerged since the Russian invasion of Ukraine in 2022 and in an era of significant geo-political tensions.

The Bank is growing. It is competing vigorously. It is successfully attracting new personal and business customers in significant volumes.

What is especially encouraging is the extent to which the Bank has been capitalising on the growth opportunities generated by its landmark acquisition of Ulster Bank businesses and branches.

We opened 25 new branches in communities across Ireland in early 2023. We evolved our business banking offering with the acquisition of former Ulster Bank Business Direct loans and the subsequent launch of PTSB Asset Finance in July.

And, of course, we welcomed thousands of new mortgage and current account customers, not to mention over 220 more new colleagues who transferred to PTSB from Ulster Bank throughout 2023.

All the while continuing to compete strongly for new business across all our chosen markets.

This is an exciting time for PTSB. A time for investing heavily in our digital infrastructure, in our branch infrastructure, in the people who make this Bank attractive to our customers.

In being 'Altogether more human'.

A time to show how we are different from other banks and our commitment to bringing the best of technology and our people together to solve real customer needs and deliver a better banking experience.

Our commercial performance

Our results show we are reporting a very significant increase in underlying profitability – from €45m in 2022 to €166m in 2023.

We have generated significant momentum across the business through a balance of organic and acquisition-driven growth. This will stand us in good stead in the years to come.

We have generated material improvements in Net Interest Income, in our overall loan book, our customer numbers, and in customer deposits – the lifeblood of our business – while managing our costs carefully.

Our business banking proposition is strong and our increased lending in this space throughout 2023 is testament to this. We are providing business customers seeking a new banking relationship with a meaningful alternative and this offers us a major growth opportunity. Notwithstanding the major leap forward that came with the Ulster Bank acquisition, there is still considerable scope for us to grow our business banking customer base.

We have the skills, the expertise, the customer knowledge, the risk appetite and the lending capacity to support businesses throughout Ireland with a range of lending, deposit and current account offerings that are tailored to their needs.

At a time when personal and business banking customers throughout Ireland need strong competition more than ever, we are proud to offer that competition and to give both existing and prospective customers greater choice, a better personal and digital service and innovative, customer-friendly products.

Governance and management

A key focus of my role as Chair has been to build on the progress the Bank has made in respect of strengthening our corporate governance, our management team and the way we collectively serve our customers to meet the needs and expectations of all stakeholders.

As the Bank progresses through the next stage of its evolution as a full-service, customer-focused personal and business Bank, we will continue to invest in and

Chair's Statement
(continued)

strengthen our foundations, ensuring we deliver for our shareholders, customers and colleagues in a sustainable, responsible and efficient manner.

In this vein, delivering sustainable profitability, as well as incorporating sustainability into our business practices and strategic decision making, is a key priority for the Bank.

Our Sustainability strategy encompasses four key pillars, across the environmental, social and governance agenda.

As part of enhancing our culture and investing in our people, we are implementing a comprehensive Diversity, Equity & Inclusion (DEI) strategy which harnesses the benefits that diversity among our colleagues brings, making everyone feel valued for who they are and what they can contribute.

An important aspect of this is creating a workforce that is reflective of the communities that we serve. My ambition for PTSB is to be an organisation where everyone, regardless of gender, age, ethnicity, orientation, ability or socioeconomic status, can feel that they have true equality of opportunity and influence.

While there is still more work to be done, we have made a lot of progress in this area. In 2023, we achieved 58% female representation at Board level and 52% of our senior hires were female. We continued our progress of recent years by achieving a further reduction in our gender pay gap to 15.9%.

Our colleagues champion and celebrate our collective commitment to DEI through their participation in the Bank's Employee Resource Groups. The benefit and impact of colleague-led initiatives such as this is evident through our Culture Index score of 81% and colleague Trust score of 82%.

We were also extremely proud for our progress to be recognised externally when we were awarded with the Investors in Diversity Gold accreditation by the Irish Centre of Diversity in 2023, being only the twelfth company to receive that award.

But our strategies can only deliver the changes we all want if we apply them rigorously to everything we do. Every interaction we have with a colleague or a customer. Every decision we make. Every new idea we generate.

When it comes to Sustainability and DEI, our work is, and always will remain, unfinished. We will keep striving to do better next year – and even better the year after that.

Outlook

The departure of two retail banks from the Irish market in recent years has been a significant inflection point – both for the sector and for customers.
While it has created opportunities for PTSB to demonstrate its credentials as a strong competitive force, it has also brought into focus our responsibilities to our customers, to the Irish economy and to our society to provide the products and services they need.

To be an institution they can trust with their savings, with their payments, with meeting their wider financial needs.

To be a Bank that recognises the extent of the role we play in the communities we serve – the employment we provide, the branches in which we keep investing, the digital capabilities that we deploy so that customers have a real choice in doing business with us at a time and a place of their own choosing.

Our new brand promise, 'Altogether more human', unveiled in late 2023, is the public commitment we are making to our customers and our communities. This brand promise augments and complements our Purpose, which is working together to build trust with our customers and communities, and our Ambition, to be Ireland's best personal and business bank through exceptional customer experiences.

We are entering 2024 and beyond with confidence. We have the right people, the right platform and the right ideas to make the most of the opportunities that we see in the market.

The Irish economy has remained resilient in the face of the exceptional challenges of recent years and, notwithstanding these challenges and those that may yet emerge, offers a competitive environment in which PTSB can continue to grow and prosper.

As we embark on the next stage of our growth I want to thank my fellow Board members and the Bank's management team for the care, diligence and enthusiasm they bring to their roles.

In particular, I thank our Chief Executive, Eamonn Crowley, for leading the Bank so effectively, for listening to our customers and colleagues so intently, and for planning and executing our strategy with such clarity, vision and authority.

I welcome Catherine Moroney and Rick Gildea, who joined the Board as non-executive directors in December, and thank Andrew Power and Ken Slattery, who stepped down from the Board in 2023, for all their efforts in making the Board more effective in discharging its duties.

And I also thank the Minister for Finance, the Department of Finance and the Central Bank of Ireland for the support that they have given to the Bank.

But I want to conclude by thanking all the people who make up PTSB for their extraordinary customer focus, resilience and professionalism.

It is through their individual and collective efforts that the Bank has evolved in recent years to become a truly competitive force that combines the very best of personal and digital service for the benefit of our customers.

I am greatly encouraged by the positive approach they bring to their roles and I know that this is valued, not just by me and all their other colleagues, but by customers too.

It is down to them that the Bank is in such robust shape and in such an attractive position as we build on our 200-year heritage of serving our customers and our communities.

Julie O'Neill

Julie O'Neill
Chairperson

Chief Executive Review

I am pleased to present the 2023 Annual Report for PTSB which reflects another year of significant progress for the Bank.

Our performance demonstrates real momentum in our business as we compete with greater scale and diversification, offering customer-centric products and services that reflect our promise to be 'Altogether more human' and positions us to achieve sustainable profitability and business growth.

Introduction

2024 promises to be an exciting year for PTSB as we build on the strong progress of 2023.

We made a bold statement of intent when we unveiled our new business repositioning in late 2023, moving from Permanent TSB to PTSB and launching our new customer promise of being 'Altogether more human'.

This is a promise that we are all extremely proud of. It highlights our commitment both to the people we serve – our customers – and to the people we work with – our colleagues.

It highlights how we differentiate ourselves from other banks. How we place such a high value on the human aspect of what we do. On our commitment to combining the best of what we call "Tech and Touch" – top-class technology working in tandem with top-class people, giving our customers the best of both worlds.

We're different because we know the value to our customers of being able to manage their banking needs through efficient digital channels, while having exceptional human support available to them where they need it.

We're not an either/or proposition. That's why we are investing in technology, investing in branches and customer-facing roles, and investing in our communities.

And that's why we're particularly excited because 2024 is both an Olympic and Paralympic year, with both sets of games taking place in Paris this summer. For PTSB, these games will be the culmination of our landmark title sponsorship of Ireland's Olympic and Paralympic teams, which we first announced in March 2022.

This sponsorship is really important to us. It's the perfect match because it allows us to demonstrate our commitment to communities around Ireland and to show our support for the role they play in nurturing, developing and encouraging our Olympic and Paralympic athletes and participation in sport more broadly. We're huge supporters of the communities that we're a part of and we're also huge supporters of Team Ireland.

Our sponsorship also means that our customers and prospective customers will be seeing a lot more of the PTSB brand in the run-up to the games and during the games themselves.

That's a huge opportunity for us because we're now at a stage where we've successfully integrated all the new customers, businesses and product offerings that transferred to PTSB following the completion of the Ulster Bank transaction, giving us a much bigger platform to demonstrate our credentials to the wider market and to continue competing strongly and growing strongly.

And our results for 2023 show that we are competing strongly. By providing customer-friendly personal and business banking products through a combination of in-person, voice and digital channels, we are driving an improved business performance.

Before I go through aspects of that performance in detail however, I would firstly like to echo the Chair's tribute to our former Chairman, Robert Elliott.

I was extremely saddened to learn of Robert's passing in December 2023 following a long and bravely fought battle with illness.

Robert was as kind in spirit as he was impressive in business and his loss is still deeply felt across the organisation, by his colleagues and friends alike. Robert's steadfast leadership was crucial to the Bank safely navigating the period of immense transformation and growth we have just experienced and the strong business performance in the 2023 results is a testament to him.

Business Performance Overview

Funding

Customer Accounts

At 31 December 2023, customer accounts of €23 billion are €1.2 billion higher than 31 December 2022. Retail deposit balances of €12.3 billion have increased by 6% over the course of 2023, while current accounts of €9.2 billion have increased by 3%. The Bank remains strongly funded by retail deposits and current accounts, making up 86% of the total funding profile and reflecting a strong liquidity and funding position.

Lending

Total new lending in the financial year 2023 amounted to €2.8 billion, flat versus 2022.

The Irish mortgage market declined in 2023 largely driven by a drop in switching after a strong rebound in 2022 from the COVID-19 pandemic. Mortgage

drawdowns in the market declined by -14% in 2023, decreasing from €14.1bn in 2022 to €12.1bn in 2023. 32,695 new homes were completed in 2023, the largest annual delivery in 15 years and 10% higher than in 2022. The pipeline is also strong with 32,800 new homes commencing construction in 2023, and permission granted for over 37,600 homes.
Mortgage lending in 2023 was €2.3 billion, representing an 11% year on year decrease outperforming the wider market, which decreased by 14%. This resulted in our mortgage drawdown market share increasing from 18.5% in 2022 to 19.2% in 2023.

SME lending in 2023 was €167 million, an 11% increase compared with 2022. PTSB participated in both the Future Growth Loan Scheme and the SBCI Brexit Impact Loan Scheme. PTSB acquired the Lombard Asset Finance business from Ulster Bank during 2023 and it recorded €223m of new lending.

The Group recorded gross new Term lending of €117 million in 2023. This is a 22% increase compared to 2022.

Financial Performance Overview

The Bank reported a Profit Before Tax of €79 million for 2023 (2022: Profit Before Tax of €267 million, primarily due to a one-off gain on bargain purchase being recognised in 2022. Net Interest Income increased by 71% year-on-year, mainly driven by increased income on loans linked to ECB marginal rate, growth of the performing loan book, and the migration of Ulster Bank performing mortgage, SME and Asset Finance businesses. Net fees and commission income is €42m for the year ended 31 December 2023 which is in line with 2022.

Operating Income
Net interest income (NII) of €620 million has increased by 71% year on year and our Net Interest Margin (NIM) increased by 78bps to 2.32%. Net interest income increased due to higher new lending, an increase in ECB rates which impacted tracker mortgages and increased income as a result of the migration of the remaining Ulster Bank businesses during 2023.

Net fees and commission income is €42m for the year ended 31 December 2023 which is in line with 2022.

Net other income was €6 million for 2023 compared to €5 million in 2022. Other income is driven by sales of properties in possession and gains on derivative contracts.

Operating Expenses
Operating expenses excluding exceptional and other non-recurring items of €504m are higher than prior year, primarily due to an increase in staff numbers during 2023, along with Performance Related Pay increases, a one off 2% cost of living payment for staff during 2023, and costs associated with servicing the Bank's increased Branch network, and the investment in the Bank's brand position.

Impairment
The Bank recorded an impairment write-back on loans and advances to customers of €2 million for 2023, compared to a €31 million write-back for 2022. This reflects stability within the Irish economy continued customer resilience to higher interest rates and inflationary pressures.

Exceptional and other non-recurring items
The total exceptional and non-recurring items for 2023 are €95 million. Exceptional costs of €31m in relation to the Ulster Bank transaction, consist primarily of costs around the planning and execution of the remaining migrations completed during 2023. Additional costs of €5 million relates to releases of warranty provisions held on deleveraging transactions that the Group executed in prior years.

NPLs

Non-performing loans as a percentage of gross loans were 3.3% at 31 December 2023, no change from 3.3% at 31 December 2022. Our customers have continued to manage the impacts of inflation and higher interest rate environment during 2023.

Capital

The Common Equity Tier 1 (CET1) capital ratio was 14% and 14.3%, on a Fully Loaded and Transitional basis respectively. This compares to the Bank's reported CET1 ratio of 15.2% and 16.2% at 31 December 2022, on a Fully Loaded and Transitional basis respectively.

The reduction of the transitional CET1 ratio (-190bps) in the year is primarily due to increasing RWAs as a result of net loan book growth and the migration of remaining Ulster Bank mortgages, SME Business, Asset Finance Business and annual phase-in of transitional prudential filters: Deferred Tax Assets and IFRS9.

Capital ratios remain above both management and regulatory minima.

Business Repositioning and 'Altogether more human' customer promise
In October, for the first time in over 20 years, we launched a major overhaul of our brand and repositioned the business as a full-service, customer-focused personal and business bank.

In addition to launching a new brand name, PTSB, and visual identity, we introduced a new customer promise of being 'Altogether more human'. This means that we bring the best of technology and our people together to solve real customer needs and deliver a better banking experience.

Being 'Altogether more human' represents our commitment that we will put customer needs at the centre of how we plan, design and deliver for them, whether through our voice, digital or in-personal channels, or a combination of them all.

It is the outward expression of the positive change already happening across the Bank. Of the evolved culture that we are building by living our values and promoting an open and inclusive, risk-aware culture that celebrates diversity and personal development each and every day.

Of a culture of accountability, where everyone takes ownership of their actions in order to deliver on our Purpose of building trust with our customers and communities so that we can achieve our Ambition of being Ireland's best personal and business Bank through exceptional customer experiences.

Digital Transformation

Throughout 2023, we continued to invest in improved customer experiences through our multi-year digital transformation programme.

We launched several enhancements to the PTSB mobile app and desktop services on open24.ie. This included the introduction of Webchat service in-app, a significant milestone in our digital service offering, which enables our customers to self-serve and access a new support channel when they need it.

In a global banking first, we introduced 'PTSB Protect' in October, a new feature to our banking app which will help prevent customers falling victim to fraudulent scams.

We were delighted to win the overall Grand Prix award at the 2023 FS Awards, in addition to the Innovative Banking Product award for our PTSB Digital Mortgage Portal which provides customers with a fully digitised mortgage application process.

Winning these awards was a fantastic endorsement of our digital transformation strategy and our 'Altogether more human' customer promise in action.

Sustainable Business Growth

Delivering sustainable profitability and incorporating Sustainability into our business practices and strategic decisions remains a key priority for the Bank.

Throughout 2023, we have continued the strong and steady progress of recent years across the four pillars of our Sustainability Strategy.

We are continuing to support our customers in navigating the transition to a low carbon economy with the Bank's Green Mortgage offering accounting for c.30% of our new lending. We are committed to expanding our green customer propositions and look forward to participating in the SBCI Retrofit Scheme this year.

In July, we issued our first Task Force on Climate-related Financial Disclosures Report (TCFD) Report to the market, demonstrating the progress we are making on integrating consideration for climate-related and environmental risk into all areas of our business. We also completed a programme of work to understand our carbon impact across Scope 1, 2 and 3 (including our financed emissions) and received limited assurance on our data.

However, being a responsible, sustainable organisation about more than being green. Elevating our social impact is a key priority for PTSB.

Indeed, given our deep roots in community banking across Ireland which stretch back over 200 years, connecting with our local communities in a meaningful way is a fundamental aspect of our DNA.

We demonstrate this through various initiatives including our Community Fund, our Community Partnerships, National and Regional Sponsorships, Schools initiatives and Volunteer Partners.

We were extremely proud to donate €300,000 to our 2023 Community Fund partners, which included €150,000 in matched funding by the Bank. Through our partnership with Ó Cualann Cohousing Alliance, we support the development of affordable housing schemes in communities across the country. Through our partnership with LIFT Ireland, we support in funding the delivery of training to over 35 charities and 40,000 secondary school children, to strengthen their skills and become stronger and better leaders in their communities.

In recognition of our efforts across the Sustainability agenda, we were honoured to recertify to the Business Working Responsibly Mark (The Mark) from Business in the Community Ireland. The Mark is an external accreditation recognising best in class Responsible Business Programmes in Ireland and as such, PTSB joins a prestigious group of only 40 other companies who have achieved this accolade.

Outlook

An important milestone in 2023 was the designation by the Central Bank of Ireland (CBI) of PTSB as an Other Systemically Important Institution (OSII).

This is an important development which serves to illustrate the extent of the progress being made by the Bank in achieving greater scale and returning to sustainable and consistent profitability.

As the Chair stated in her review, the Bank has become a much bigger Bank, with more customers, more branches, a wider product offering, a stronger competitive proposition and an attractive platform for significant growth.

It is encouraging to see the extent to which PTSB has successfully returned to a sustainable growth trajectory.

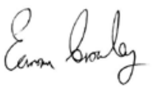
This has been achieved through a combination of organic and acquisition-led growth, building on our key strengths as a community serving the community and all the time seeking to fulfil our purpose of building trust with our customers and communities.

Over the past number of years we have cemented our position as an attractive and secure home for customers who wish to entrust their deposits with us; as a competitive and innovative provider of mortgages, personal loans, car loans and credit cards; as a trustworthy provider of reliable payments services; and, more recently, as an emerging force in business banking, augmenting our existing business offering with the additional skills, wider product range and larger customer base that have transferred to PTSB from Ulster Bank.

We will continue to build on this momentum, and through investment in our people, our branches and our digital capabilities, we will be well placed to become an even greater competitive force.

And while we must always be mindful of the challenges and threats that wider economic conditions can surface, not least a more challenging interest rate environment and persistent cost of living pressures, the strength of the Bank's proposition, the quality of our service and our commitment to our customers can give us grounds for confidence as we continue our growth story.

I want to echo the Chair's remarks praising our colleagues for the work they put in to making PTSB a better Bank and an institution we can rightly be proud of. We are resolutely committed to delivering for our customers, for the Irish economy and for our shareholders in 2024 and beyond.



Eamonn Crowley
Chief Executive

Market and Regulatory Context

Retail Banking Trends in Ireland 2023

Over the past year, PTSB has undergone significant transformation, successfully migrating €6.75 billion in assets from Ulster Bank, welcoming 88,000 new customers, and completing a comprehensive bank rebranding. These initiatives have firmly established our position as the third-largest full-service retail bank in Ireland, marking substantial progress in terms of scale and diversification. Our focus now lies in realising our ambition to become Ireland's premier personal and business bank, driven by our commitment to delivering exceptional customer experiences through our Brand Promise of leveraging technology and human expertise to address genuine customer needs and enhance banking experiences.

In 2022, the European Central Bank responded to inflationary pressures by ending a prolonged period of low interest rates, a trend that continued into 2023. The ECB announced a total of ten interest rate increases from July 2022 to September 2023, bringing the main borrowing rate to 4.50%. The deposit rate, previously in negative territory, rose to 4.00%, while the marginal lending facility reached 4.75%. This series of rate hikes marked the first significant adjustment since 2011, signalling a notable shift in the interest rate landscape.

In the mortgage market, a contraction persisted throughout 2023, primarily attributed to a decline in switching activity. Consequently, the market projection adjusted to €12.2 billion - €12.5 billion, representing a substantial drop from the initial estimate of €14.0 billion. Market pay-outs stood at €8.8 billion by the end of September 2023, marking a year-on-year decrease of approximately 9%, primarily driven by a decline in the switcher market. This trend is expected to continue into the first half of 2024, influenced by a fall in application and approval rates, which have fallen by 2% and 8% respectively year-on-year. These factors, coupled with the impact of ECB interest rate increases on the broader rate environment, are anticipated to temper growth in the mortgage market.

PTSB continues to make substantial strides in its digital banking journey, aligning with increasing customer digital expectations in 2023. With c.38,000 new current accounts opened, 54% of which through the mobile app, our customers' adoption of digital channels has surged. Card payments have seen a 31% year-on-year increase, with mobile payments increasing to 48 million in 2023, an 87% rise from 2022. Digital channel usage remains on an upward trajectory, with 159m logins on our App and Website facilitating product applications totalling 137k in 2023. PTSB has been recognised with the Best Current Account and Best First-Time Buyer Mortgage awards by Bonkers.ie, in addition to receiving the Financial Services Loyalty Programme/ Initiative of the Year at the 2023 Irish Loyalty & CX Awards.

PTSB remains committed to delivering exceptional experiences to its customers by leveraging technology and human interaction through our extensive network of 98 branches, intermediary channel and digital & voice channels. We continue to evolve our channel mix by investing in self-service digital channels while maintaining the crucial role in-person channels (branch & voice) plays in on-boarding, lead generation & supporting customers that fall off digital journeys. In 2023, we continued to update our digital capabilities offering current accounts, mortgages and business banking through our voice and digital channels.

At PTSB, we are committed to fostering openness, inclusivity, and to deliver an exceptional experience to all our customers and communities, especially those in our communities that might require additional support or are vulnerable. Supporting vulnerable customers is not just a moral obligation; it is also a reflection of our commitment to fairness and inclusivity. By prioritising the needs of vulnerable customers we not only enhance their financial wellbeing but also strengthen our commitment in building trust within our communities.

In compliance with the recently enacted Assisted Decision-Making (Capacity) Act 2015, we have enhanced our procedures for assisting vulnerable customers, modernized our internal systems and cultivated effective relationships with relevant government bodies. In response to meeting the needs of customers who require additional assistance, we have established a dedicated Vulnerable Customer Support Unit, aimed at providing unwavering support to both our valued customers but also our frontline staff.

Business Banking Trends in Ireland 2023

The Irish economy has shown robust recovery from the pandemic; however, the onset of inflationary challenges following the beginning of the Ukraine war has introduced a new set of challenges for business owners to navigate in early 2023. As interest rate movements began to stabilise in late 2023, many businesses are eager to plan ahead, by stabilising their cost base and capitalising on returning customer demand. Key sectors driving growth in new lending in 2023 include hospitality, manufacturing, wholesale, and retail. SMEs are effectively managing their business models through innovation and automation, with a focus on sustainability to enhance business performance. Noteworthy developments fostering growth in the sector include initiatives such as the Growth & Sustainability Loan Scheme (GSLS) by the Strategic Banking Corporation of Ireland (SBCI). The SBCI loan guarantee schemes have been instrumental in enhancing the bank's reputation in the SME market and driving growth across all existing product ranges.

Critical challenges faced by many SMEs are linked to tight labour markets and skills shortages, with the Irish economy nearing full employment with 2.6 million people now employed. Inflation and interest rate hikes stabilized in 2023, with growth forecasted for the Irish economy in 2024, outpacing most other European economies. The SME economy also benefits from significant Foreign Direct Investment in Ireland, with Multinational Companies (MNCs) continuing to invest and expand their footprint in the only "English-speaking" economy in the EU. Irish SMEs play a crucial role in the value chains for those MNCs that choose Ireland as a business hub.

The continuation of energy support schemes for business owners is welcome as they seek to manage the higher energy costs and the overall cost of doing business in the current climate. Relief is expected in 2024 as wholesale energy prices have decreased in recent months. PTSB has continued to grow its business lending activity through the period while providing timely support to borrowers in financial difficulty. The Bank increased its new SME loan activity by 14% in the year despite overall lending to the SME market experiencing a decrease in 2023 compared to 2022. The business lending portfolio is well spread across industry sectors with continued investment in our capabilities. During 2023 we have grown our Business Banking customer base though the migration of a micro SME portfolio and Asset Finance team from Ulster Bank. The Bank has also bolstered its Business Banking team with experienced specialists to support the market and position PTSB as one of the top three Business Banks in the market. PTSB launched its new Asset Finance business which migrated from Ulster Bank at the end of July 2023. This expansion allows PTSB to provide a wider range of finance options to our Customers and will be a vital component of our SME proposition going forward. Business demand for Asset Finance has remained strong through 2023 although there is some evidence of higher interest rates starting to impact on demand towards the end of the year. We have continued to finance assets across a wide range of sectors including transport, agriculture, and manufacturing. Consumer demand for car finance, which we service via our appointed Motor Dealers has remained strong throughout the year.

"PTSB launched its new Asset Finance business which migrated from Ulster Bank at the end of July 2023. This expansion allows PTSB to provide a wider range of finance options to our Customers and will be a vital component of our SME proposition going forward."

Our Strategy, Business Model and Culture

Introduction

2023 marked the beginning of a new chapter in the Bank's history. Having successfully de-risked the Balance Sheet through a number of critical transactions in the preceding years, the Management Team oversaw the acquisition of new retail and SME Business from Ulster Bank, as it exited the market. This transformational acquisition provides additional scale and capabilities, and has established PTSB as the 3rd Pillar bank in Ireland. Together with a strong capital position and stable NPL ratio, the Bank has a new platform from which the company can grow profitably.

Acknowledging this exciting new period of growth, the Bank has undertaken a review of key organisational processes and foundational capabilities, to ensure readiness to maximise the opportunities arising from a reduction in the number of Banks operating in the Irish market. This review resulted in a new Strategic Direction for PTSB, and includes a multi-year phased approach to transforming the Bank into a 'Market Leading Retail and SME Bank in Ireland'.

Our Business Model

The 10 year view for the Bank is to be a full service Retail and SME Bank, operating exclusively in the Republic of Ireland. The Bank will move from being a predominantly Mortgage focused operation, to one that increases its share of Consumer Term Loans, Credit Cards, SME, Asset Finance and Overdrafts. Management will focus on technology investments and driving operational efficiencies, to ensure a sustainable cost base.

Customer retention and deepening existing customer relationships will be a key focus for the Bank, leveraging the c.1.3 million customer relationships that already exist. We will increase investment in Digital channels, allowing customers to engage on routine tasks via web and app. This will release capacity in our Branches and Contact Centres, to assist customers with more complex sales and servicing. In doing so, the Bank aims to offer an enhanced Customer Experience at a fair price.

The Bank is expected to remain a predominantly 'Deposit Led Lender', reducing further its reliance on external wholesale funding, while continuing to meet all Regulatory Funding Requirements, in as efficient an Issuance strategy as possible.

Delivery of the Strategic Direction will take place in 3 phases; 1. Strengthen foundations to enable future growth; 2. Optimise offerings and make selective investments to deepen customer relationships, and; 3. Accelerate growth and diversification.

The current focus for the Management Team, under phase 1, is uplifting our organisational capability and culture, ensuring compliance with all regulatory obligations, including our expected transition to ECB/SSM Supervision, delivering all mandatory and critical enhancements and investing in areas that will deliver simplification and superior customer experiences.

Our Strategy

PTSB is a full-service Retail and SME bank, operating in the Republic of Ireland. We provide our customers with a digitally-led experience supported by a nationwide branch footprint, helping our customers in person when they need our sales support. We offer the right products and propositions, at the right price, with strong market share in our target segments.

We have a clearly defined Purpose, Ambition, Brand Promise and set of Values.

Our Purpose	Working together to build trust with our customers and communities				
Our Ambition	To Be Ireland's best personal and Business Bank through exceptional customer experiences				
Our Brand Promise	Altogether More Human				
Our Values	Customer Focus	Straight-forward	Courageous	United	Open

Our Strategic Priorities

The Bank is aligned and committed to delivering its Strategic Priorities.

Sustainable Business Growth	Connected Customer Experience	Secure & Resilient Foundations	Cultural Evolution
Delivering sustainable profitability and incorporating Sustainability into our business practices and strategic decisions	Combining the best of technology and our people together to deliver an 'All Together More Human' customer experience	Investing in core capabilities in order to protect our customers and our colleagues	Living our values and promoting an open and inclusive risk aware culture that celebrates diversity and personal development
We manage capital carefully by focusing on growth with our key customer segments; and, generating organic capital through sustainable profitability	We differentiate ourselves through exceptional Customer experiences and use data and insights to expand existing customer relationships and drive business growth	We prepare ourselves for SSM supervision: managing change effectively to meet all future regulatory obligations, and delivering within our strategic, risk and financial boundaries	We have the right people in the right roles and build our workforce capability for the future in the right areas
We manage product margins to protect our sustainable business model and deliver consistent returns for our Shareholders. We are a 'deposit-led' lender, with a consistent focus on growing retail deposits	We broaden our personal banking propositions in line with changing customer needs and grow our business banking and Asset Finance business lines	We keep the Bank secure and resilient through effective risk management across the three lines of defence	We deliver on our Diversity, Equity and Inclusion commitments and consistently challenge our thinking in this area
We incorporate Sustainability into our business practices and strategic decisions, while managing our exposure to Climate and Environmental risk	We offer our customers exceptional digital channels for their everyday banking needs and provide superior personal services for their bigger financial decisions	We reduce our cost base by transforming the way our business operates aligned to our customers' needs	We build a culture of accountability, where everyone takes ownership of their actions in order to further build trust with each other and our customers

As we look to the future with a refreshed set of Strategic Priorities, we reflect in more detail on some of our strategic achievements in 2023.

2023 Strategy Achievements – Customer

We build a deep understanding of our customers with defined strategies for key segments. We develop sustainable propositions which meet our customers' needs, supported by fair and transparent pricing. We continuously seek to reinforce our position with our customers as a recognised and trustworthy brand.

38,000
New Current Accounts

€2.3Bn Mortgage Drawdowns

Green Mortgages accounting for c.30% of total mortgage drawdowns in 2023.

Winner of 'Best Innovation' award for PTSB Protect at the Bonkers.ie National Consumer Awards 2024

Participating Bank in the government-backed 'First Home Scheme' A shared equity scheme aiming to bridge an affordability gap by providing first time buyers with part of the purchase price of their home, in return for a minority equity stake

11% growth in SME lending

Online Switching Hub launched
to better support customers seeking a move to PTSB

2023 Strategy Achievements – Profitability

We manage our assets and sustainable capital base in a way which protects and generates value for the Bank and our shareholders. We embed a cost-aware culture at all levels of the organisation, eliminating waste where we see it.

Underlying Profit for the year is €166m, increasing from €45m in 2022

Net Fees & Commission income of €42m

€1.6bn of the remaining assets successfully migrated from Ulster Bank to PTSB in 2023

Winners of 'Best Procurement External Collaboration Project' & 'Best Procurement Transformation Project' awards at the 2023 National Procurement Awards

NPL Ratio of 3.3% at YE 2023
in line with 2022

2023 Strategy Achievements – Digital

We provide capabilities and propositions for our customers which combine digital with a human touch. We have a robust digital platform, and continue to focus on renovating and integrating existing systems. Enhanced analytical capabilities support improved customer engagement and generate customer-focused insights.

New Scalable & Resilient Digital Servicing Platform launched for customers with corresponding Mobile Application to follow in H1 2024

54% of new Current Accounts opened Digitally, and 96% of Term Lending Applications completed Digitally

SME Online Current Account application introduced

c.637,000 Active Digital Customers

'Innovative Banking Product Award' winner for our Digital Current Account at the 2023 FS Awards

2023 Strategy Achievements – Simplification

We drive end-to-end automation in order to: reduce manual risk; generate resource and capacity efficiencies; and, improve overall customer and colleague experience. We continuously adapt and improve our internal processes and customer journeys.

c.1.9m fewer paper statements issued annually with the launch of e-Statements for Credit Card customers

Launched a streamlined **digital application process for Credit Cards and Overdrafts**

35% growth in Robotic Process Automation outputs from existing processes

Rollout and Embedding of a new **internal Change Management Model**

2023 Strategy Achievements – Culture

We inspire a customer-centric, open, inclusive, risk integrated, growth culture, where diversity is encouraged and celebrated. We empower all colleagues to develop as leaders, fostering a mind-set of leadership in all teams. We recognise and embrace the role we play in the community of accountability and risk awareness at both a local and national level.

Title Sponsorship of Team Ireland for the 2024 Olympics and Paralympics

Over 2,300 Nominations received for our Annual 'Values In Practice' (VIP) Awards

Winner of 'Best Community or Charity Engagement' award for the PTSB Community Fund at the Bonkers.ie National Consumer Awards 2024

226 former Ulster Bank colleagues joined our team in 2023

Launch of PTSB Archive and heritage website to celebrate and reflect on over 200 years of banking history in Ireland

66% of colleagues availing of Smarter Working arrangements...
...Our approach was recognised at the 2023 CIPD HR Awards, with PTSB winning the 'Best Hybrid and Flexible Workplace' Award

Our Strategy, Business Model and Culture
(continued)

Looking Ahead – Our Business Model and Strategy 2024-26

PTSB is a full-service Retail and SME bank, operating in the Republic of Ireland. We provide our customers with a digitally-led experience supported by a nationwide branch footprint, helping our customers in person when they need our sales support. We offer the right products and propositions, at the right price, with strong market share in our target segments.

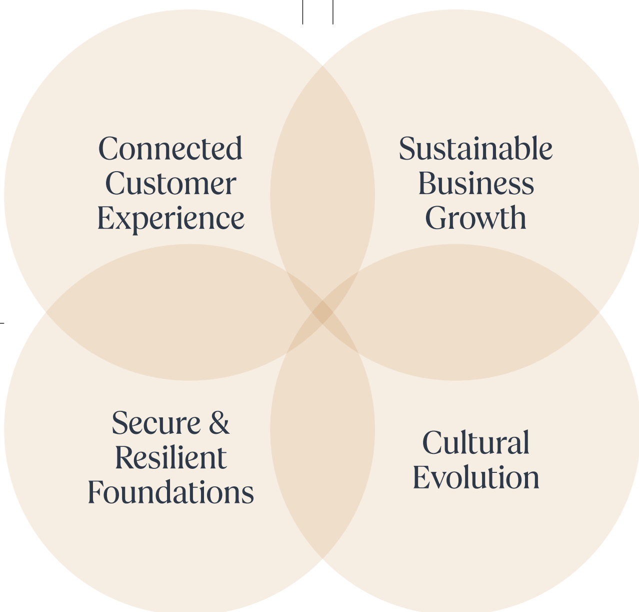
2023 has been a transformational year for PTSB, primarily due to the migration of remaining business assets from Ulster Bank Retail. The completion of the migration of assets in 2023 marked the beginning of a new phase in the Bank's 200+ year history in Ireland.

As a result of the acquisition, and to ensure that we embrace the opportunities afforded to us by both our own organic growth success to date, as well as the broader exit of Ulster Bank and KBC from the Irish Retail Banking sector, we refreshed our Strategic Priorities in Q4 2023.

Our Strategic Priorities 2024-26

Target Outcomes

- Our Customers are at the heart of everything we do. We offer them the products and services they need, when they need them.
- Our services are digitally enabled with a human touch.
- We are recognised by our customers as the best Personal and Small Business bank, as measured through NPS and Trust scores.



Target Outcomes

- We have sustainable business practices and are committed to real reduction of our carbon footprint.
- We accelerate and enhance our customer propositions through partnerships.
- Data is used to create insights and to drive our decision making.
- We deliver consistent returns for our shareholders by delivering an exceptional customer experience.

Target Outcomes

- We have a robust, secure and resilient operating environment that protects our customers and colleagues.
- A Continuous improvement and nimble approach to change allows us to adapt and learn.
- Internal and customer journey processes are automated and simplified to the benefit of customers and colleagues.

Target Outcomes

- Our culture is open, diverse & inclusive, risk integrated, customer and growth focused.
- Modern skillsets are forged and developed internally.
- We have a technology enabled workplace which helps colleagues better meet the needs of customers.

Our Culture – Bringing the Lived Experience to Life

At PTSB, we describe our culture as the way we do things: We are Open. We are Inclusive. We build trust. We are One PTSB.

Culture is the DNA of a company. Our culture shows up in our behaviours - how we work, how we treat our customers and each other, what we focus on, and how we live our Values. Our culture is unique and special. It makes us who we are – Friendly, customer and colleague focused, inclusive and caring. We manage risk and comply with regulations, where everyone works to meet our goals and are proud of the part they play. Every colleague influences our culture at PTSB - How we each think, behave and act makes a difference here. A great culture brings people together by imparting a strong sense of meaning, direction, and passion. Our Culture unites us together as one team to deliver for our customers. We have been continuous and proactive in working to improve and evolve our culture since 2015; keeping and enhancing the elements that make us unique and special, whilst altering any aspects that don't align with our Values and Purpose. We have a made a lot of progress and know that there is more to do to reduce the behavioural inconsistencies across the Bank.

Our cultural evolution is a strategic priority as it influences how people experience our Bank; what it's like for customers to engage with us, for our colleagues to work with us and for our communities to live with us. At PTSB, we describe our culture as the way we do things. Our goal is to create a culture of building trust, where all colleagues have a consistent experience regardless of their role, tenure, location, ways of working or function. Our culture is made up of our Purpose, Ambition and Values. Our Values are articulated through behaviour articles, which help colleagues to understand how to role model our Values. Through our behaviours and the way colleagues work together to support our customers and our community we live our Values. They are demonstrated in how we handle day-to-day operations, our everyday communication and tasks that create the PTSB way of doing things.

In 2023 following the completion of the migration of substantial parts of the business of Ulster Bank, we launched our new brand repositioning and business strategy to better reflect the enhanced position of our Bank in the Irish market and our growing ambitions for the coming decade. In repositioning the Bank for the future, and we rebranded from Permanent TSB to PTSB. Our new brand promise, 'Altogether More Human', underpins our brand position, where we bring the best of technology and our people together to solve real customer needs and deliver a better banking experience. Aligned to our new brand and business strategy, our CEO, together with our Executive Committee and Board, evolved our Purpose and our Ambition:

Our Purpose:

'Working together to build trust with our customer and communities'

Our Ambition:

'To become Ireland's best personal and business bank through exceptional customer experiences'.

Living our values and managing risk builds trust. We nurture an accountable and supportive workplace where everyone is encouraged to contribute meaningfully, as we become Ireland's best personal and business bank through exceptional customer experiences. We are committed to creating a supportive and inclusive environment where everyone is welcome and respected. When colleagues can be their authentic selves they bring their best selves to work. This creates better experiences for all colleagues and leads to leads to exceptional experiences for our customers.

With the launch of our refreshed business strategy and repositioned brand, we also reviewed and simplified Our Culture Charter, such that all colleagues have a consistent understanding of our culture and the expectations of them. Our Simplified Culture Charter reflects our evolved Purpose and Ambition, as well as our Brand Promise. We have advanced from our Culture Ambition to a Workplace Culture Statement which is a simple and straightforward declaration that describes how people should behave and work together at PTSB. It sets out our Purpose, Values and beliefs that guide colleague interactions to support the delivery of our Ambition. Our 12 culture enablers help to nurture and improve our culture.

Everything we are doing to improve our culture comes down to one simple goal – Creating Psychological Safety. Psychological safety is a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns or mistakes. By building a Bank where colleagues can be themselves, where they can be at their best, where their contribution is encouraged and valued, and where they are welcomed, respected, recognised and supported, we will consistently deliver ethical decision making, fair customer outcomes and risk management in everything that we do.

2023 Culture Reflection

2023 represented a landmark moment in the history of the Bank, as we continued to welcome hundreds of new colleagues and thousands of new customers through the acquisition of various elements of Ulster Bank. From the outset, the cultural migration strategy was to integrate our new colleagues to the Bank, and create a 'One PTSB' ethos as we move forward together to deliver on our evolved Purpose and Ambition. We are building a responsible & sustainable business to deliver for our customers, colleagues & communities. We are committed to building on the cultural improvements made and sustained, and to achieve our espoused culture.

We are making improvements to our culture:

Our Purpose and Values continue to resonate with colleagues	• Over 93% of colleagues tell us that they understand our Purpose and Values. (Source: Every Voice Counts 2023).
We have improved our culture Index	• It is 81% (+1% year on year); however we have inconsistencies by function that must be addressed (Source: Every Voice Counts 2023).
We are improving Gender Pay Gap	• It is 15.9% compared to the national average of 11.3% (Source: Eurostat 2022). • We have committed to achieving 50:50 at senior management level upwards by 2025.
We have been awarded the Gold accreditation from the Irish Centre for Diversity.	• We were awarded the Gold accreditation from the Irish Centre for Diversity in 2023. PTSB was the 12th company in Ireland to receive the Gold award. This award recognises PTSB's progress in Equality, Diversity and Inclusion, including [60:40] gender diversity at Board.
We have increased Trust in our Bank	• 82% of colleagues trust PTSB to do the right thing (+1%) (Source: Every Voice Counts 2023). • We won the CIPD Award for Diversity & Inclusion, and the Workplace Excellence Award for Diversity & Inclusion in 2023.

Our colleagues have told us that our Purpose and Values resonate strongly with them (93% of colleagues understand our Purpose and Values [EVC 2023].Colleagues understand their role and want to serve customers, and they believe that the leadership team is moving the Bank in the right direction.

Our Purpose	**Working together to build trust with our customers and communities.**				
Our Ambition	**To become Ireland's best personal and business bank through exceptional customer experiences.**				
Our Promise	**Altogether more human.** **We are open. We are inclusive. We build Trust. One PTSB.**				
Our Values	**Lived Every Day through Our Behaviours**				
	Customer Focus We take due care and consideration for our customers always.	**Courageous** We Speak Freely without fear of negative consequences & welcome diverse perspectives to mitigate group think.	**United** We reinforce accountable leadership through our behaviour.	**Open** We innovate and continuously improve.	**Straightforward** We aim to get it right first time every time.

We have continued to focus on improving our culture by embracing the enablers and being committed to identifying and over-coming the blockers. Our dynamic culture diagnostic, enables us to include transparent tracking, measurement and reporting of Engagement, Culture and eNPS on a sustained basis as part of our Risk Appetite.

We have 12 cultural enablers which help shape and guide our cultural journey, and include:

Living as Leaders - Join the Conversation

2023 marked the fourth year of our partnership with LIFT Ireland (Leading Ireland's Future Together). Our Living as Leaders Programme is designed to support colleagues in role-modelling our Values through their actions and words aligned to our Purpose and Values. Since we launched the Living as Leaders Roundtables in 2020, almost 2,000 colleagues have participated. This programme isn't about titles or positions; it's about embracing a growth mind-set and being open to improving how our colleagues do things for themselves, each other, our customers and our communities. By utilising the self-reflective roundtable table approach with our behaviour articles, colleagues become more self-aware of their own actions and characteristics. Our Values guide the behaviours we expect of our colleagues. Behaviours practiced over time become habits, which in turn become mind-set. We believe that the consistent actions and behaviours of everyone, every day is essential in creating a better future for one another and for our Bank. Our Living as Leaders Programme is foundational in influencing our culture, and is included in our Induction Programme for all new joiners.

LIFT Ireland is a Not for Profit Organisation with a vision to make Ireland a better place to live by creating better leaders across our society and in our communities. LIFT's philosophy aligns closely with that of PTSB's, as they believe that each of us is a potential leader; whether that is within our families, our peer groups, our schools, our sports teams or our businesses. LIFT believe that by developing personal leadership qualities within each individual, we can develop a generation of stronger and better leaders.

We have further expanded on our partnership with LIFT Ireland to become one of five sponsors of their 'Changing futures for the better – Schools Initiative'. LIFT are already active in over 300 of Ireland's secondary schools where students and teachers have adopted the LIFT Ireland Programme, with the curriculum being delivered to more than 17,700 students in communities across the country.

"The standard and quality of Leadership, true leadership at every level, is fundamental to navigating all of us and our business to a better place. Leadership isn't about a title, the level you are at, length of service or the size of the office, Leadership is the creation of positive energy to bring about an outcome that otherwise would not have happened".

Ger Mitchell, Chief Human Resources and Corporate Development Director

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"At PTSB we are Altogether More Human, where we bring the best of technology and our people together to solve real customer needs and deliver a better banking experience. PTSB has been a proud partner of LIFT Ireland since 2020. At the heart of our purpose is a commitment to work together to build trust with our customers and our communities. This trust is earned through the decisions and actions we take on a daily basis. How each of us at PTSB lives our Values each day directly impacts that trust. We believe that the more we consistently live our Values through our behaviours, the further we will progress in building trust with our customers. This is a fundamental part of our roles as members of the PTSB community serving its community. Colleagues from every team, and all levels across the Bank, participate in LIFT roundtables. This allows each of us to reflect on our behaviours, which in turn helps us to consistently role-model our Values through our actions and words, living as leaders every day."

Eamonn Crowley, CEO

Speak Freely – Change Behaviour By Starting The Conversation

Our goal is to evolve our culture to ensure that our colleagues feel psychologically safe and empowered to share their voice. As an organisation, we are striving to grow a Speak Freely environment where it is safe and acceptable to raise genuine concerns about practices, processes or behaviours that do not meet our standards or align with our Purpose. Our progress in creating this culture is measured through our Every Voice Counts (EVC) Survey and our Micropulse survey which ask the question "where I work, people can share their opinion without fear of negative consequences", which held the EVC scoring at 76% from 2022 to 2023. In addition we monitor the usage of the Speak Freely procedure and include this in our KRI reporting, which particularly focuses on a key indicator of trust – that colleagues feel confident to raise concerns in a non-anonymised manner.

Our Speak Freely Procedure protects colleagues who wish to raise a concern or to make a protected disclosure, relating to actual or potential wrongdoing in the workplace, and ensures that they can do so without any fear of retribution or penalisation. We have a number of different channels through which a concern can be raised. The Bank has in place procedures to deal with any protected disclosures that may arise as part of Speak Freely and reports to the Executive Committee and Board on a half yearly basis.

To continue our embedding plan, in 2023 we delivered a number of initiatives to further educate, track and highlight examples of speaking up, including:

- Training People Managers and Speak Freely Champions on Speak Freely and Protected Disclosure procedures, and colleague conduct.
- Completion of Colleague Conduct Training by all colleagues which included further awareness and focus on Speak Freely.

- Embedding of the Irish Banking Culture Boards' DECiDE Framework on ethical decision making and the Bank's Team Culture Charter,
- Regular Reporting on Speak Freely concerns to the Board, and
- Developing and sharing of Speak Freely Management Information with colleagues and acting on feedback from the bank-wide Every Voice Counts and 'Speak Freely' Micro-Pulse survey and subsequent focus groups.

Ways of Working (Hybrid Flexible Working)

In 2020 the Bank introduced a Smarter Working Programme to enable optionality and to provide more flexible ways of working for colleagues, while encouraging the use of a broader range of technology at all levels of the organisation.

Through our Flexible and Hybrid Working programme, we sought to create a reimagined, customer-centric PTSB work environment which fits our strategic design criteria across the areas of Organisational Design, Property, Technology and New Ways of Working. Our Smart Working Framework includes range of options available such as: reduced hours; job sharing; compressed hours; sabbaticals and career breaks; home working or working from an alternative office location.

Over 1,160 colleagues have opted for Smarter Working in the Bank. To support smarter working, we have rolled out several initiatives to enable adoption including Infographics, Team Commitment Charters, Collaboration Zones, Colleague Kit Personas and Kits, new Ways of Learning, and a No Meeting Slot.

Throughout 2023 we have continued to evolve our Flexible & Hybrid Workplace to a work environment that is fit for now, and fit for the future, enabling improved flexibility and choice for a great colleague experience. We have created three dimensions of the Flexible & Hybrid Workplace that we consider, cohesively integrate, coherently communicate, and consistently monitor through adoption and embedding: Physical Dimension [Where we work], Digital Dimension [Tools for work] and Behavioural Dimension [How we work].

Whilst continuing to enable the Flexible & Hybrid Workplace in 2023, a Hybrid Working Group was established comprised of representatives from HR Business Partnering, People Experience, Group Technology and Facilities. This Working Group supports the ongoing review of Hybrid Working arrangements for colleagues under the mentioned pillars and address colleagues' needs. A Micropulse survey was conducted in 2023 which saw a positive scoring response of 22 eNPS from colleagues, an increase from 9 in the Bank's 2022 EVC survey. Feedback from the survey is raised with the appropriate stakeholders and areas of concern are reviewed to understand what steps need to be taken to address colleague feedback. These actions will form part of the 2024 Hybrid Working review.

As the world of work continues to evolve and the pace and impact of digitisation continues, we are placing our customers, colleagues and communities at the centre of our decision making to ensure that we continue to build trust and make a positive impact in their lives.

Values in Practice Awards

At PTSB we are fostering a culture of recognition, enabling colleagues to recognise each other from across the organisation who are living the Bank's Values and are making a positive impact to our business, our customers and our community. We have two 'Values In Practice' or 'VIP' recognition programmes available to celebrate the great examples of colleagues living our Values in work and in our communities; (1) Annual VIP Awards (which enables colleagues to recognise the outstanding contribution of individuals during a fixed nomination period), and 2) VIP Every Day Recognition (which is available all year around enabling colleagues to say thank you every day. With over 2,400 nominations received, 2023 marked the highest level of recognition to date since the VIP Annual Awards were launched six years ago. Colleagues from all across the organisation were recognised by their peers under our five 'Values' categories, and the additional categories of Community Impact Award and Living as Leaders Award. There has been 2,037 VIP Everyday's sent so far in 2023, which have been received by over 1,722 colleagues.

> "At PTSB we are fostering a culture of recognition, enabling colleagues to recognise each other from across the organisation who are living the Bank's Values and are making a positive impact to our business, our customers and our community."

People Experience Council (PEC)

As a group of leaders within the organisation, across multiple levels and functions, PEC members are empowered and mandated by their ExCo member to work with teams in their area as they seek to drive and support positive cultural and behavioural change. The PEC members listen to elevate colleague feedback and work to support the culture evolution in their function to address behavioural inconsistencies across the Bank, and to improve trust with our customers. As respected colleagues both in their division and across the bank, they lead the development of their Every Voice Counts (EVC) action plans to address areas of improvement.

The Irish Banking Culture Board (IBCB)

Established in 2018, the IBCB is an independent industry initiative funded by the three retail banks in Ireland. Its aim is to rebuild trust in the sector through demonstrating a change in behaviour and overall culture. As one of the three member banks, PTSB is committed to its mission of re-building trust in the banking sector supporting its programme of work, including colleague participation in the listening sessions on the role of the IBCB. The Bank also supported and co-facilitated a number of Financial Resilience training sessions with Safe Ireland key workers, under the IBCB partnership with the TASC and Safe Ireland for a Financial Awareness. Safe Ireland identified serious issues of financial illiteracy observed with domestic abuse victims, and this training will support the victims' ability to empower themselves.

We also continued embedding the IBCB's DECiDE (Ethical Decision Making) framework, as part of our Code of Ethics. The DECiDE framework acts as a practical guide and tool for colleagues, regardless of level, when making difficult decisions on a day-to-day basis. We look forward to continuing our work with the IBCB in 2024 and beyond, as we work hard to re-build trust in the banking sector together.

In 2023, we participated in the IBCB Éist Staff Survey to continue to listen and act upon the feedback from our colleagues on culture within the Bank and the industry as a whole. Éist is an Irish language word which means listen. The IBCB expressly use this word as since the establishment of the IBCB, one of the most consistent pieces of feedback received from bank staff and bank customers alike is that they want banks to listen to them more and to then act on that feedback. Along with the other member banks, PTSB is committed to listening to this feedback and working collectively and individually to address this through actions aimed at rebuilding trust in the Irish banking sector.

As one of the three member Banks of the IBCB, PTSB participated in the IBCB Éist Staff Banking Survey in April 2023, achieving a response rate of 63% (+10 vs. Sector). The IBCB's purpose is to work with member banks to build trustworthiness in order to assist the industry in regaining public trust. They are focused on promoting an environment where ethical behaviour lies at the heart of banking; fair customer outcomes are achieved; staff are supported and the industry reputation for competence is rediscovered.

We have seen strong improvements across the board compared with the 2021 Éist Survey, with significant gains in trust, ethical ways of working, pride and colleague wellbeing. This feedback from our colleagues demonstrates the impact of the improvements made which form the basis of a healthy and customer focused culture in the Bank. We look forward to continuing our work with the IBCB in 2024 and beyond, as we work hard to re-build trust in the banking sector together.

Yes Checks

We are building a trustworthy and sustainable business - One that has the best interests of colleagues and customers at heart, and one that makes a positive and lasting impact on our community. Our Culture Charter guides how we make decisions through our Purpose and Values. However, sometimes decisions are not simple and in 2022 we developed and piloted 'Our Yes Checks' to help colleagues weigh up the impact and consider the consequences of our decisions, so that we make the best decisions each day, every day. Our Yes Checks are designed to enable good debate, ensuring that no strategic decision is taken before different views have been considered and the related risks have been assessed. Ethical dilemmas are difficult, especially when there is no obvious 'right thing to do'. We recognise that we have more to do to help colleagues to act ethically every day, by creating a safe space to talk about ethical dilemmas and judgement calls more frequency. We need to encourage the use of the DECiDE framework for day to day decision-making, embedding it in to how we operate our business.

Our six 'Yes Check' questions, ensure that colleagues think about the consequences of decisions and their impact on our customers and colleagues, from a risk, compliance, ethical, sustainable and profitable growth perspective. During 2023 we have further refined Our Yes Checks and have extended across other Committees across the Bank.

What our colleagues said:

81% (+8pts v's sector) of the words used to describe our culture were positive including:	• Friendly • Risk Aware • Customer / client focused • Supportive • Respectful • Always looking to improve • Learning / Development • Diverse • Healthy Work-Life Balance • Fair
19% of words colleagues used were negative:	• Long Hours • Bureaucratic • Inefficient • Hierarchical

Culture in 2024 and Beyond

We are committed to living our Values every day, as they orient our behaviours and guide our decision making. We will continue our culture journey in 2024, to embed our new Brand, the delivery of our evolved Purpose and Ambition and embedding our Culture Statement.

Our key activities to continue our culture evolution will include:

- **Living as Leaders:** Role-modelling our Values through our actions and words by Living as Leaders every day.
- **Speak Freely:** Creating an environment where everyone feels safe to Speak Freely and to develop an innovative mindset.
- **Diversity, Equity & Inclusion:** Building a bank where everyone is included and encouraged to share different views and perspectives.
- **Smart Working Framework:** Supporting colleagues with new trust-based ways of working on a sustainable basis.
- **Wellbeing:** Supporting colleagues to bring their best selves to work in all aspects of their working day.
- **Customer Focus:** Building trust-based relationships with customers with due care and consideration always.
- **Risk Integration & Management:** Providing the supports and tools to help integrate and manage risk in all that we do every day.
- **Strong Stakeholder Engagement:** Listening and actioning feedback to align our Colleagues, Customers and Community.
- **Quality Communications (Internal):** Communicating in a way which is simple, clear and connects with every colleague.
- **Reputation Management (External):** Protecting, enhancing, and measuring our reputation in the community.
- **Brand:** Positioning PTSB to bring our Purpose to life.
- **Culture Measurement:** Encouraging colleagues to share their feedback to improve the colleague experience.
- **Cultural Integration:** Stimulating our Culture with the best of all acquired businesses "ways of doing things" in evolving our culture to deliver on our ambition.

Making a positive and lasting impact in our customer's lives has been at the core of PTSB throughout our over 200 year history. 2024 will be another important year in our journey as we collectively work hard every day to build trust with our customers. To build trust we are committed to being relevant and to demonstrate significant cultural change for our customers, colleagues, and community.

We are making improvements to our culture; we are doing a lot and have more to do to create a consistent experience for all. We are committed to improving our culture by embracing enablers & over-coming blockers. In order for us to have the culture we want, we need to build it together, step by step, with Trust and Psychological Safety at the core.

We are Open.
We are Inclusive.
We build Trust.
We are one PTSB.

Sustainability

Our Commitment to Building a Sustainable Business

'As the impacts of climate change become more severe and widespread, it is clear that immediate action is needed to secure a sustainable future. To this end, organisations are working to make their operations more sustainable, with many increasing their focus on sustainability and developing and implementing integrated Sustainability Strategies. PTSB's Sustainability Strategy gives us an opportunity to put our purpose into action - enabling us to play our part in addressing the global climate crisis, but also elevate our social impact, enhance our culture, and deliver what matter most to our customers and colleagues. Ultimately, building a sustainable organisation that is fit for the future.'

Eamonn Crowley, Chief Executive Officer

Impact in Action

Addressing Climate Change and Supporting the Transition to a Low Carbon Economy

A Board approved Sustainability Strategy aligned to the Sustainable Development Goals (SDGs)*

Issuance of the Banks inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report

c.€700m in Green Mortgage Lending in 2023, accounting for c.30% of New Mortgage Lending**

- An increased focus on Climate Risk, with the ongoing implementation of a Climate-Related and Environmental Risk Implementation Plan
- A CDP rating of B, indicating that the Bank addresses its environmental impacts and ensures good environmental management
- Disclosing the Bank's carbon impact across Scope 1, 2 and 3 (including financed emissions)
- Committing to setting science-based carbon emission reduction targets (SBTs) by 2024
- Founding member of the International Sustainable Finance Centre of Excellence
- A Sustainability Committee and a PTSB Green Team

Elevating Our Social Impact and Connecting with Local Communities

c.€19.4 million in donated and low-cost funding provided to the Social Finance Foundation since 2009***

€300,000 in charitable giving through the PTSB Community Fund in 2023, which included match funding by the Bank. Community Fund Partners included Bluestack Special Needs Foundation, Irish Motor Neurone Disease Association, ChildVision, Dublin Society for the Prevention of Cruelty to Animals (DSPCA), Down Syndrome Cork – Field of Dreams and the Cork Cancer Care Centre

c.1,700 volunteering hours provided on the ground last year, equating to c.€45,500 of in-kind giving

- Title Sponsorship of the Irish Olympic Team and the Irish Paralympic Team for the 2024 Games in Paris
- More than 67,000 students reached through the Olympic Federation of Ireland's Dare to Believe School Programme, proudly supported by PTSB
- c.17,700 students completing LIFT Ireland's 'Changing Futures for the Better' Schools Initiative, proudly supported by PTSB
- Launch of the PTSB NextGen athlete recruitment campaign, in partnership with Paralympics Ireland
- 8,000 financial reviews completed last year, supporting customers in taking control of their financial future
- A partnership with Dublin City University (DCU) Access Programme
- Re-certification to the 'Business Working Responsibly Mark' from Business in the Community Ireland

Enhancing Our Culture and Investing in Our People

81% Culture Index Score, +11% above our Culture Index Target of 70%

89% of employees feel comfortable to be themselves at work regardless of background or life experiences

58% Female Board Gender Composition and 39% of Senior Leadership positions are filled by Women

- A Diversity, Equity and Inclusion (DEI) Strategy supported by 5 Employee Resource Groups – LiveWell, PRISM, DiCE, Adapt and Better Balance
- Investors in Diversity Gold Accreditation, Irish Centre for Diversity, 2023
- 15.9% Gender Pay Gap
- 75,000 hours of training delivered through the Bank's eLearning platform COMPASS in 2023
- c.182 employees received an Institute of Banking (IOB) accreditation, with c.792 employees enrolled in banking education programming
- More than 2,300 nominations received to our Values in Practice (VIP) Awards, the Bank's Colleague Recognition Programme. Nominations were up 57% on 2022

Championing our Customers & Creating a Bank that is fit for the Future

Established a new Brand promise, 'Altogether More Human'

The first Irish Retail Bank to be awarded the Guaranteed Irish Symbol, recognising our contribution to local communities across the country

c.159 million logins on our digital channels in 2023

- Relationship Net Promoter Score (RNPS)****
  - of +20pts, up 10 points on last year and
  - placing PTSB in joint first position among
  - the retail banks in Ireland
- c.38,000 new Current Accounts and c.40,000 new Deposit Accounts opened during 2023
- 54% of new Current Account openings took place through the Bank's award winning Digital Current Account
- A Digital Mortgage Application Journey
- Broadening our Business Banking offering through partnerships with Bibby Financial Services, the Strategic Banking Corporation of Ireland, Digital Business Ireland and Worldpay
- A focus on cyber security and data protection
  - with training delivered to all colleagues

* The United Nation's Sustainable Development Goals (SDGs) were launched in 2015 to provide a plan of action for people, planet and prosperity. While we recognise that we may contribute to all 17 SDGs in some way, we have identified 6 as being core to our Strategy.

** A 5-Year Fixed Product available to all new and existing home loan customers where their homes have a confirmed or proposed Building Energy Rating of A1 to B3.

*** The Social Finance Foundation was established in 2007 by the Irish Government to address the needs of community organisations and social enterprises for loan funding which was difficult to obtain from mainstream financial institutions. Acting as a 'wholesaler', it provides funding to its lending partners Clann Credo and Community Finance Ireland.

**** A Relationship Net Promoter Score (RNPS) is a measure of customer advocacy towards a brand and indicates the willingness of a customer to recommend a company's products or services to others. The question asks customers how likely they are to recommend their bank to friends or family on the basis of their own experience. The range for the scoring is -100 to +100.

Awards, Recognition and Pledges

Awards and Recognition in 2023

- Winner - Best Current Account, Bonkers National Consumer Awards, 2023
- Winner - Best Mortgage for First-Time Buyers, Bonkers National Consumer Awards, 2023
- Winner - Innovative Banking Product, FS Awards, 2023
- Winner - Grand Prix Award, FS Awards 2023
- Winner - Financial Services Loyalty Programme/Initiative of the Year, Irish Loyalty and CX Awards, 2023
- Winner - Customer Experience Award, Marketing Institute Ireland All Ireland Marketing Awards, 2023
- Winner - Best Customer Success Story, Customer Experience Awards, 2023
- Winner - Best Customer Service Team, Customer Experience Awards, 2023
- Winner - Industry Profession of the Year (Team Leader), CCMA Awards, 2023
- Winner - Best Procurement Team of the Year, PTSB and Efficio, The National Procurement Awards, 2023
- Winner - Most Innovative Use of Technology – e-flow Procurement Software, PTSB and Efficio, the National Procurement Awards, 2023
- Investors in Diversity Gold Accreditation, Irish Centre for Diversity, 2023
- Winner - Inclusion and Diversity (Large), CIPD Awards, 2023
- Winner - Excellence in Diversity and Inclusion, Workplace Excellence Awards, 2023
- Winner - Excellence in Flexible and Hybrid Work, Workplace Excellence Awards, 2023
- Recertification to the Business Working Responsibly Mark, Business in the Community Ireland, 2023

Pledges

Business in the Community Ireland's Elevate Inclusive Workplace Pledge: PTSB has added our signature to Business in the Community Ireland's Elevate Pledge, committing to building inclusive workplaces that are representative of all members of our society. Workplaces have become more diverse, incorporating a multiplicity of backgrounds, experiences and identities. This has brought huge benefits to Irish business. However, diversity alone is not enough. Workplace inclusion is about creating a culture where everyone feels welcome, has access to opportunities and is supported to thrive.

Business in the Community Ireland's Low Carbon Pledge: PTSB was pleased to add our signature to Business in the Community Ireland's Low Carbon Pledge, deepening our commitment to long-term sustainability and committing to new climate action goals. The Pledge focusses on setting carbon emissions reduction targets based on science by 2024 and will include measuring and reducing our carbon footprint in line with the Paris Agreement and the latest Intergovernmental Panel on Climate Change (IPCC) findings. The Bank was proud to add our signature to the Pledge, joining 68 other Irish businesses in committing to set robust carbon emissions reduction targets.

Engaging with Stakeholders

We recognise that building strong relationships with our stakeholders, and ensuring that we engage with them regularly, plays a fundamental role in informing our Business Strategy. It guides our reporting, allows us to identify risks and emerging trends, while helping us to prioritise investment and resourcing - ultimately, enabling us to conduct and manage all areas of our business in a more sustainable way.

As part of the development of our Sustainability Strategy, in 2021, we engaged stakeholders to complete a materiality assessment to support us in identifying the Environmental, Social and Governance (ESG) issues that are not only material to our business, but important to our stakeholders.

PTSB's Materiality Matrix

The findings of the materiality assessment were consolidated to form a materiality matrix, with the position of material issues being plotted relative to the degree of stakeholder importance and potential business impact.

It is important to note, that the 20 issues that were deemed as being material to our stakeholders, are also considered as important areas of focus for us at PTSB, regardless of their position within the matrix. As such, each material issue has been given representation, in one form or another, in our overall Sustainability Strategy.

For a full overview of the Bank's Materiality Assessment process, please see our 2022 Annual Report.

During 2024, the Bank will complete an exercise in double materiality in line with Corporate Sustainability Reporting Directive (CSRD) Regulation. The exercise will assess both stakeholder impact and financial materiality of the issues that are critical to our business and will form an integral part of our stakeholder engagement strategy for the year ahead.

Sustainability
(continued)

Sustainability Strategy
The materiality assessment findings and associated stakeholder insight have played an important role in the development of an overarching Sustainability Strategy for the organisation across 4 key areas of focus.

4 Key Areas Of Focus	Addressing Climate Change & Supporting The Transition To A Low Carbon Economy	Elevating Our Social Impact & Connecting With Local Communities	Enhancing Our Culture & Investing In Our People	Championing Our Customers & Creating A Bank That Is Fit For The Future
We're Committed To	• Managing Climate Risk • Delivering sustainable products and services • Ensuring responsible procurement practices • Minimising our carbon impact and managing our wider environmental footprint • Ensuring transparency through reporting	• Maintaining our branch presence • Enabling accessibility of our products and services • Encouraging customer financial wellbeing and literacy • Investing in local community initiatives • Addressing social issues, such as social and affordable housing	• Encouraging the right cultural behaviours • Embedding our values and creating a culture of 'Speaking Freely' • Focusing on Diversity, Equity and Inclusion • Investing in employee learning and development • Fostering employee wellbeing	• Delivering high quality products and a superior customer experience • Supporting our Business Banking customers • Investing in digital transformation and innovation • Ensuring cyber security • Managing data protection • Delivering long-term, sustainable profitability

OUR STRATEGY IS UNDERPINNED BY

Living Our Purpose And Ensuring Strong Corporate Governance, Compliance And Fair Business Conduct

The 6 United Nations Sustainable Development Goals (SDGs) At The Core Of Our Strategy

The United Nations Sustainable Development Goals
The United Nation's Sustainable Development Goals (SDGs) were launched in 2015 to provide a plan of action for people, planet and prosperity. The 17 goals act as an urgent call for action for countries to work together to develop strategies to tackle some of the world's most critical issues.

While we recognise that we may contribute to all 17 SDGs in some way, the following six have been identified as being core to our Strategy.

The following is a summary of progress made under each of the 4 pillars of the Bank's Sustainability Strategy during 2023.

Addressing Climate Change and Supporting the Transition to a Low Carbon Economy

Overview

The Bank recognises our environmental impact and is mindful that making a positive contribution to the economy through consideration of environmental issues across each channel of our organisation is fundamental to running our business in a responsible and sustainable way. In order to achieve this, we are focussed on: managing climate-related and environmental risk; supporting the transition to a low carbon economy; and, taking action to reduce our own environmental footprint, while continuing to disclose transparently.

Sustainable Development Goals

Impact in Action:

An increased focus on climate-related and environmental risk, with the ongoing implementation of a Climate-related and Environmental Risk Implementation Plan
A Low ESG Risk Rating through Sustainalytics
A CDP rating of B, indicating that the Bank addresses its environmental impacts and ensures good environmental management
Issuance of the Bank's inaugural Task Force on Climate-Related Financial Disclosures (TCFD) Report
Committing to setting science-based carbon emission reduction targets (SBTs) by 2024
Continued success of the Bank's Green Mortgage, with c.€700 million in green lending drawn down during 2023, accounting for c.30% of new mortgage lending

Climate-related and Environmental Risk Management

Central banks and financial regulators widely acknowledge that climate change is a source of financial stability risk. Managing climate-related and environmental (CR&E) risks and opportunities is a key area of focus for the Bank under the 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy' Pillar of our Sustainability Strategy.

We are conscious of the effect that climate change has on the Bank and view it as manifesting itself in two ways, firstly, through the operations of our business and secondly the financial risk it brings to the economy in the longer term.

The Bank made good progress in 2023 on the integration of CR&E consideration across its operations. These include:

- Ongoing delivery of the Bank's CR&E Implementation Plan;
- Completing a CR&E Risk Qualitative Materiality Assessment;
- Sourcing and integrating CR&E Risk data for Bank use to inform CR&E Risk analysis;
- Developing CR&E Key Risk Indicators;
- Building CR&E consideration into the Bank's Product and Proposition development process and delivering c.€700 million in green lending through the Bank's Green Mortgage;
- Delivering CR&E risk training and supports to the Board, Executive Committee and the Senior Leadership Team;
- Completing an ESG Risk Rating through Sustainalytics and receiving a Low Rating;
- Contributing to CDP and achieving an B rating;
- Disclosing on CR&E under the recommendations of the Taskforce on Climate-related Disclosures (TCFD);
- Measuring and disclosing our carbon impact across Scope 1, 2 and 3 (including our financed emissions); and,
- Introducing a Sustainable Supplier Charter.

In addition to these deliverables, the Bank has invested in resources to deliver on its Sustainability Programme objectives, which includes the appointment a professional services firm to provide strategic guidance and support, as well as introducing a Climate Risk Manager and a Sustainability Manager.

For more information on the Bank's approach to CR&E Risk Governance, Strategy and Risk Management and Metrics and Targets, please visit our TCFD Report beginning on page 48.

Sustainable Products and Services

Notwithstanding the fact that climate change presents risk to financial institutions, it also brings with it a significant opportunity to meet new customer needs.

Ireland's Climate Action Plan 2023 provides a detailed plan for taking decisive action to achieve a 51% reduction in overall greenhouse gas emissions by 2030 and setting the country on a path to reach net zero emissions by no later than 2050.

Key areas of focus within the Plan include: Powering Renewables; Building Better; Transforming How We Travel; Making Family Farms More Sustainable; Greening Business and Enterprise; and, Changing our Land Use.

The country's financial institutions will have a role to play in financing elements of the Plan, while also supporting the broader green transition through the implementation of sustainable products and services.

PTSB's Green Mortgage

Our customer research has indicated that 64% of consumers are actively taking steps to be more sustainable, with 55% stating that sustainability is important to them when availing of financial products and services. This customer insight has enabled the Bank to identify a customer need in relation to green products and services.

To support the above, in 2022 the Bank introduced our Green Mortgage to the market, a 5-Year fixed rate product available to all new and existing home loan customers where their homes have a confirmed or proposed Building Energy Rating of A1 to B3.

During 2023, c.700 million in green lending was drawn down, accounting for c.30% of new mortgage lending.

The Green Mortgage is envisaged to be the first in a suite of Sustainable (Green*) Finance Product offerings for PTSB, with proposition development continuing on future products for both the Retail and SME sectors.

Strategic Banking Corporation of Ireland's Retrofit Loan Scheme
PTSB was pleased to be accepted as participating on-lender in the Strategic Banking Corporation of Ireland's (SBCI) new Retrofit Loan Scheme. The Scheme is aimed at supporting consumers and small private landlords who wish to invest and improve in the energy efficiency of a residential property.

Under Ireland's Climate Action Plan, the Irish State set a target to upgrade 500,000 homes to a Building Energy Rating B2 level and the installation of 400,000 heat pumps in existing premises to replace fossil fuel heating systems.

To meet these targets, there is a requirement to develop a loan guarantee scheme to provide a competitive funding offer with State support to help increase the volume of retrofit activity. The guarantee-based product will offer both a degree of risk-sharing to lenders, and an additional leverage effect to mobilise private capital, which means that the funding is used in a more efficient way.

The €500m Scheme will be part-funded by the Department of the Environment, Climate and Communication and the EU Recovery and Resilience Facility under Ireland's National Recovery and Resilience Plan, and will be backed by a counter guarantee provided by the European Investment Bank.

PTSB was successful in obtaining €100m in funding and is preparing to launch the Scheme to customers during 2024.

Partnerships

Sustainable Finance Centre of Excellence
PTSB is pleased to be a founding member of the International Sustainable Finance Centre of Excellence, a key output of Ireland's Sustainable Finance Roadmap.

Headquartered in Dublin, the Centre is focused on the practical acceleration of the sustainable finance agenda at a policy, regulatory and market level. Fully aligned with the Ireland for Finance Strategy; the Irish Climate Action Plan; and, the EU's Renewed Sustainable Finance Strategy it leads on research, talent development and leadership activities to support the design and implementation of innovative financial solutions to facilitate the transition to a net zero economy in Ireland, and internationally.

In addition, the Centre plays a critical role in delivering the Sustainable Finance Roadmap – which was co-created by Sustainable Finance Ireland, the UN convened FC4S and Skillnet Ireland, in collaboration with key stakeholders, including PTSB – and the Ireland for Finance Strategy which aims to position Ireland as a global centre of sustainable finance by 2025.

We know that collaboration amongst the financial services sector will be critical for success, as we continue to navigate this next, and very important chapter. The Centre provides an opportunity for member organisations to work together collaboratively to develop meaningful solutions that will deliver a lasting impact.

Teagasc Signpost Programme
PTSB is proud to work with the Teagasc Signpost Programme, a multi-annual campaign to lead climate action by all Irish farmers.

The Programme aims to achieve early progress in reducing gaseous emissions from Irish agriculture and also improve water quality, maintain (and in some cases) improve biodiversity, reduce costs and create more profitable and sustainable farming enterprises.

There are two elements to the programme; a network of Signpost Farms, including beef farms, which will act as demonstration farms for the programme and sites for carbon sequestration measurements; and the Signpost Advisory Campaign, which engages with farmers and supports them to move towards more sustainable farming systems.

PTSB is focused on supporting our Business Banking customers, with an added layer of focus on customers who need additional support to establish infrastructure for new climate friendly business models.

We are committed to:
- Developing lending products for Business Banking customers that support sustainability goals and objectives and work with the SBCI to help develop market products to support;
- Partnering with agencies to provide Business Banking customers with training, advice and tools to further their understanding of sustainability;
- Embedding the Teagasc Signpost Programme into our lending processes for Agri; and,
- Introducing specialised training to support the Agri sector with the help of Teagasc.

Carbon Impact and the Transition to a Low Carbon Economy

In 2021, PTSB deepened our commitment to long-term sustainability and committed to new climate action goals by signing Phase 2 of the Low Carbon Pledge. The refreshed Pledge focusses on setting carbon emissions reduction targets (SBTs) based on science by 2024 and includes measuring and reducing our carbon footprint in line with the Paris Agreement and the latest Intergovernmental Panel on Climate Change (IPCC) findings.

The first step to setting SBTs is understanding our carbon footprint. During 2023, we continued our focus on improving our data and completed a comprehensive assessment of our emissions across Scope 1, Scope 2 and Scope 3, including the Bank's financed emissions.

* Green Products and Propositions are those which address the Bank's climate change objectives

Carbon Footprint
A breakdown of our carbon impact across Scope 1, 2 and 3 can be found below:

Emissions	2022 tCO2e	2023 tCO2e
Scope 1	1,188	841
Scope 2 (Location-based value)	2,502	2,217
Scope 2 (Market-based value)	0	0
Scope 3 emissions	230,682	342,035
Total Scope 1, 2 and 3 (Location-based value)	234,372	345,093
Total (Market-based value)	231,870	342,876

For further detail relating to our carbon impact and the calculation assumptions associated with the Bank's emissions, please visit our TCFD Report beginning on page 48.

Our Own Operations

Energy Usage and Efficiency
At PTSB, we know that the use of energy is a significant contributor to our emission intensity and that in order to reduce our impact on climate change that we need to address our energy usage. In order to achieve this, we are committed to reducing our overall consumption, while also moving to low carbon energy sources.

With this in mind, in 2023 we took additional action to minimise the carbon impact of our operations through continuing to invest in energy efficiency initiatives and programming, including:

- Purchasing 100% renewable energy;
- Rolling out energy smart metres across our branch locations to get information relating to consumption in real time;
- Continuing to migrate our data centre to a new and more efficient building. The migration is expected to reach completion during 2024 and will see the Bank improve the energy efficiency of our data centre;
- Implementing LED lighting across our branch network as part of our ongoing branch refurbishment process;
- Celebrating Earth Hour, raising awareness and encouraging our colleagues to reduce their energy consumption both in the office and at home; and,
- Introducing colleague communication and awareness campaigns focussed on energy efficiency, led by the PTSB Green Team.

Energy Consumption*	2021 GWh	2022 GWh	2023 GWh
Electricity - Total	8.7	8.4	9.5
Natural Gas	2.9	2.9	1.8
Oil	0	0	0
Fuels	1.4	1.4	0.2
Total	**13.0**	**12.8**	**11.4**

* See TCFD Report for full comments on data and calculations methodology.

During 2023, we estimate that our direct energy usage equated to 11.4 GWh. This was a decrease of 11% compared to 2022.

Waste Management and the Circular Economy

Waste Reduction

PTSB's waste management supplier is committed to ensuring that all waste is diverted from landfill and goes to incineration and converted to energy, recycled or upcycled.

Waste Generation	2021 Tonnes	2022 Tonnes	2023 Tonnes
Waste to Energy	84	93	103
Recycling Waste	42	54	58
Recycled Confidential Shred Waste	191	229	132
Recycled Used Cooking Oil	0.9	0.9	1.2
Recycled Grease	3.0	3.2	0.1

Actions taken to reduce our waste during 2023 include:

- Introducing new recycling and waste management stations in our Corporate Call Centre. The implementation included a multi-channel awareness campaign for colleagues designed to encourage a shift in mind-set and behaviour aligned to our Sustainability Strategy and waste management objectives;
- Ongoing rollout of the Bank's market-leading Digital Current Account, eliminating between 130-270 pages of paper from our business for every application that comes through the online channel. During 2023, more than 16,000 Current Account applications came through the online channel, resulting in a reduction of c.2.3 million pages of paper;
- Introducing a new Digital Mortgage Journey, eliminating c.250 pages of paper from our business for every application that comes through the online channel. More than 3,000 Mortgage applications came through the online channel in 2023, resulting in a reduction of c.785,000 pages of paper;
- Engaging shareholders to encourage them to receive the Annual Report by electronic means. The Bank has c.130,000 shareholders. In 2023, we issued c.1,000 units of the Annual Report in hardcopy. The remaining copies were issued in digital form, saving more than 16 million pages of paper;
- Celebrating Earth Day, raising awareness and encouraging both our internal and external stakeholders to reduce, reuse and recycle, both in the office and at home; and,
- Monitoring water consumption in all of our branch and administrative sites.

Sustainable Sourcing and Procurement

Sustainable Sourcing and Procurement is at the heart of our Sustainability Strategy and ensuring that we purchase goods and services and engage with our suppliers in a sustainable way is fundamental to its delivery. We set high standards for ourselves and for our suppliers. We insist that all of our business activities are conducted lawfully, sustainably and above all, ethically.

At PTSB, we continue to enhance our Procurement and Sourcing Frameworks to ensure that they support our sustainability goals and objectives. Our Procurement Policy sets out a framework for engaging with our suppliers, including a commitment to procure goods and services from suppliers who can support the needs of our business in a sustainable manner.

The Framework is supported by our Sustainable Supplier Charter, which sets out our expectations of suppliers and acts as a 'Code of Conduct' detailing what is expected from all suppliers with regard to business practice and responsibilities as a supplier to PTSB.

In addition we hold membership to the Financial Supplier Qualification System (FSQS), an online platform where suppliers submit their compliance data and information relating to their organisation, allowing us to have a consistent view of our suppliers to ensure they meet our minimum standards.

We are focussed on minimising our environmental impact from purchased services, while also working alongside our suppliers to find opportunities to procure goods in a sustainable way. Key progress during 2023 includes:

- Continuing to engage with all suppliers through the expectations that we set out in the Bank's Sustainable Supplier Charter;
- Working alongside our partners to continue to develop our carbon cube; which takes spend data and combines it with a category-specific emission factor in order to calculate supplier emissions in line with the Greenhouse Gas (GHG) Protocol methodology; and,
- Delivering sustainable procurement training to the Bank's Sourcing and Procurement Team.

During 2023, PTSB and our Procurement partner Efficio were proud to win awards for Best Procurement Team of the Year and Most Innovative Use of Technology at the National Procurement Awards, recognising the progress that we have made over the last year.

The Bank's Procurement Policy and Sustainable Supplier Charter is reviewed annually, communicated as required and made available to our colleagues on our internal website.

Circular Economy

The circular economy has been identified as a priority by the Irish Government as set out in the Whole of Government Circular Economy Strategy 2022 – 2023 'Living More, Using Less'. At PTSB we understand that by moving away from linear production methods to a more circular approach, it will enable us to reduce waste and also contribute to the use innovative methods when designing goods through our purchasing power.

A Banking Uniform Designed with Sustainability in Mind

In 2023, the Bank partnered with Tailored Image to design and produce a new suite of uniforms for our colleagues across the Branch Network.

As part of the tendering process, it was important that the new uniforms were procured with sustainability in mind in order to meet the Bank's sustainability objectives at all stages of the process – from method of manufacture, to the packaging used to deliver it.

The new suited garments are made from recycled plastic bottles. The packaging for all uniforms contains no plastic and instead has a recyclable cardboard backing board for shirts, metal clips and biodegradable and/or recyclable polythene bags for wrapping.

Biodiversity

The United Nations reports that unprecedented changes to our ecosystems and the loss of biodiversity presents an increasing threat to nature, human lives, livelihoods and wellbeing. As stated in the Joint Committee on Environment and Climate Action's Report on Biodiversity the climate crisis and biodiversity are inextricably linked, and must be viewed holistically.

At PTSB, we recognise that we must address biodiversity loss and take action to protect our ecosystems.

Actions taken during 2023 include:

- Supporting the Native Woodland Trust, enabling the organisation to plant native trees in Ireland at a woodland site that is open to the public; and,
- Initiating a pilot project across our Retail Network with the aim of creating spaces for introducing native plants and shrubs across selected sites around the country.

Green Team

PTSB has in place an employee-led Green Team, a cross functional working group who together, work on green initiatives and awareness campaigns that support our green agenda.

With the support of the wider Sustainability Committee, the team are focused on environmental programming including: energy efficiency and transition to a low carbon economy; use of resources and recycling; green procurement; biodiversity and green space; volunteering initiatives with an environmental impact; and, training, communication and awareness.

Elevating Our Social Impact and Connecting with Local Communities

Overview

With a presence in more than 100 retail and office locations nationwide, PTSB is a local community Bank whose purpose is to work together to build trust with our customers and communities. We are a community serving the community and our commitment to encouraging financial wellbeing, ensuring the accessibility of our products and services and investing in local communities across the country is a demonstration of that purpose in action.

Sustainable Development Goals

Impact in Action:

c.€19.4 million in donated and low-cost funding since provided to the Social Finance Foundation since 2009
c.€300,000 in charitable giving through the PTSB Community Fund in 2023, which included matched funding by the Bank
c.1,700 volunteering hours were provided on the ground in local communities last year, equating to c.€45,500 of in-kind giving
More than 67,000 students reached through the Olympic Federation of Ireland’s Dare to Believe School Programme in 2023
Launch of the PTSB NextGen athlete recruitment campaign, in partnership with Paralympics Ireland

Encouraging Financial Wellbeing

At PTSB, we recognise that we have a responsibility to enable financial wellbeing among our customers.

As part of our partnership with Irish Life, all customers can avail of a free financial review, focused on supporting them in making informed financial decisions. The financial health check is undertaken by Irish Life and was traditionally completed by making an appointment at any of our branch locations nationwide. In 2023 we completed c.8,000 financial reviews, both in-person and through our digital channels, to support customers in taking control of their financial future.

Enabling Accessibility of Our Products and Services

PTSB is committed to understanding the needs of our customers and to ensuring that the products and services we provide allow all people, including those who may be vulnerable or underrepresented, equal opportunity to access them.

To support the above, the Bank has in place a set of Vulnerable Customer Guiding Principles, an Enhanced Customer Support Policy and Framework to enable us to remove barriers, meet the needs of customers who may require additional support and care and to provide guidance and support to our colleagues.

The following measures are in place in order to provide appropriate access and support to our customers including:

- Enhanced Customer Support Charter for all colleagues which provides guidance on how we support customers in accessing our products and services including those who may be vulnerable;
- Continued support for the most vulnerable when moving their banking relationship as set out in ‘A Guide to Moving Banks for Customers in Vulnerable Circumstances';
- Provision of an Enhanced Customer Support Team within the Bank's Customer Contact Centre, with a supporting dedicated phone line;
- Vulnerable Customer Appointment Booking Service through our Enhanced Customer Support Team;
- A dedicated webpage for customers requiring enhanced support, outlining the services available and providing detail in relation to how they can be accessed;
- Creation of an internal digital hub for staff with training and supports including Assisted Decision Making Act Resources and Supports, policies and procedures, internal communications and links to external supports for all colleagues across the Bank;
- A Sign Language Interpreting Service (SLIS) for customers to interact with us via interpreter services in our branch and over the phone;
- Working with Inclusion and Accessibility Labs (IA Labs) and the National Council for the Blind (NCBI) towards Web Content Accessibility Guidelines 2.1 level AA certification in order to provide a website that is accessible to the widest possible audience, regardless of technology or ability;
- Web Accessibility Advice Guidelines offering customers simple ways to make it easier to view content on our web pages including changing font size, colours and browser zoom options;
- A webchat service providing alternative ways to access the help and support of our Customer Support Team;
- A dedicated webpage to support customers affected by the humanitarian crisis in Ukraine, which included a guide available in both English and Ukrainian;
- A dedicated phone line to support our Ukrainian customers in booking appointments; and,
- Refunding all transaction fees on SWIFT payments to Ukraine and Moldova.

PTSB ensures that accessibility standards are embedded into our online and mobile channels, as well as in the development of its digital platforms. In our Retail Network, our branches are designed with accessibility in mind.

JAM Card

PTSB is proud to support the ‘Just a Minute’ (JAM) Card initiative across each of our retail locations nationwide.

JAM Card is a growing initiative that allows customers with a learning difficulty, autism or communication barrier tell others that they need ‘Just a Minute’ discreetly and easily when in public settings like shops, public transport or their local PTSB branch.

The JAM Card is a welcome addition to the Bank's growing supports for vulnerable customers, allowing our customer facing teams to give JAM Card users a bit of extra support and time when conducting their transaction.

Dublin City University Access Scholarship Programme and Access to the Workplace Programme

In 2023, PTSB was proud to continue our partnership with Dublin City University's (DCU) Access Scholarship Programme, which provides funding support that enables DCU to put students through 3rd level education programming and realise their full potential.

As part of the partnership, the Bank are also actively involved in the DCU Access to the Workplace Programme, providing paid work placement opportunities and professional career guidance and support to talented students from socioeconomically disadvantaged backgrounds.

The Access to the Workplace Programme was established in 2019, with the aim of providing Access students high quality internship opportunities within leading Irish businesses, in order to support them in gaining work experience that is related to their degree endeavours. To complement the above, Access to the Workplace provides students with a range of personal, financial and academic support to enable students to thrive and excel in their studies during their time at DCU.

Since its establishment in 2019, the Programme has provided 318 summer internships for DCU students with 95 partner companies and it has received widespread recognition for its excellence and innovation.

Investing in Local Communities through the PTSB Community Fund

The PTSB Community Fund was established to support communities by providing funding to community organisations that are having a positive and meaningful impact on the ground and who are working hard to make a difference.

With more than 120,000 votes cast by the Irish public through both our website and mobile App, in 2023 the Bank was proud to announce Bluestack Special Needs Foundation, Irish Motor Neurone Disease Association, ChildVision, Dublin Society for the Prevention of Cruelty to Animals (DSPCA), Down Syndrome Cork – Field of Dreams and Cork Cancer Care Centre as its Community Fund Partners for the fundraising year.

Numerous fundraising events were organised and managed by our colleagues from around the Bank throughout the year including: the Charity Table Quiz; Payroll Giving Campaign; Christmas Mega Raffle; and, Hell & Back – an 8km obstacle course which saw our colleagues climb, crawl and swim in support of our Community Fund Partners .

All money raised during the year was match funded by the Bank, for an overall donation to our Community Fund Partners of c.€300,000.

Since its establishment, the Community Fund has contributed c.€1.8million in funding to Irish community organisations, supporting local communities across the country.

In 2023, PTSB was proud to be shortlisted at the Bonkers National Consumer Awards in the Best Community or Charity Engagement Category for the work of the PTSB Community Fund.

PTSB Employee Volunteering Programme

The Bank has in place an Employee Volunteering Programme and corresponding Volunteering Policy. The Programme is driven by the PTSB Community Fund Committee and sees our colleagues from across the organisation take part in the volunteering initiatives affiliated with the Bank's Community Fund Partners.

During 2023, c.1,700 volunteering hours were provided on the ground in local communities, equating to c.€45,500 of in-kind giving. Feedback from our people has been positive, with 95% of participants saying that they would recommend the Employee Volunteering Programme to a colleague.

Addressing Affordable Housing through our Partnership with Ó Cualann Cohousing Alliance

During 2023, we continued to embed our partnership with Ó Cualann Cohousing Alliance, supporting the agency's work developing fully integrated, co-operative and affordable housing schemes in communities across the country. Ó Cualann is a member of the SEI Network and is an SEI Impact Programme Awardee - a programme recognised as having the potential to grow and scale its impact.

As part of the partnership, the Bank has provided €350,000 to Ó Cualann, which is being used to fund the resources required to accelerate its development plans with the aim of building more than 1,800 houses across Ireland.

The Ó Cualann Cohousing Alliance was founded in 2014 with the aim of providing fully integrated, co-operative, affordable housing in sustainable communities. The agency is committed to a zero carbon future and are involved in three post-occupancy energy use studies to ensure that homeowners are using their A-rated homes to the maximum potential. The three schemes (Amber, Esher and Autodan) are part of SEAI and Horizon 2020 research projects.

Social Finance Foundation

The Social Finance Foundation (SFF) was established, as a not-for-profit, in 2007 by the Irish Government to address the needs of community organisations and social enterprises for loan funding which was difficult to obtain from mainstream financial institutions.

The SFF's mission is threefold: Firstly, generate a strong social impact by funding, through its lending partners, creditworthy projects with loan finance; Secondly, to realise the full potential of social finance in Ireland; Finally, working collaboratively, to undertake research and deliver initiatives which promote social good, with the Irish Government and the Irish Banking Industry as its sponsors.

Since inception, the SFF has granted more than €200 million in funding to c.2,000 social projects in communities throughout Ireland.

Recognising the social mission of the SFF, PTSB has made available more than €19.4 million in donated and low-cost funding since 2009. Through a partnership with Banking & Payments Federation Ireland (BPFI), and collaboration with the broader Irish Banking Sector, future funding has been agreed through 2025.

Title Sponsorship of the Irish Olympic Team and the Irish Paralympic Team

PTSB is pleased to be the title sponsor of Team Ireland for the 2024 Games in Paris, becoming the first-ever title sponsor to partner with both the Irish Olympic Team and the Irish Paralympic Team during an Olympic and Paralympic cycle. The partnership also marks the first time that Paralympics Ireland has had a title sponsor.

At PTSB we are not only passionate about sport, but we also understand its importance at the heart of communities the length and breadth of the country.

As part of the partnership, we are delighted to be working alongside eleven world class athletes who will act as ambassadors for the Bank. These athletes include Olympic Champion Boxer Kellie Harrington, Olympic Badminton Player Nhat Nguyen, Olympic Champion Rower Paul O'Donovan, Olympic Champion Rower Fintan McCarthy, Olympic Hurdler Sarah Lavin, Olympic Gymnast Rhys McClenaghan, Olympic Swimmer Daniel Wiffen, Paralympic High-Jumper Jordan Lee, Paralympic Swimmer Nicole Turner, Paralympic Cyclist Ronan Grimes and Paralympic Powerlifter Britney Arendse.

The Olympic Federation of Ireland's Dare to Believe Schools Programme

In addition to our title sponsorship of the Irish Olympic Team and the Irish Paralympic Team, PTSB is also proud to be title sponsor of the Olympic Federation of Ireland's Dare to Believe Schools Programme.

Dare to Believe was originally launched in 2019 in order to bring the spirit of the Olympic Games to the primary school classroom and inspires young people across Ireland to dare to believe in themselves. Our community ethos is a key differentiator for PTSB and like us, Dare to Believe is grounded in communities across the country.

Over the last year, we were pleased to be able to support the Programme's expansion into secondary schools to help further grow its impact.

During 2023, 700 primary and secondary schools took part in Dare to Believe programming, with the curriculum being delivered to more than 67,000 students in communities across the country.

The PTSB Sanctuary Run in partnership with the Olympic Federation of Ireland and Athletics Ireland

As proud title sponsor of Team Ireland, PTSB were delighted to collaborate with our partners at the Olympic Federation of Ireland, as well as the teams at both Sanctuary Runners and Athletics Ireland to deliver the PTSB Sanctuary Run 2023.

Through our own commitment to Diversity, Equity and Inclusion, we continually seek to create a more inclusive PTSB for our colleagues and for our customers.

The Sanctuary Runners are a community charity who promote social cohesion and community integration through sport. They have a particular focus on those living in direct provision and those currently seeking asylum. The Sanctuary Run is their annual headline event, a family 5km run held on the National Cross Country Course at the National Sports Campus in Dublin. The Run creates awareness and raises funds for the important work that Sanctuary Runners do in communities across Ireland, using sport as a force for social good.

More than 800 people took part in the PTSB Sanctuary Run 2023, coming together in solidarity regardless of their nationality, background or personal experience.

PTSB NextGen in Association with Paralympics Ireland

As part of our Team Ireland sponsorship, we were honoured to work with our partners in Paralympics Ireland this year to deliver the first ever PTSB NextGen Athlete Pathway Programme.

PTSB NextGen's vision is to improve access to and participation in sport for people living with a disability and providing them with an opportunity to uncover their abilities in sports in which they may not have had the chance to try. Paralympic Sport is the pinnacle of a sporting career in disability sports. However, for multiple reasons (including logistics, information and accessibility) there are athletes out there that have abilities in sport, but they may not have had the opportunity to realise them.

The Programme brought Paralympic sport to athletes at four regional events (Galway, Cork, Lisburn and Dublin) introducing athletes to sports, testing their physical capabilities and providing a link between the athlete and the relevant Sporting National Governing Body.

The Programme is the first of its kind in Ireland.

The PTSB Sustainability Team and Community Fund Committee manage the engagement with both our charity and community partners, and ensure that effective governance is in place via the implementation of comprehensive partnership agreements, as required. In addition, the Bank has in place a Community Fund Constitution, a document which governs how we engage with charities, manage relationships and includes processes for completing effective due diligence at regular intervals.

PTSB's Chief Executive Officer receives regular updates regarding the implementation of the Elevating Our Social Impact and Connecting with Local Communities Pillar of the Bank's Sustainability Strategy. Progress against Key Performance Indicators (KPIs) is reported upward to the ExCo and the Nominations, Culture and Ethics Board Committee on a quarterly basis, or more often as required.

Enhancing Our Culture and Investing in Our People

Overview

The Bank's ambition to be Ireland's best personal and business Bank through exceptional customer experiences is only possible if we create a diverse and inclusive, risk aware, growth culture, where our colleagues feel engaged, valued and are given the support that they need to be the best they can be.

Sustainable Development Goals

4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES

Impact in Action:

89% of employees feel comfortable to be themselves at work regardless of background or life experiences
81% Culture Index Score, +11% above our Culture Index Target of 70%
58% Female Board Gender Composition and 39% of Senior Leadership Positions are filled by Women
75,000 hours of training delivered through the Bank's eLearning platform COMPASS in 2023
c.182 colleagues received an Institute of Banking (IOB) accreditation, with c.792 employees enrolled in banking education programming
More than 2,300 nominations received to the 'Values in Practice' (VIP) Awards, the Bank's colleague recognition programme. Nominations were up 57% on 2022
Investors in Diversity Gold Accreditation, Irish Centre for Diversity, 2023

Irish Banking Culture Board

PTSB is actively involved in improving culture across the banking industry as a member of the Irish Banking Culture Board (IBCB), since it was established in 2018. The IBCB, which operates as an independent body chaired by Justice John Hedigan, helps to ensure the industry is focused on fair outcomes for our customers and employees, thereby rebuilding a sustainable banking sector. With the objective of rebuilding trust and improving culture and behaviours in the industry, the Board includes representation from the three Irish Retail Banks.

Throughout 2023, we continued our contribution to and support of the IBCB and its programme of work, including:

- Playing an active role in a number of IBCB workshops focussed on addressing key challenges across the sector;
- Participating in the IBCB Éist staff survey to continue to listen and act on feedback from our colleagues on culture within the Bank, and across the wider industry; and,
- Embedding the industry wide DECiDE (Ethical Decision Making) Framework as part of our Code of Ethics.

For more on the progress made in our cultural evolution during 2023, please visit page 20.

Living as Leaders

We believe that the consistent actions and behaviours of everyone, every day is essential in creating a better future for one another and for our Bank.

During 2023, PTSB were proud to partner with LIFT Ireland (Leading Ireland's Future Together) for the fourth year to continue our Living as Leaders Programme, which aims to promote and encourage the right behaviours across all levels within the organisation.

LIFT Ireland is a not-for profit organisation with a vision to make Ireland a better place to live by creating better leaders across our society and in our communities. LIFT's philosophy aligns closely with that of PTSB's, as they believe that each of us is a potential leader; whether that is within our families, our schools, our sports teams or our businesses. LIFT believe that by developing personal leadership qualities within each individual, we can develop a generation of stronger and better leaders.

Over the last year, we were pleased to be able to support the Programme's expansion into the Language and Leisure schools programming to help to further grow its impact.

During 2023, 300 schools took part in the Language and Leisure schools programming, with the curriculum being delivered to c.17,700 students in communities across the country.

For more on Living as Leaders, please visit page 19.

High Performance Culture

The Bank's Performance Management Strategy is designed to cultivate a culture where employees are valued, developed and motivated to use their talent, empowered to bring their best selves to work and provided with regular coaching and open two-way feedback. Performance for each employee is evaluated under two core principles which are equally weighted:

- What You Do in line with the Bank's Strategic Priorities; and,
- How You Do It in line with the Bank's espoused Culture and Values.

The Bank has in place a set of core competencies for all colleagues, relevant to their role within the business. These competencies are aligned to our Organisational Values – Courageous, United, Straightforward, Customer Focused, and Open – and describe the mind-set and behaviours required for all colleagues within the Bank. The competencies are an integral part of our Career Development Framework, supporting our colleagues' development and on the job career growth trajectory.

PTSB has in place an online performance management system, Performance COMPASS, to encourage quality conversations and to streamline the completion of the performance management process.

Pay and Reward

The Bank has a Pay and Reward Policy which targets base pay to an acceptable range around the market median. This Policy is reviewed on a regular basis, including assessing the competitiveness of total reward arrangements against market norms and taking account of State agreements.

In December 2022, the Minister for Finance issued a deed of partial release in respect of the 2011 Placing Agreement and accompanying Minister's Letter which relaxed the restrictions on variable pay so as to allow for maximum pay-outs (aggregated) of €20,000 in any 12-month period.

The Bank is committed to ensuring the ongoing alignment of remuneration with our overall business strategy and sustainability objectives, by linking pay outcomes directly to individual performance (what our colleagues achieve but also the manner in which they achieve it), and how their contribution strengthens both our shared culture and the long-term sustainability of our business.

PTSB is cognisant of the extent of the cost of living crisis and the impact that increases in energy, food and fuel prices have had for our colleagues and their families. In 2023, in recognition of the extent of the pressures and in addition to the previous special 'cost of living' gestures extended in 2022, the Bank took the decision to process a special, once-off support payment equivalent to 2% annual salary. This payment was extended to eligible colleagues up to and including our less senior managers but excluded our Middle and Senior Management Teams, all Material Risk Takers and the Executive Directors. The payment was accompanied by a further gesture in the form of a €750 gift voucher issued in November 2023 and which was extended to include our Middle Management Team also.

Those gestures build on a number of initiatives that were delivered to support colleagues as part of the two-year pay deal for 2022 and 2023 inclusive:

- A 6.5% two-year pay deal;
- Increased entry-level salaries;
- Enhanced employer pension contribution rates; and,
- Extended paid maternity leave, the introduction of a Wellbeing day, and expansion of sick pay entitlements.

Ways of Working (Hybrid Working)

The Bank encourages smarter and more flexible ways of working for colleagues at all levels of the organisation.

In 2023, PTSB continued embedding our Smarter Working Programme to enable optionality and more flexible ways of working for colleagues, while enhancing our tools and encouraging the use of a broader range of technology.

The range of Smarter Working Options available to colleagues include: reduced hours; job sharing; compressed hours; sabbaticals and career breaks; and, home working or working from an alternative office location.

In 2024, we will continue to assess and evolve our colleague offering, and corresponding policies, supports and technology, with a view to ensuring the work environment is fit for the future, enabling improved flexibility and choice for a greater colleague experience.

For more on Ways of Working, please visit page 20.

Encouraging Employee Health, Safety and Wellbeing

The wellbeing of our employees throughout all stages of their career and personal lives is of paramount importance to us. As part of PTSB's investment in employee wellbeing, we offer a range of programmes and benefits to assist and support our people.

As part of our Employee Proposition, our people are provided with a range of financial, physical and emotional health and wellbeing programmes and benefits as outlined:

Wellbeing Offering

Financial
Pension Plan
Income Protection Benefit
Sick Pay Scheme
Staff Banking
Cycle To Work Scheme
Annual Travel Pass Scheme
Employee Discount Scheme
Holiday Fund

Physical/Emotional/Mental Health
Health Screening
Eye Testing
Employee Assistance Programme For Colleagues And Their Spouse, Adult Dependent Children And Dependent Parents (Counselling Service)
Parental Supports (1:1 Career Coaching For Parents And People Managers And Supports For Parents And Carers Of Toddlers To Teenagers)
Menopause Supports For Colleagues And People Managers
Mental Health Training Addressing A Variety Of Themes
A Range Of Health And Wellbeing Related Information Sessions
Lifestyle/Wellbeing Workshops
Work Station Assessments (Both In Office And At Home)
Education Support
Paid Maternity And Paternity Leave
Adoptive Leave
Life Leave (5 Days)
MyLife App

The Bank has an Employee Health Screening Programme that is made available to all colleagues on an annualised basis. We continued our commitment to this programme by investing in an annual free flu vaccination programme in order to further safeguard the health, safety and wellbeing of our people.

LiveWell – Our Employee Resource Group on Wellbeing

The Bank has in place an Employee Resource Group (ERG) called LiveWell that includes representation from all areas of the business. Together, LiveWell focus on areas of employee wellbeing and support in the delivery of programming for our colleagues, including:

- Contributing to the Employee Resource Group Page on Workvivo, our employee communication application;
- Rolling out the 'Get Ready, Get Set For Life' Campaign for a second year in a row, providing advice on Mortgages, Banking Following a Bereavement, Wills and Pensions;
- Offering parental support sessions and coaching for People Managers who are new parents;
- Hosting a series of events and communications throughout 2023 dealing with topics such as Mental Health, Meditation, Budgeting and more; and,
- Supporting and promoting the 'Irish Life Step Challenge' and the 'Grant Thornton 5km' in Cork and Dublin.

The Bank has a safety statement in place which documents how the highest standards of Health and Safety Management are maintained across the organisation. The Safety Statement, and associated policies and processes, have been prepared in accordance with Section 20 of the Safety, Health and Welfare at Work Act, 2005 (The Act). The Safety Statement is reviewed on a regular basis and is revised as necessary.

Employee Engagement and Development

Listening to Employees and Acting on Feedback

The Every Voice Counts Employee Engagement Survey is conducted annually and is designed to give our people an opportunity to provide feedback on what is working well across the organisation, while identifying areas for improvement.

PTSB's most recent Every Voice Counts Survey results showed a Culture Index of 81%, +11% above our Culture Index Target of 70%. A selection of our survey results include:

- 4 out of 5 employees trust PTSB to do what is right;
- 4 out of 5 employees feel engaged in the company and are proud to work for PTSB; and,
- 89% of employees feel comfortable to be themselves at work regardless of background or life experiences.

With a focus on continuous improvement, PTSB is focused on addressing the feedback and will implement action plans across the business during 2024.

The Bank recognises the importance of checking in and staying connected with our colleagues at regular intervals throughout the year outside of our Every Voice Counts cycle. With that in mind, in 2023 we continued to deliver a series of micro-pulse surveys to check in with our people and to get insight into how we could assist them further in their role.

The micro-pulse surveys covered a number of key themes including, Flexible and Hybrid Working and Speaking Freely. The findings enabled us to evolve our action plans, ensuring that we were focussed on the right things in order to support our colleagues.

For more on Every Voice Counts, please visit page 19.

Investing in Learning and Development

PTSB recognises the importance of both personal and professional development when it comes to delivering on our purpose and ambition. Our focus is on our people and our mission to equip them with the necessary skills and behaviours to develop and thrive in an ever-changing financial services landscape.

We support our people in pursuing both their professional and career development goals. We are recognised as approved employers by ACCA, Chartered Accountants Ireland and CIMA and have been recognised at a national level for excellence in learning and development in financial services.

In 2023, we continued to support our colleagues with a diverse catalogue of training courses which offered the opportunity to develop their skills across a number of different areas including Leadership and Personal and Professional Development.

In addition, we were proud to continue our participation in Ignite, a learning initiative in partnership with the Institute of Banking and Skillnet Ireland. Ignite offers our colleagues the opportunity to assess their existing skillset, while enabling them to learn and adopt new skills that will be critical to the future of banking.

More than 75,000 hours of training was delivered through the Bank's e-learning platform COMPASS last year, c.182 colleagues received an IOB accreditation, with c.792 employees enrolled in banking education programming.

Recognising Colleagues through Our 'Values in Practice' Awards

The Bank's employee recognition programme, the 'Values in Practice' or 'VIP' Awards, recognises employees from across the organisation that are living the Bank's Values and are positively impacting the business.

In 2023, more than 2,300 nominations were received with representation from all parts of the business. This marked the highest level of colleague recognition since the Awards were introduced six years ago.

In addition to our five 'Values' categories, the Bank has two additional award categories, the Community Impact Award and the Living as Leaders Award, recognising those who are having a positive and meaningful impact on their local communities, and those who consistently live all five of our Values each and every day.

In 2023, we continued to deliver our 'VIP Every Day' Programme, enabling colleagues to recognise each other's outstanding contribution all year long, and outside of our annual award cycle. Since the launch of 'VIP Every Day' in May 2021, more than 5,000 colleagues have been recognised for their contribution.

Diversity, Equity and Inclusion

PTSB is an equal opportunities employer committed to creating a professional environment in which our employees feel valued, included and empowered to succeed in their career, regardless of gender, age, sexual orientation, race, religion, ability/disability, background or life experiences.

Diversity and Inclusion has been a key strategic area of focus for PTSB since 2017 and in 2023, we were proud to introduce our new Diversity, Equity and

Inclusion (DEI) Strategy. The addition of Equity is a significant step towards creating a more inclusive PTSB – one that represents modern Irish society and the many customers and communities we serve.

We have made significant progress. Actions taken in 2023 include:

- Achieving the Investors in Diversity Gold accreditation and a Silver from the Irish Centre for Diversity, recognising the progress made across five pillars of DE&I;
- Embedding our Smarter Working Framework with 66% of our colleagues now availing of Smarter Working Options;
- Establishing a new Ability Employee Resource Group to focus on physical ability and neurodiversity;
- Continuing to support and promote 'Elevate', Business in the Community Ireland's Inclusive Workplace Pledge with our CEO speaking at the launch of the Elevate Report 2023;
- Rolling out the third phase of the Bank's Better Balance Female Mentoring Programme, providing mentoring to over 100 colleagues with support from over 30 mentors at Senior Leadership level;
- Publishing our Gender Pay Gap and action plan for the fourth year in a row;
- Launching the Bank's Domestic Violence Support Guidelines, going beyond legislation to offer the option of additional paid leave to those affected;
- Continuing support for parents through 1:1 coaching and group sessions with our parental support partners;
- Designing and launching the DEI Awareness mandatory eLearning for all colleagues;
- Ongoing review of all internal training material, ensuring consideration for accessibility and representation;
- Maintaining our Faith Room, Wellbeing Room and All Gender Toilets facilities, which now form part of our Property Strategy;
- Promoting a culture of psychological safety through Speak Freely, our channel for encouraging colleagues to speak up and raise a concern; and,
- Being awarded the 'Diversity & Inclusion (Large Company)' Award at the CIPD Awards 2023 and the 'Excellence in Workplace Diversity and Inclusion' at the Workplace Excellence Awards 2023.

During 2024, we will enhance our DEI Strategy with the recommendations put forward by the Irish Centre for Diversity following our Gold Accreditation, as we continue to drive improvements and target re-accreditation in 2025.

Employee Resource Groups

To support the delivery of the DEI Strategy, the Bank has in place a number of Employee Resource Groups (ERGs), whose aim is to enable employees to join together based on shared characteristics or life experiences. The ERGs help diverse groups obtain a collective voice within the organisation and serve as an organised and established platform that our people can utilise to promote change.

There are currently five ERGs in place:

- **PRISM** – Our LGBTQ+ Network for colleagues and allies. The Network promotes and values individual differences no matter how our people identify;
- **Better Balance** – The Network aims to be the catalyst for change in achieving Gender Balance in PTSB;
- **LiveWell** – LiveWell provides space, connection and support for colleagues to engage in areas of wellbeing important to them regardless of location;
- **DiCE (Diversity, Inclusion, Culture and Ethnicity)** – The Network promotes and celebrates people of all races, ethnicities, nationalities and cultural heritage; and,
- **Adapt** – The Network focusses on physical ability and neurodiversity.

The ERGs continue to champion the cause of each group, promoting and encouraging conversations with colleagues, while celebrating key dates such as International Women's Day, International Men's Day, PRIDE, Diwali, National Coming Out Day and Cultural Diversity Day, to name a few.

In addition, through the work of the ERGs we have identified opportunities to improve our brand visuals, address accessibility issues and broaden our understanding through introducing supports like our LGBTQ+ terminology document and launching the 'Say My Name' Campaign, encouraging colleagues to use phonetics and acknowledge the importance of our given names.

Gender Balance in the Workplace

PTSB is a member of the 30% Club, a group of c.200 Chairs and CEOs committed to better gender balance at all levels of their organisations. The Club's focus is on gaining visible and practical support for gender balance from business leaders in private, public, state, local and multinational companies as well as other interested groups.

The Bank is a member of Triple FS (Female Fast Forward – FS Women in Leadership) and has actively championed women in leadership development through our partnership with the Irish Management Institute (IMI). In addition, the Bank has in place an Early Career Development Programme, supporting our female colleagues who are only just beginning their career.

PTSB supports Better Balance for Business, and played an active role in the development of the Banking and Payment Federation of Ireland's (BPFI) Women in Finance Charter.

Analysis of our workforce by gender and type of contract is as follows:

	2023
Total Headcount At Year End*	3,330

* excludes Non-Executive Directors (level 7)

Analysis By Type Of Contract	2021	2022	2023
Permanent	94%	89%	89%
Fixed Contract	6%	11%	11%

Gender Analysis	2021 Male	2021 Female	2022 Male	2022 Female	2023 Male	2023 Female
Total*	48%	52%	48%	52%	47%	53%
Senior Management**	64%	36%	62%	38%	61%	39%
Senior Management Direct Reports***	-	-	52%	48%	52%	48%
Part-Time/Job Sharers	9%	91%	11%	89%	7%	93%

* Excludes Non-Executive Directors (level 7)
** Senior Management are Level 0, Level 1 and Level 2
*** Senior Management Direct Reports are Level 3 and Level 4

Gender Pay Gap

We believe in being transparent about our gender pay gap and the journey we are on. As a purpose driven organisation, DEI is a core pillar of our culture. For the fourth year in a row, we are proud to publish our gender pay gap.

This forms part of our commitment to hold ourselves accountable by tracking our progress against our action plan which we put in place as part of our Board approved DEI Strategy.

For more on our Gender Pay Gap disclosure, please visit page 45.

Investors in Diversity Gold Accreditation

In 2023, PTSB was proud to be awarded the Investors in Diversity Gold Accreditation. Supported by IBEC, the Programme recognises existing efforts, while supporting the journey of continuous improvement by providing a structured framework to transform workplace practices and culture.

PTSB was only the twelfth company in Ireland to receive the Gold Accreditation, which recognises the power of leadership commitment, well planned strategies, and a relentless focus on driving positive change. By embracing diversity and fostering an inclusive culture, the Bank not only achieved recognition, but has also positioned itself for long-term success.

Representative Body Relationships and Employee Consultation

PTSB operates under an established partnership model with our formally recognised Representative Bodies – Unite, Mandate and FSU.

Company representatives meet with the internal committees and the full time officials on a regular basis. This allows for matters to be discussed in a structured way and provides an opportunity to deal with anything that may arise at inception, greatly increasing the chances of internal resolution.

All material organisational changes, including changes to established terms and conditions of employment (to the extent they arise), are discussed and negotiated in advance with the Representative Bodies.

All employees receive regular updates on organisational matters through a diverse range of communication mechanisms.

Championing our Customers & Creating a Bank that is fit for the Future

Overview

Our ambition is to be Ireland's best personal and business bank through exceptional customer experiences. Best doesn't necessarily mean the biggest, but it does mean being the best at what we do for both our Personal and Business Banking customers. We are committed to understanding our customers and delivering what matters most to them through every stage of their financial journey.

Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

Impact in Action:

Relationship Net Promoter Score
A customer brand tracking survey carried out in December 2023 indicated a Relationship Net Promoter Score* (RNPS) of +20, up 10 points on last year and placing PTSB in joint first position among the retail banks in Ireland
c.159 million logins on our digital channels in 2023
c.38,000 new Current Accounts and c.40,000 new Deposit Accounts opened during 2023
54% of new Current Account openings took place through the Bank's award winning Digital Current Account
Broadening our Business Banking offering through partnerships with Bibby Financial Services, the Strategic Banking Corporation of Ireland, Digital Business Ireland and Worldpay

* A Relationship Net Promoter Score (RNPS) is a measure of customer advocacy towards a brand and indicates the willingness of a customer to recommend a company's products or services to others. The question asks customers how likely they are to recommend their bank to friends or family on the basis of their own experience. The range for the scoring is -100 to +100.

Customer Engagement

Delivering High Quality Products and a Superior Customer Experience

Our purpose is to work together to build trust with our customers and our communities. In order to deliver on our purpose, we are focused on developing trusted banking relationships with customers through: listening to what they have to say; developing products that matter most to them; and, delivering a great customer service experience, whether that be in our network of branches, through our customer service centres, online or via the PTSB App.

Examples of our commitment to delivering high quality products and a superior customer experience include: establishing a new brand identity, delivering improvements based on insight though engaging customers in our Voice of the Customer Programme; investing in digital transformation and innovation; and, broadening our service offering for our Business Banking customers through partnerships.

Establishing a New Brand Positioning

In October 2023, the Bank launched a major overhaul of brand and customer positioning for the first time in over 20 years.

Key elements of the change include:

- A complete rebranding of the Bank as PTSB, an acronym of the Bank's full name and previous brand (permanent tsb). The introduction of a new customer promise – Altogether More Human – which emphasises PTSB's intentions as a full-service personal and business Bank, to bring great technology and great people together to solve real customer needs and deliver a better banking experience;
- The new brand name and visual identity is being phased in across the Bank's operations and will feature across primary branch locations, customer touchpoints and digital platforms, communications and advertising; and,
- An initial investment of €5 million into customer research, the development and roll-out of a new visual identity and customer promise and a national advertising campaign, with further investment planned to modernise PTSB locations, including the Bank's nationwide branch network, over the next 24 months.

Listening to Our Customers and Acting on their Feedback

PTSB has in place a customer listening programme called Voice of the Customer (VOC), designed to give our customers a voice and create a channel for two-way communication and feedback.

VOC enables us to collect customer feedback from everyday interactions in our Customer Contact Centres, Retail Network and Digital channels in real time and turn that insight into action.

The data received from the VOC surveys provides the Bank with a valuable look at what we are doing well, but more importantly, highlights the areas of opportunity available to improve both our customer service offering and processes.

VOC feedback is reported weekly to key stakeholders, including our customer facing teams, Senior Leadership Team and Executive Committee.

Investing in Digital Transformation and Innovation

Our customers want the ability to interact with us at a time and place that works for them, and through the optimal channel.

During 2023, our customers continued to engage with us through digital channels:

- c.687,000 active users of Open24 Web and App
- c.159 million logins on both Open24 Web and App
- More than 16,000 Digital Current Accounts opened during 2023
- 96% of our Term Lending applications are now being completed online
- 119 million contactless payments made by PTSB customers last year

Personal service will remain at the heart of everything we do. However, as customer needs have changed so profoundly, digitalisation is playing an ever increasing role in our service offering.

Through our Digital Transformation Programme, PTSB has been on a journey to transform our business, committing €150 million in investment in technology infrastructure and digital services over the last number of years.

Actions taken during 2023 include:

Digital Support for our Customers

- Modernising our technology architecture;
- Renovating our core banking platforms;
- Introducing our new Open24.ie Online Banking Platform, a new-look website that provides customers with a simpler, more modern experience, making everyday banking easier through more streamlined navigation;
- Embedding our digital customer journeys, such as our Digital Current Account and our Digital Mortgage Journey; and,
- Leveraging Artificial Intelligence (AI) technology within some of our key customer journeys.

Digital Support across our Workplace

- Continuing to retrofit our branches to include the latest in digital technology;
- Ongoing introduction of digital workplace technology to support our colleagues as they continue to transition into our new hybrid working model (including office space improvements and Microsoft 365 enhancements); and,
- Embedding Workvivo, our application based colleague communication tool, delivering more targeted colleague communications and encouraging two-way engagement.

These service offerings allow us to support our customers further, allowing them to bank in a way that is more convenient, flexible and secure. We look forward to building on this momentum with further digital rollouts planned for the year ahead, including: continued improvements of the next generation of our mobile app; and, the implementation of further digital supports for our Business Banking customers and colleagues.

Products and Services

Transforming Our Retail Network

At PTSB, we believe that our branches are a vital part of our business model and that the key to safeguarding their future is to make them efficient. For us that's about delivering the innovative digital solutions that our customers are asking for, while also providing that in-person support.

Over the last number of years, PTSB has committed more than €30 million in funding to transform our branches. During 2023, the Bank invested an additional €25 million into the 25 branch locations that were acquired as part of the Ulster Bank transaction in the Republic of Ireland, bringing the total investment to c.€55 million. This has allowed us to better serve our customers via a channel of their choosing.

Our refurbished branches now have enhanced digital capabilities including, digital marketing screens that reduce our reliance on print marketing, new Open 24 kiosks with enhanced capabilities, state of the art, purpose-built customer meeting areas and the latest ATM and SSBM technology that allows us to accept cash and cheque lodgements across many branches in our network 24/7.

We remain committed to providing a personal service for customers, and combining that personal service with the best that digital technology has to offer. We look forward to building on this momentum with further refurbishments planned as we evolve our branches in line with our new brand identity.

An Award Winning Digital Current Account

The Bank has in place an award winning Digital Current Account offering, which facilitates a fast and easy account opening process in minutes via the PTSB App. The Digital Current Account continues to perform strongly, with c.16,000 new Current Accounts being opened via the App last year.

As well as being popular amongst our customers, the introduction of the Digital Current Account has also enabled the Bank to reduce its environmental footprint. Through the launch, we estimate that we eliminate 130 to 270 pages of paper from our business for every application that comes through the online channel. In addition to the Digital Current Account, we have also introduced online applications for Term Lending, Credit Cards and Overdrafts, further reducing our reliance on paper.

The Bank was proud to win Best Current Account at the Bonkers National Consumer Awards in 2023.

A Market Leading Digital Mortgage Journey

During 2023, the Bank was proud to launch a Digital Mortgage Journey to the market through the introduction of its Online Mortgage Portal. Through the Portal, customers can now start their Mortgage application, track their progress and talk to a PTSB team member whenever they need to, at a time and a place that suits them.

We estimate that we remove c.250 pages of paper from our business for every application that comes through the online channel. More than 3,000 Mortgage applications came through the online channel in 2023, resulting in a reduction of c.785,000 pages of paper;

The Bank was proud to win Best Innovation in Banking and the overall Grand Prix Award at the Annual FS Awards during 2023.

Extending our 2% & 2% Mortgage

In 2022, the Bank was pleased to extend its award winning 2% & 2% Mortgage until 31 March 2024.

Launched in 2017, the proposition was the first of its kind in Ireland and enables customers to get 2% cashback at drawdown and 2% cashback on their monthly repayments until 2027, when they pay using their Explore Current Account.

In 2023, the Bank was proud to be awarded the Best First Time Buyer Mortgage at the Bonkers.ie National Consumer Awards for the sixth year in a row.

Increasing our Deposit Interest Rates

During 2023, PTSB announced four increases to its personal deposit rates, including to the Regular Saver (+2.10%), the Safari Saver account (+0.99%), and the 3 Year Fixed-Term Deposit account (+2.00%). Business customers also benefitted from competitive deposit rate increases throughout the year with changes made to Fixed Term Accounts.

As at November 2023, the Bank had increased its personal deposit rates six times since November 2022. This momentum has continued in early 2024 with further changes announced in February for both personal and business deposit rates for new and existing customers. These latest changes include the introduction of a new 32-day Notice Deposit account for business customers in March which will attract a rate of 2.00% AER.

Privacy and Security

Cyber Security
The Irish banking landscape is changing rapidly and the Bank recognises the fundamental role that we play in protecting both our customers and our business from online security threats.

Led by our Chief Technology Officer, our Technology Team constantly monitor cyber security threat levels, in addition to completing horizon scanning. Based on threat intelligence, the Bank prioritises investment in cyber defences and implements preventative measures accordingly. Proactive planning, ongoing vigilance and enhanced monitoring are key to our approach to cyber safety within the organisation.

In order to set out our commitments to protect both customers and the Bank, control requirements are defined within PTSB's Information Security Policy.

In addition, to support our workforce in navigating the online world in a safe and responsible way the Bank continues to invest in learning and development, with compulsory cyber security training and awareness campaigns delivered to all colleagues on an annual basis.

Data Protection
At PTSB, working together to build trust with our customers is at the heart of our purpose. In today's digital era, data protection threat continues to evolve and as such, protecting and safeguarding our customers' and our colleagues' personal data remains one of our key priorities.

Our day-to-day business activities require the processing of personal data. While Data Protection is a fundamental right under the EU Charter of Fundamental Rights, protected by both European and Irish legislation of which the Bank complies, PTSB has its own Data Protection Policy in place which sets out our approach.

Complying with the requirements and principles of the Policy is a condition of employment for our colleagues. The Bank has in place procedures to deal with data security breaches and reports regularly to the Executive Committee and Board.

Ensuring data protection is considered as part of change programmes, raising awareness and providing ongoing education and training to our people are critical ways in which we mitigate against data protection risk.

Supporting our Business Banking Customers
PTSB's Business Banking Strategy is focused on partnering with our Business customers, not just in terms of supporting their banking needs, but through acting as trusted advisers to help them to manage and grow their business.

In 2023, we continued the expansion of our business customer offering through deepening our partnership with the Strategic Banking Corporation of Ireland (SBCI).

The partnership has proven successful, with the final €6 million of funding drawn down during 2023.

The additional funding brings our total commitment in low-cost loans under the Irish Government's Brexit Impact Loan Scheme and Future Growth Loan Schemes for SMEs to €82 million, to date.

As a result of this success, the Bank has secured €70m of new funding through the SBCI's new Growth and Sustainability Loan Scheme, which is expected to launch in 2024.

Through the partnership, SMEs will benefit from lower borrowing rates and more attractive borrowing terms as the loans will be 80% guaranteed by the SBCI, which was set up by the Irish Government to enhance access to low-cost finance for SMEs through banks and other lenders.

Additional actions taken to support our Business Banking customers last year include:

- Introducing our PTSB Asset Finance offering to our Business Banking customers;
- Launching a new Regional Business Banking Hub in our Patrick Street location in Cork, enabling us to continue to support our Business Banking customers as they work to grow their business;
- Continuing to collaborate with partners to enable us to broaden our service offering, including, Bibby Financial Services for invoice finance and Worldpay for merchant acquiring;
- Partnering with Sentenial to enhance the Bank's payment solutions;
- Embedding our partnership with Digital Business Ireland (DBI), further supporting our Business Banking customers to migrate their business to online channels through the supports offered by DBI;
- Continuing with our title sponsorship of the Digital Business Ireland National Digital Awards for the fourth year in a row;
- Supporting the Small Firms Association (SFA) National Business Manufacturing Category Award, encouraging excellence, achievement and innovation amongst small businesses of all sectors;
- Training and upskilling provided to our people, with a special focus on systems, processes, targeted sector lending and sustainability – which included the delivery of a bespoke training program in partnership with Teagasc to support responsible lending activity within the Agriculture sector; and,
- Ongoing recruitment of sector and market expertise within our Business Banking team.

Business Banking Partnerships

Digital Business Ireland
In 2023, we were proud to continue to embed our partnership with Digital Business Ireland (DBI), Ireland's dedicated e-business representative body, for an additional two-year term.

Through the partnership, PTSB provides programme funding to support Digital Business Ireland, as it continues to work in tandem with its membership, to help businesses grow, scale and digitally transform.

The ongoing collaboration between the Bank and DBI will enable the agency to further grow its extensive network of over 8,000 members, providing an enhanced suite of supports and opportunities. These include its complimentary advisory services, training events, and its annual National Digital Awards Programme, of which PTSB is the title sponsor.

Over the last year, we have built a strong partnership with DBI delivering supports for Irish Business, including:

- c.750 businesses received training on digital strategy which helped them to turbo-charge their online growth;
- 1000s of SMEs received advice and support, through collaboration with Digital Business Ireland affiliate membership bodies;
- Supporting Digital Business Ireland to deliver the Digital Summit, a one day conference and expo for SMEs that wish to harness the power of digital business; and,
- More than 550 businesses entered the Digital Business Ireland National Digital Awards, proudly supported by PTSB, with 22 winners and runners-up spotlighted across three categories; Website, Innovation and People.

We look forward to building on this momentum during 2024, as we remain focussed on continuing to support Irish businesses to scale and grow.

Guaranteed Irish
In 2023, PTSB continued our partnership with Guaranteed Irish in order to deliver the Guaranteed Irish Business Awards, celebrating businesses that support jobs, communities and provenance, while contributing to Ireland, its people, and its economy.

Since 1974, Guaranteed Irish has been a business membership networking champion in Ireland. Their network consists of over 2,000 member businesses, employing over 120,000 people across the country and generating an annual combined Irish turnover of €13 billion.

Throughout our 200 year history, the Bank has been committed to delivering exceptional customer service and connecting with local communities. In 2021, we were proud to be the first Retail Bank to be awarded the Guaranteed Irish Symbol for our contribution to communities across the country.

We look forward to deepening our partnership with Guaranteed Irish through our support of the annual Business Awards, recognising the outstanding contribution of Irish business on a national scale.

Governance and Reporting

Living Our Purpose and Ensuring Strong Corporate Governance
The Board of Directors approved the Sustainability Strategy and ensures Management have comprehensive plans in place for achievement of the Bank's sustainability objectives. PTSB's Chief Executive receives regular updates regarding the implementation of the Strategy, and progress against KPIs is reported upward to both the Executive Committee and the Nominations, Culture and Ethics Board Committee on a quarterly basis, or more often as required.

To support the above, the Bank has in place a Sustainability Committee (SusCo) which operates as a Sub-Committee of the Executive Committee. The SusCo is chaired by the Chief Human Resources Officer and Corporate Development Director and includes representation from Executive Committee members and Senior Leaders representing business units across the organisation. The Committee meets monthly to review and direct the development of programming, with a clear focus on the Environmental, Social and Governance (ESG) factors that are core to operating our business in a responsible and sustainable way.

A dedicated Sustainability Team is in place to provide leadership and coordinate enterprise-wide activity, with the support of the SusCo.

For more on Governance, please refer to the Directors' Report on page 111.

Operating Responsibly
PTSB is committed to operating responsibly and conducting our business to the highest ethical and professional standards. We are similarly committed, under our Sustainability Strategy, to building trust and playing an active role in communities across the country.

We are focussed on upholding the highest standard of conduct and behaviour among our people. This is not just a nice to have, it is a commitment that underpins how we work together, our relationship with society, and, most importantly, how we build trust with our customers and with our communities.

Corporate Policies

Individual Accountability Framework (IAF)
The Individual Accountability Framework (IAF) was introduced in 2023 by the CBI. It aims to bring accountability to financial services through three key elements: the Senior Executive Accountability Framework (SEAR), the Conduct Standards and certain aspects of the enhancements to the Fitness and Probity (F&P) Regime.

The SEAR will require in-scope firms to set out clearly and fully where responsibility and decision-making lie within the firm's senior management. The Conduct Standards include ensuring that organisations are acting with honesty and integrity, with due skill, care and diligence, and in the best interest of customers, and will apply to individuals in all regulated firms. Updates in the F&P regime include the business' obligations to proactively certify that individuals carrying out certain specified functions are fit and proper.

PTSB has introduced an Individual Accountability Framework (IAF) Conduct Standards Policy, which sets out the requirements across PTSB and its subsidiaries for the embedding of the IAF Conduct Standards. The Bank has put in place comprehensive communication and training plans which ensures that it delivers on its obligations aligned to the Individual Accountability Framework Act 2023, acknowledging PTSB's role in driving positive improvements in behaviour and culture within the financial services industry, while rebuilding consumer trust in the Irish banking sector.

The IAF Conduct Standards Policy outlines the Bank's commitment to the highest Conduct Standards and the behaviours expected by colleagues in order to meet IAF requirements relative to Conduct.

Colleagues in Controlled Function (CF) roles are required to adhere to IAF Common Conduct Standards and those in Prescribed Control Function (PCF) and CF1 roles are also required to adhere to the IAF Additional Conduct Standards. This IAF Conduct Standards Policy is overarching and takes consideration of PTSB's Colleague Conduct Policy.

Colleague Conduct Policy
The Bank has in place a Colleague Conduct Policy, an overarching colleague framework which includes the policies and procedures that are integral to upholding high standards of colleague conduct across the organisation. The Policy sets out the behaviours expected of our people, and lays out the requirements for the effective management of those behaviours within the Bank to ensure that our customers and colleagues are treated in the right way.

PTSB has a zero tolerance for inappropriate colleague conduct. A colleague conduct paper is produced and presented to the Board on a bi-annual basis that gives qualitative and quantitative updates on key colleague related policies and procedures over the period, in line with our Colleague Conduct Policy. The Colleague Conduct Policy takes into consideration a number of other documents that encourage appropriate colleague conduct and behaviour, including our Code of Ethics and Speak Freely. The Colleague Conduct Policy is reflected within the overarching IAF Conduct Standards Policy.

In addition, the Colleague Conduct Policy gives consideration to our Dignity and Respect Code and our Equality through Diversity and Inclusion Charter, recognising the responsibility we have to respect and protect the human rights of every individual that works for us.

Code of Ethics
The Bank has in place a Code of Ethics that provides a general framework for expected behaviour and guides our workforce in doing the right thing. It codifies how best to interact with our stakeholders and provides standards that colleagues must follow in both their professional life, and in conducting their own personal financial affairs. It is there to protect us from unacceptable behaviour and minimise opportunities for misconduct.

Complying with the requirements and principles of the Code is a condition of employment for our colleagues. Aligned to the introduction of the IAF, from 31st December 2023 it is also a regulatory requirement of the Central Bank of Ireland as it sets out the behaviours expected of all colleagues in relation to the Business Standards, and for those in Control Function and PCF roles the Common and Additional Standards expected.

The Board supports a zero risk appetite for deliberate and/or repeated poor or unfair customer outcomes (financial or non-financial), or any market impact which arises through inappropriate actions, or inactions in the execution of our business. Any instances of breaches are reported throughout the year.

To further support the above, the Bank has in place an industry wide DECiDE (Ethical Decision Making) Framework. This was incorporated into Ethics training which is delivered annually to all colleagues.

The DECiDE Framework is communicated across all areas of the Bank and includes an interactive animation which demonstrated to colleagues how the Framework can be used within every day decision making. At a more strategic level, the Bank also introduced the 'Yes Checks', which now form an integral part of decision making within the Bank's Committees.

Speak Freely
To support the cultural evolution of PTSB, the Bank has developed an alternative approach to simplifying and clarifying the channels by which an employee can speak up and raise a concern; namely, Speak Freely. Speak Freely, and associated procedures, protects employees who wish to make a protected disclosure, relating to an actual or potential wrongdoing in the workplace.

The Bank has in place procedures to deal with any protected disclosures that may arise as part of Speak Freely and reports to the Executive Committee and Board on a half-yearly basis. You can read more about our commitment to Speak Freely in 2023 on page 19.

Human Rights
PTSB recognise our responsibility to respect the human rights of every individual. The Bank ensures the protection of our colleagues' human rights through its Dignity and Respect Code and Equality through Diversity and Inclusion Charter. The Code and the Charter focus on the prevention of discrimination, the provision of equal opportunities and ensure that employees are treated with dignity and respect in the workplace.

We acknowledge our responsibility to respect human rights as set out in the International Bill of Human Rights and the eight fundamental conventions on which the United Nations Guiding Principles on Business and Human Rights are based.

In order to mitigate against human rights risk, or violations that may occur, the Bank has comprehensive due diligence procedures in place, which include: the implementation of a Colleague Conduct Policy that establishes the requirements for the effective management of appropriate behaviours within the Bank; procedures for ensuring that we meet all relevant human rights legislation in the Republic of Ireland; and, a suite of reporting mechanisms through our Speak Freely channels to support the timely reporting of issues.

Procedures are in place for dealing with reported human rights allegations and instances are addressed on a timely basis.

In addition, the Bank has in place additional requirements set out in other policy documents that help to encourage the right behaviour, including: Conflict of Interest; Anti-Money Laundering/Terrorist Financing; Sanctions and, Anti-Bribery and Corruption.

Conflict of Interest
A Conflict of Interest occurs when an employee's personal relationships, participation in external activities or interest in another venture influence or could be perceived to influence a business decision. PTSB has in place a Conflict of Interest Policy to provide guidance to employees and to ensure that the Bank proactively manages both personal and organisational Conflict of Interests. Every employee is responsible for identifying, reporting and managing Conflict of Interests and, in doing so, must comply with the letter and spirit of the Policy.

The Bank has in place procedures to deal with Conflict of Interest that may arise. The Human Resources Team monitors adherence to this Policy and reports to the Executive Committee and Board on a half yearly-basis.

Financial Crime Compliance
PTSB maintains an overarching Financial Crime Compliance Framework, which includes three supporting policy documents relating to Money Laundering/

Terrorist Financing, Sanctions and Bribery and Corruption Risk. The Framework and related Policies set out how the business adheres to all laws and regulations relating to financial crime compliance and how these risks are managed within the Bank.

An assessment of the specific Money Laundering/Terrorist Financing and Sanctions Risk faced by the Bank is undertaken annually, and a review of the Bribery and Corruption Risk relevant to the Bank's business is also completed on a periodic basis. Financial crime compliance training, which covers Money Laundering/ Terrorist Financing, Sanctions and Bribery and Corruption Risk, is provided to all employees each year, with tailored training provided to the Board of Directors and members of the Executive Committee.

PTSB is committed to managing and mitigating the financial crime compliance risk associated with its business activities and complying with all applicable Money Laundering/ Terrorist Financing, Sanctions and Bribery and Corruption laws and regulations in the jurisdictions in which it operates. In order to mitigate against any financial crime compliance related risk that may occur, the Bank has comprehensive due diligence procedures in place, which include requesting documents such as proof of identity and proof of address at account opening and at intervals thereafter, conducting enhanced due diligence reviews and undertaking Politically Exposed Persons (PEPs) and Sanctions screening in accordance with our Policies.

Environmental Policy Statement
PTSB's Environmental Policy Statement outlines the Bank's commitment to environmental sustainability through the ongoing identification, management and improved efficiency of those significant environmental impacts associated with our business activities, including: carbon impact and contributing to a low carbon economy; energy management; use of natural resources; biodiversity; and, waste management.

The Environmental Policy Statement is reviewed annually as part of a senior management review of all sustainability programming. Progress against our Sustainability Strategy is reported upward to the Chief Executive, Executive Committee and the Nominations, Culture and Ethics Board Committee on a quarterly basis, or more often as required.

Policy Governance
PTSB is committed to mitigating the Environment, Social and Governance (ESG) risks associated with its business activities and complying with all laws and regulations in the jurisdictions in which it operates. We manage our ESG risk through the effective implementation of our Sustainability Strategy outlined in this report and through the effective application of policies and procedures that are integral to operating our business in a responsible way.

All policies that the Bank has in place to protect our workforce meet the relevant regulatory requirements, adhere to PTSB's Document Management Standards and Procedures Policy and are reviewed and updated as appropriate, on an annual basis.

Policies are monitored by their respective policy owners, communicated as required and made available to our colleagues on our internal website.

ESG Disclosures

An ESG Risk Rating Through Sustainalytics
PTSB engaged Sustainalytics, a leading independent ESG and Corporate Governance research ratings and analytics firm, to produce an ESG Risk Rating for the organisation. ESG Risk Ratings measure a company's exposure to industry-specific material Environmental, Social and Governance (ESG) risks, in order to determine how well a company is managing those risks.

Following the process, the Bank received a 'Low' rating, recognising that enterprise value is considered to have a low risk of material financial impacts driven by ESG factors. Company ratings are categorised across five levels: negligible, low, medium, high and severe.

Gender Pay Gap
We believe in being transparent about our gender pay gap and the journey we are on.

As a purpose driven organisation, Diversity, Equity and Inclusion (DEI) is a core pillar of our culture. For the fourth year in a row, we are proud to publish our gender pay gap. This forms part of our commitment to hold ourselves accountable by tracking our progress against our action plan which we put in place as part of our Board approved DEI Strategy.

Our 2023 gender pay gap sits at 15.9%, down from 16.5% in 2022.

We acknowledge that we have more to do to close our gap and have a dedicated action plan in place as part of our Board approved DEI Strategy.

The Business Working Responsibly Mark
Following a comprehensive programme of work, in 2023 the Bank was honoured to recertify to the Business Working Responsibly Mark (The Mark) from Business in the Community Ireland (BITCI).

The Mark is an external accreditation recognising best in class Responsible Business Programmes in Ireland and as such, the Bank joins a prestigious group of only 41 other companies who have achieved this accolade. As part of this accreditation, our CEO, Eamonn Crowley sits alongside the CEOs of other member companies as part of the Leaders Group on Sustainability – a collaborative group who work with key stakeholders to drive Environmental, Social and Governance (ESG) change across the country.

The Bank first received the Mark in 2020. We will continue to work alongside BITCI as we continue to embed our Sustainability Programme in the years that lie ahead.

The EU Taxonomy

In accordance with Article 8 of the EU Taxonomy Regulation and the underlying Disclosures Delegated Act, PTSB is required to disclose KPIs related to the proportion of taxonomy-eligible (across all six environmental objectives) and taxonomy-aligned activities (for climate change mitigation, and climate change adaption) for year-end 2023.

PTSB recognises limitations in data availability and evolving technical screening criteria. Notwithstanding these constraints, the Bank is progressing the disclosure in line with regulatory requirements with broader aim of providing stakeholders meaningful insights into its sustainable financing activity.

The Bank's business is primarily focused on residential lending, small and medium enterprises (SMEs) and personal lending customers. As at year-end 2023, Residential Mortgages represent the Bank's most material asset portfolio currently [94% value]. As a result, for this first disclosure, the Group has focused on assessing alignment of the Residential Mortgage Book. In 2022, the Bank introduced our Green Mortgage to the market, a 5-Year fixed rate product available to all new and existing home loan customers where their homes have a confirmed or proposed Building Energy Rating of A1 to B3. In addition, the Bank was pleased to be accepted as participating on-lender in the Strategic Banking Corporation of Ireland's (SBCI) new Retrofit Loan Scheme, aimed at supporting consumers and small private landlords who wish to invest and improve in the energy efficiency of a residential property. PTSB was successful in obtaining €100m in funding and is preparing to launch the Scheme to customers during 2024.

Annex VI of the Disclosures Delegated Act contains a series of Template for the KPIs of credit institutions. PTSB's 2023 returns can be found in the Appendix. Template 1 lays out the Bank's approach to determining EU Taxonomy-alignment of key financing activities. This involved phased screening of residential properties including an assessment of energy efficiency, property age, and exposure to Physical Risk, supported by external data sources against defined technical screening criteria. Metrics have been derived from financial reporting systems using available tagging capabilities, though these mechanics continue to evolve.

PTSB expects the share of Taxonomy-aligned activities to gradually increase as the Bank continues to focus on the development of products which support the green transition, while engaging with customers to improve data quality. Data availability and capabilities will likewise continue to mature and evolve. The Bank welcomes ongoing engagement with stakeholders and regulators on experience to date and ways disclosure may evolve to enhance transparency and compatibility over time. PTSB is committed to playing its part in progressing towards a more sustainable future.

Main KPIs and Additional KPIs

		Total environmentally sustainable assets	KPI Turnover*	KPI	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	474.75	2.03%	-	1.68%	6.51%	17.45%
Additional KPIs	GAR (flow)	109.90	2.82%	-	2.32%	8.44%	17.49%
	Trading book***	-	-	-			
	Financial guarantees	-	-	-			

* Based on the Turnover KPI of the counterparty
** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used. Not applicable to PTSB.
*** KPIs due to begin applying in 2026.

Green asset ratio (GAR) stock: is based on assets on the balance sheet as at 31 December 2023.
GAR (flow): covers new assets acquired during the year prior to disclosure date.

For the 31st December 2023 disclosure, the Bank has reviewed the book for exposures to nuclear gas related and fossil gas related activities based on the questionnaire provided in Annex XII Template 1. The Bank has no exposures to these activities at 31st December 2023.

For the 31st December 2023 disclosure, bank reviewed the book for exposure based on the below questionnaire provided in Annex XII Template 1.

Row	Nuclear gas related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

CDP

In 2023, we continued to further our commitment to environmental transparency by disclosing PTSB's environmental impact through CDP (formerly the Carbon Disclosure Project), the non-profit that runs the world's leading environmental disclosure platform.

We achieved a CDP rating of B during the 2023 disclosure cycle, indicating that the Bank addresses its environmental impacts and ensures good environmental management

By completing CDP's annual request for disclosure on climate change, the Bank is demonstrating the transparency and accountability vital to tracking progress toward a thriving, sustainable future.

Task Force on Climate-related Financial Disclosures

Governance

The Bank's risk governance structure establishes the authority, responsibility, and accountability for risk management across the Group and enables effective and efficient monitoring, escalation, decision-making, and oversight with respect to risks by appropriate Board and management-level governing bodies.

TCFD Recommendation: PTSB's governance around climate-related and environmental risks and opportunities

A. Board and Management Oversight of climate-related risks and opportunities.

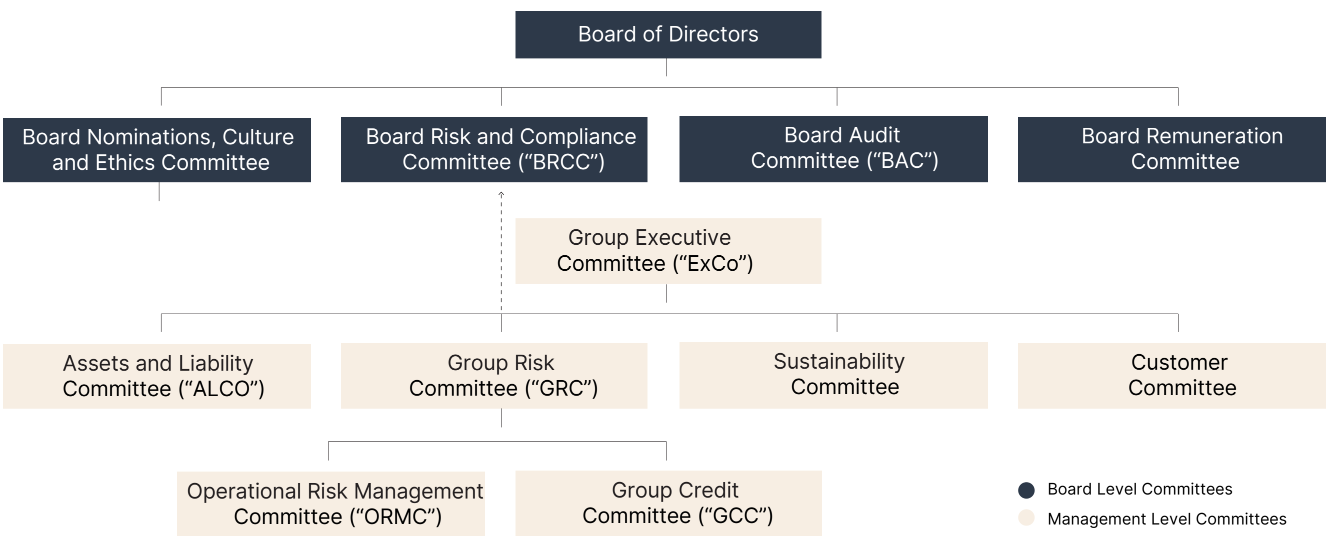
Board and Management Oversight

The PTSB Board of Directors (Board) is accountable for the success of the Bank over the long-term and are responsible for overseeing and approving the Bank's strategic plan and monitoring its implementation and effectiveness within its Risk Appetite. In addition, the Board is accountable for formulating, approving and supervising the implementation of the Bank's Sustainability Strategy and Climate-related and Environmental (CR&E) Risk Implementation Plan to realise its long-term financial interests and maintain its solvency.

PTSB's Risk Governance Structure

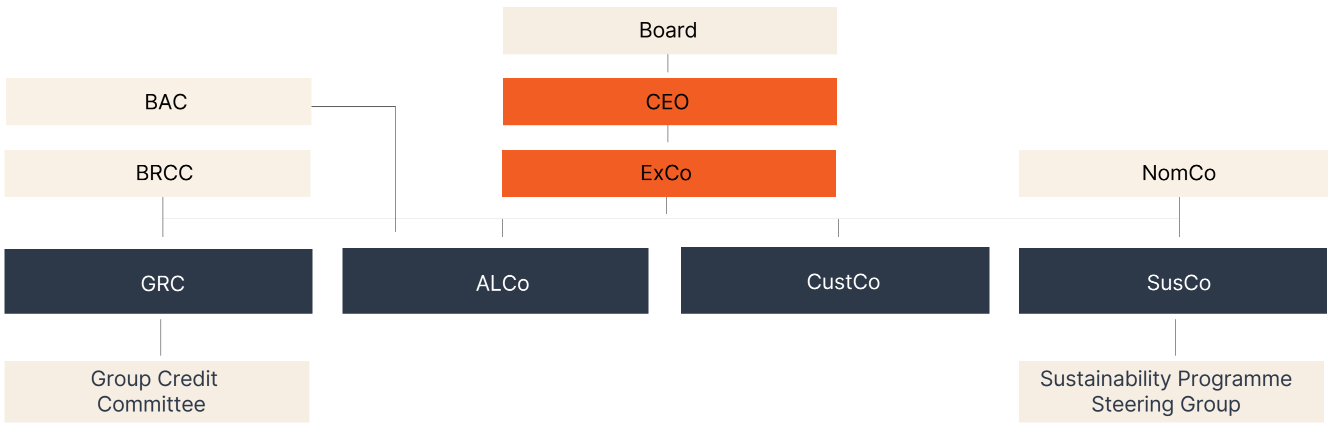
The Board is collectively responsible for the governance of the Bank. Various Committees assist the Board and Executive Committee in managing and monitoring the risks and opportunities that climate change presents. Within the Bank, CR&E risk is coordinated at an enterprise level, with the functions and business segments sharing responsibility for addressing CR&E risks and opportunities. Throughout 2023, the Board met at regular intervals in order to receive updates in relation to sustainability and CR&E risk integration. Meetings took place at least once per quarter, and more often as required. Key topics included:

- Refreshed approach to Sustainability Programme governance;
- Ongoing delivery of the Bank's CR&E Risk Implementation Plan, with updates in relation to a programme of work for further CR&E enhancements identified for 2024;
- Completion of a CR&E Risk Qualitative Materiality Assessment;
- Updated CR&E Risk Framework and the Risk Appetite Qualitative statement for CR&E risk;
- Horizon scanning and regulatory and voluntary CR&E risk disclosures, including the EU Taxonomy, Pillar 3 Environmental, Social and Governance (ESG) Templates and the TCFD; and,
- Updates on carbon impact and the Bank's commitment to setting science-based carbon emission reduction targets (SBTs) by 2024.



The PTSB Group Governance Structure

The Board Committees with CR&E risk oversight responsibility can be found below.



Board Audit Committee (BAC)
The BAC is responsible for overseeing the process of disclosure and communication with external stakeholders and competent authorities, which includes CR&E risk disclosures.

Board Risk and Compliance Committee (BRCC)
The BRCC has delegated responsibility from the Board to assess the impact of CR&E risk on the Bank's overall Risk Profile. The BRCC consists of 5 Non-Executive Directors, one of who chairs the Committee. The BRCC has approved and provides oversight on the execution of an enterprise-wide CR&E Risk Implementation Plan.

Nomination, Culture and Ethics Committee (NomCo)
The NomCo is the overarching Board advisory committee with five Non-Executive Directors (including the Board Chairperson) and is responsible for the review, design, implementation and effectiveness of the Bank's Sustainability Strategy. A key pillar within the Bank's Sustainability Strategy is 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy', which includes a focus on CR&E risk.

B. Board and Management's role in assessing and managing climate-related and environmental risks and opportunities.

Executive Management Oversight

The **Executive Committee (ExCo)** is the Senior Management Committee of PTSB established by the CEO with authority to operate and make decisions within limits set by the Board.

The purpose of the ExCo is to ensure that the operations, compliance, and performance are conducted appropriately, and are correctly aligned to the Bank's strategy and interests of the shareholders, all while operating within applicable regulatory and legal requirements.
The ExCo is the ultimate management committee responsible for the development and implementation of the Bank's Sustainability Strategy and CR&E risk implementation.

The Bank continues to make good progress integrating CR&E responsibilities into the Bank's management structure and business model. The ExCo meets frequently to discuss business strategy, planning, change management, financial planning, risk management, operations and performance. These discussions also include CR&E risk matters, when applicable.

During 2023, the ExCo met at regular intervals in order to receive updates in relation to sustainability and CR&E risk integration. Meetings took place at least once per quarter, and more often as required. Key topics included:

- Refreshed approach to Sustainability Programme governance;
- Ongoing delivery of the Bank's CR&E Risk Implementation Plan, with updates in relation to a programme of work for further CR&E enhancements identified for 2024;
- Progress made on the remediation and integration of CR&E data;
- Completion of a CR&E Risk Qualitative Materiality Assessment;
- Updated CR&E Risk Framework and the Risk Appetite Qualitative statement for CR&E risk;
- Horizon scanning and regulatory and voluntary CR&E risk disclosures, including the EU Taxonomy, Pillar 3 ESG Templates and the TCFD; and,
- Updates on carbon impact and the Bank's commitment to setting science-based carbon emission reduction targets (SBTs) by 2024.

The management level roles and responsibilities are outlined below, as is the detail on the management committees with sustainability and CR&E risk responsibilities.

The **Chief Executive Officer (CEO)** is responsible for overseeing PTSB's Sustainability Strategy and climate action agenda. The CEO sits on the Board, is Chair of the ExCo and attends the NomCo as requested - the overarching Board advisory committee responsible for Sustainability. The CEO is responsible for assessing and managing CR&E risks and opportunities and is a member of the Sustainability Committee (SusCo).

The **Chief Financial Officer (CFO)** is responsible for the Bank's financial planning including capital management and all external reporting and disclosures for PTSB. The CFO is responsible for oversight and reporting of climate-related disclosures. The CFO reports directly to the CEO and sits on the Board of PTSB. The CFO is also an attendee of the BAC, the Committee who oversee material climate-related disclosures. The CFO is also a member of the SusCo.

The **Chief Risk Officer (CRO)** is responsible for assessing the impact of CR&E risk on the Bank's overall Risk Profile and supports the CEO in overseeing PTSB's Sustainability Strategy and climate action agenda. The CRO attends the Board to present their monthly CRO Report, which includes an update on CR&E risk, is a member of the ExCo and attends the BRCC, which has delegated responsibility from the Board to assess the impact of CR&E risk on the Bank's overall Risk Profile. The CRO is also a member of the SusCo.

Under the new Individual Accountability Framework (IAF), the CRO has taken on prescribed responsibility 24, '*the responsibility for managing financial risks from climate change*'.

The **Chief Human Resources Officer and Corporate Development Director** provides Executive Level guidance and leadership to the Bank's overall Sustainability Programme, driving activity and reviewing progress against objectives at regular intervals. The Chief Human Resources Officer and Corporate Development Director is a regular attendee of the NomCo, is a member of the Bank's ExCo, and acts as Chair of the SusCo.

The **Retail Banking Director** is responsible for developing and implementing key elements outlined in the Bank's Sustainability Strategy, for example the delivery of climate-related (Green[1]) sustainable finance products and propositions. The Retail Banking Director is supported principally, by the Chief Operating Officer (COO) and Chief Technology Officer (CTO) and is a member of the SusCo.

1 Green Products and Propositions are those which address the Bank's climate change objectives.
2 Green Products and Propositions are those which address the Bank's climate change objectives.

Management Committees with Climate-related and Environmental Risk Oversight Responsibility

PTSB has Executive Level Committees that oversee and deliver on the Bank's CR&E Risk Implementation Plan and associated commitments. These Committees take an enterprise-wide approach to overseeing our climate strategy, targets, commitments, goals and disclosures, working with a broad set of leaders across PTSB to encourage alignment and coordination.

Group Risk Committee (GRC)
GRC is a sub-committee of ExCo and assesses bank-wide risk management issues and ensures that fair customer outcomes are delivered. A key role within GRC is the assessment of the impact of CR&E risk on the Bank's overall Risk Profile.

Group Credit Committee (GCC)
GCC oversees and manages credit related CR&E risk for the Bank via both monitoring and providing regular updates on the following: related Risk Appetite Statements which are kept aligned with the Bank's strategy; and, the Bank's Credit Policies which are formulated considering the Bank's appetite as well as external factors such as regulation and market dynamics.

Customer Committee (CustCo)
The CustCo is a sub-committee of the ExCo and is chaired by the Retail Banking Director. The Committee approves new, and changes to current, products and services that are aligned to the Bank's Sustainability Strategy which includes consideration for climate-related (Green[2]) sustainable finance products and propositions.

Assets and Liabilities Committee (ALCo)
The ALCo reviews, and is responsible for overseeing, all activity relating to Asset and Liability Management (ALM), Treasury and Market Risks, including Liquidity Risk, Interest Rate Risk, Treasury Counterparty Risk and Foreign Exchange (FX) Risk, and Capital Management.

The ALCo is the body accountable for the evaluation of other potential drivers of earnings volatility, including, but not limited to, competitive and external market pressures, and for approving optimisation and hedging strategies against those risks. The ALCo is a sub-committee of the ExCo and is responsible for overseeing pricing decisions. As such, the Bank's Green Mortgage was brought through the Committee for approval prior to implementation.

Disclosures Committee (DC)
The Bank's Disclosures Committee is a governance body that provides oversight of material disclosures, including: the Annual Report; Interim Report; Task Force on Climate-related Financial Disclosures (TCFD); Pillar 3; and, selected ESG disclosures.

Sustainability Committee (SusCo)
The SusCo acts on delegated authority from the ExCo to provide oversight in line with supervisory expectations on the execution of the Bank's Sustainability Strategy, including a focus on CR&E implementation under the 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy' pillar.

The SusCo is chaired by the Chief Human Resources Officer and Corporate Development Director and whose membership includes the CEO, CFO, CRO, Retail Bank Director, COO, Chief Credit Officer and Chief Data Officer. The Committee operates on delegated authority from the ExCo. The SusCo is responsible for the delivery of the Bank's Sustainability Strategy by ensuring that there is sufficient oversight, alignment, governance and challenge of activity across key areas of focus for the Bank's overall sustainability programming.

In addition, the Committee also provides oversight of all activities relating to ESG factors such as climate change, that are core to operating our business in a responsible and sustainable way, including: Regulatory Compliance, Risk, international framework alignment, sustainable finance (Green[23]) products and propositions, business operations and carbon impact, sourcing responsibly, community impact and partnerships and sustainability communications.

23 Green Products and Propositions are those which address the Bank's climate change objectives.

At a high level, the Committee is responsible for:

- Leading on the implementation and embedding of the Bank's Board approved Sustainability Strategy (which includes a focus on CR&E risk), ensuring that all activity is embedded in the Bank's ambition, purpose, culture, corporate strategy and strategic priorities;
- Identifying key stakeholder groups that will be required to deliver the Sustainability Strategy objectives;
- Assigning business owners to manage and deliver sustainability programming across the key areas of focus set out within the Sustainability Strategy; and,
- Developing Sustainability Key Performance Indicators (KPIs) and processes that enable the Bank to effectively measure, monitor and manage them.

Sustainability Programme Direction Group (PDG)
Supporting the SusCo, the Sustainability PDG is made up of members from the Bank's Senior Leadership Team. It includes enterprise-wide representation to ensure a holistic and integrated approach to support execution of the Bank's Sustainability Strategy. The PDG is made up of eight workstreams, including: Governance, Strategy and Communications; Science Based Targets; ESG Data Infrastructure and Models; ESG Risk Management; Opportunities and Enablement; External Reporting; Social Impact; and, Business as Usual delivery.

Strategy

TCFD recommendation: Actual and potential impacts of climate-related and environmental risks and opportunities on business, strategy and financial planning, where such information is material.

A. Climate-related and environmental risk and opportunities over the short, medium and long term

Central banks and financial regulators widely acknowledge that climate change is a source of financial stability risk. Managing CR&E risks and opportunities is a key area of focus for the Bank under the 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy' Pillar of our Sustainability Strategy.

There are two climate-related risk drivers, these are Physical Risk and Transition Risk. Both risk types may impact the financial services sector to varying degrees over the short, medium and long-term. The extent to which the impact of Physical and Transition Risk might impact a financial services firm will vary depending on the organisation's business model, customer base, location as well as the transition process to a low-carbon economy.

Physical risk refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.

Physical Risk

Physical Risk, the risk of economic cost and financial losses resulting from the increasing severity and frequency of is categorised as 'Acute' or 'Chronic':

- Acute Physical Risk - arises from extreme weather events, such as floods, storms, droughts and heatwaves; and,
- Chronic Physical Risk - arises from longer-term gradual shifts in climate patterns, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity.

Transition Risk

The risk of economic cost, financial loss or an adverse outcome related to the process of adjustment towards a low-carbon and more environmentally sustainable economy. Transition to a low-carbon economy may require substantial policy, legal, technology and market changes. These changes may result in a financial loss and reputational risk to organisations, with the severity of this depending on the scope and speed of change required.

Transition risk may include:

- Policy Risks that come with the evolution of policies and regulations that promote the adaptation to a less carbon intensive and more sustainable economy, and those that constrain actions that lead to climate instability and harm the environment;
- Legal Risks that relate to litigation claims against institutions and their representatives who fail to mitigate and adapt to climate change, and who fail to disclose material climate related and environmental information;
- Market Risks that arise through changing demand and supply for commodities, products and services; and,
- Reputation Risk that relates to the changing stakeholder perception of institutions' commitments to, or detraction from, the transition to a lower-carbon economy.

Physical and Transition Risk drivers impact economic activities, which in turn impact the financial system. There is a level of uncertainty regarding the timing of both climate-related Transition and Physical Risk. Climate-related risks may materialise in the short, medium and long-term and as such, it is important for organisations to take a forward-looking approach and consider a longer than usual time horizon when assessing CR&E risks.

At a Group level, Physical and Transition Risk are considered through the following time horizons:

	From (years)	To (years)
Short-Term	0	1
Medium-Term	1	5
Long-Term	5	30

Based on PTSB's Qualitative Materiality Assessment, which was conducted in 2023, the Bank has identified key actions to mitigate against the Physical and Transition Risk that may arise in the short, medium and long-term.

Physical Risk

Risk	Description	Actions to Mitigate	Horizon
Acute Physical Risk that arises from extreme weather events, such as floods, storms, droughts and heatwaves.	We are conscious of the effect that climate change has on the operations of our business and the risks associated with changes to weather patterns such as heatwaves, floods, wildfires and storms. PTSB has 98 branch locations nationwide and 9 administration offices. Acute Physical Risk may impact both our customers and our own operations through negatively impacting collateral valuations for properties in vulnerable areas, regularly triggering the Bank's Business Continuity Plan (BCP) due to lack of forward planning or increased regulatory expectations in respect of understanding the level of Physical Risk to which the Bank is exposed to.	The Bank considers ESG factors per loan origination guidance in Credit Risk assessment on the Business Banking portfolio, thereby considering the ESG risk profile of a customer where appropriate. In the Retail Portfolio for new Mortgage applications, where the Building Energy Rating (BER) is available for the property, this is captured in a newly developed dedicated BER field. Further, the retail collateral Eircode is captured in a dedicated field, this is a requirement for unlocking any additional data requirements from an external provider to inform portfolio analysis. The Bank will use this data captured to analyse the potential Physical Risk exposure over the medium, long term.	Short to Long-Term
Chronic *Own Operations* Physical Risk that arises from longer term gradual shifts in the climate patterns, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity.	We are conscious of the effect that climate change may have on our business and the risks associated with longer-term shifts in climate patterns such as rising sea levels and increasing mean temperatures.	The Bank is considering ESG factors when planning branch/data centre locations and managing third party suppliers. The Bank has in place a Business Continuity Management (BCM) Plan that considers adverse weather conditions that may, in some cases, cause a reduction in operational capacity. PTSB owned properties are revalued at least on a yearly basis reducing the risk of a large unforeseen property valuation. Further, CR&E risk is being considered in Internal Capital Adequacy Assessment (ICAAP), specifically through an Operational & IT Risk business disruption scenario.	Medium to Long-Term
Chronic *Lending Portfolio* Physical Risk that arises from longer-term gradual shifts in the climate patterns, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity.	Retail Mortgage Portfolios, such is the Bank's focus (making up 94% of the asset portfolio at December 31st 2023) can be impacted by CR&E Physical Risks either through persistent or chronic changes in the environment.	Over the last number of years, PTSB has taken steps to understand, manage and mitigate Physical CR&E risk. The Bank is considering the ESG profile of a customer where appropriate within the Credit Risk assessment on the Business Banking portfolio. Within the Retail portfolio for new Mortgage applications the BER and Eircode are being captured where available. Further, upstream analysis is compiled in the Bank's Upstream Regulatory Registry, in order to identify, upcoming regulatory requirements with which the Bank must comply. This ensures that monitoring of ESG regulatory changes are captured and prepared for.	Medium to Long-Term

Transition Risk

Risk	Description	Actions to Mitigate	Horizon
Regulatory Compliance (Current Regulation)	Regulatory compliance risks may arise from our ability to adapt or comply with climate-related regulations.	A Regulatory Compliance Framework is in place which sets out how the Bank manages current and emerging Regulatory Compliance Risk and details the key principles, objectives, and primary components of the Bank's approach to Regulatory Compliance Risk Management, while setting out the responsibilities across the Bank's Three Lines of Defence (3LOD). Compliance perform detailed regulatory analysis ensuring that upcoming regulation is captured and analysed in the Bank's Upstream Regulatory Register so that all regulatory requirements with which the Bank must comply are identified. This work ensures that monitoring of ESG regulatory changes are both captured and prepared for. Further, Enterprise Risk Management perform horizon scanning to ensure that the risks landscape is analysed and that new and emerging risks that may impact the Bank are identified.	Short to Medium-Term
Emerging Regulation	Regulatory compliance risks may arise from our ability to adapt or comply with climate-related regulations.	A Regulatory Compliance Framework is in place which sets out how the Bank manages current and emerging Regulatory Compliance Risk and details the key principles, objectives, and primary components of the Bank's approach to Regulatory Compliance Risk Management, while setting out the responsibilities across the Bank's 3LOD. The monitoring of these regulations follows the same process as discussed in Current Regulation (please see above). In addition, the Bank is a member of external information sharing forums, including the Banking and Payment Federation Ireland (BPFI), through which it shares and receives information related to Regulatory Compliance Risk trends and threats and evolving industry best practice.	Medium to Long-Term
Technology	Technology changes are required to support and accelerate the transition to a low carbon economy. This includes the development of technologies to measure, capture, avoid emissions or support, for example, agricultural, transportation and distribution, and goods and services business in reducing their emissions in line with the Irish Government's targets.	The Bank has a Sustainability Strategy in place, which gives consideration to CR&E risk. In addition, CR&E risk was considered as part of the Bank's annual Strategic Planning Process (SPP). Ongoing integration will mitigate strategic risk arising from climate Transition Risk. Science based carbon emission reductions targets (SBTs) are to be set by 2024 along with the development of a corresponding Carbon Transition Plan that will support of the identification of any new technologies. The Bank's Technology Strategy considers the Bank's Sustainability Strategy. Further, new information will need to be captured in respect of the level of vulnerability to Transition Risk for Business Banking customers including the potential impact of the requirement for new technology adaptation over the coming years.	Medium to Long-Term

Risk	Description	Actions to Mitigate	Horizon
Market	Market Risk is the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. Often, Market Risk cannot be fully eliminated through diversification, though it can be hedged against.	At present, the main driver of Market Risk in PTSB is the movement in interest rates. As climate change will continue to impact economic growth prospects and, potentially threaten financial markets stability, which in turn may have an effect on real interest rates, consideration of its impact on Market Risk for the Bank is being considered as part of its CR&E Risk Framework. The Bank continues to monitor the relevant CR&E risk indicators with a view to assessing their potential impact on the Bank's Market Risk profile over time.	Medium to Long-Term
Reputation	Reputation Risk is the risk of brand damage and/or financial loss arising from a failure to meet stakeholder expectations of the Bank or the failure of organisational structure and governance arrangements within the Group to embed desired behaviours and culture. PTSB is conscious of the reputational impact (positive or negative) that its policies and actions on the transition to a low carbon economy might have. Not making significant progress in integrating ESG factors, including climate-related criteria into our business, poses a significant reputation risk for the Bank. Negative public opinion may adversely affect PTSB's ability to keep and attract customers and corporate and retail deposits and/or access Capital Markets which in turn may adversely affect the Bank's financial condition.	The Sustainability Strategy focuses on green product development designed to support customers to navigate the transition to a low carbon economy. PTSB was accepted as participating on-lender in the Strategic Banking Corporation of Ireland new Retrofit Loan Scheme. The Scheme is aimed at supporting consumers and small private landlords who wish to invest in and improve the energy efficiency of a residential property, helping to mitigate Transition Risk. Within its Business Banking Portfolio, the Bank does not lend to high-risk industries from a Transition Risk perspective, such as fossil fuel/oil firms. However, a just transition that leaves no one behind is of key importance to the Bank and so potential questions of limitation or exclusion will have to be considered.	Short to Long-Term

Climate-related and Environmental Risk Opportunities

B. Impact of climate-related risks and opportunities on businesses, strategy, and financial planning.

During Q4 2022, the Bank refreshed its Strategic Priorities, including the addition of 'Sustainable Business Growth', outlining the Bank's commitment to building a sustainable organisation that is fit for the future.

At present, the Bank does not yet formally assess how identified climate-related issues have affected or will affect the business, strategy, and its financial planning.

However, as part of PTSB's annual strategic and financial planning cycle, a standalone climate-related and sustainability chapter was included within the Bank's Strategic Reference Pack.

The purpose of the Reference Pack is to provide all Business Units with a view of the most thematically important issues and opportunities for both the Bank and our customers. By providing a direct reference to information on climate-related and sustainability issues, all Business Units were encouraged to consider the impact of same when defining their functional strategies over the medium and long-term horizons.

Key areas considered during the Bank's 2023 SPP included:

Strategy:	• Evolving the Bank's approach to Sustainability Programme governance with a refreshed Sustainability Committee membership, the establishment of a Programme Direction Group and individual workstreams of activity led by Accountable Executives and Senior Leaders from all areas of the business.
CR&E Risk Management	• Ongoing support of a professional third party services firm to provide strategic guidance and support in relation to CR&E risk management.
Data	• Mobilising a dedicated, multi-year data workstream to advance data collation at source; • Rolling out a climate data assessment and remediation programme to support the Bank in completing future scenario analysis, stress testing, Key Risk Indicator (KRI) development, collateral valuations and portfolio concentration analysis; • Designing an integrated Data Remediation Plan intended to address key data gaps and ensuring that critical data dependencies are prioritised (for example, BER Physical Risk data); • Continuing to enhance actual data capture from counterparties; and, • Undertaking additional data identification and collection for SME, to assist in the quantification of CR&E risk for the Bank's Lending Portfolio.
Products and Services:	• Reviewing (Green[34]) sustainable finance product and proposition development, with particular emphasis on the Bank's most material Mortgage Portfolio which accounts for 94% of the book (as at 31 December 2023); • Becoming a participating on-lender and obtaining €100m in funding through the Strategic Banking Corporation of Ireland's Retrofit Loan Scheme; and, • Supporting our Business Banking customers in transition through our partnership with the Teagasc Signpost Programme.
Disclosures:	• Increasing transparency relating to CR&E risk through disclosures such as the TCFD, CDP, Pillar 3, EU Taxonomy and Non-Financial Reporting Directive (NFRD); and, • Preparing for the Corporate Sustainability Reporting Directive (CSRD).
Metrics and Targets:	• Measuring and disclosing our carbon impact across Scope 1, 2 and 3 (including our financed emissions); • Receiving limited assurance on the Bank's carbon emissions data by an independent third party; and, • Completing an ESG Risk Rating through Sustainalytics and achieving a Low Risk Rating.
Adaptation and Mitigation Activities/ Operations (including types of operations and location of facilities):	• Own Operations: • Purchasing 100% renewable energy; • Rolling out energy smart metres across our branch locations to get information relating to consumption in real time; • Continuing to migrate our data centre to a new and more efficient building; and, • Implementing LED lighting across our branch network as part of our ongoing branch refurbishment process.
Supply Chain:	• Ensuring responsible procurement practices and embedding a Sustainable Supplier Charter, in line with ISO20400.
Investment in Research and Development:	• Enabling sustainable finance thought leadership through our founding membership to the International Sustainable Finance Centre of Excellence.
Resources and Capacity Building:	• Delivering training and supports to the Board, Executive Committee and the Senior Leadership Team and providing training to all colleagues through the introduction of a bank-wide Sustainability 101 course; and, • Provisioning adequate funding for the delivery of the Bank's Sustainability Strategy and integration of CR&E risk into all areas of the business.

Products and Services

[34] Green Products and Propositions are those which address the Bank's Climate Change objectives.

Notwithstanding the fact that climate change presents risk to financial institutions, it also brings with it a significant opportunity to meet new customer needs and drive the commercial agenda.

Ireland's Climate Action Plan 2023 provides a detailed plan for taking decisive action to achieve a 51% reduction in overall greenhouse gas emissions by 2030 and setting the country on a path to reach net zero emissions by no later than 2050.

Key areas of focus within the Plan include: Powering Renewables; Building Better; Transforming How We Travel; Making Family Farms More Sustainable; Greening Business and Enterprise; and, Changing our Land Use.

The country's financial institutions will have a role to play in financing elements of the Plan, while also supporting the broader green transition through the implementation of sustainable products and services. Sustainable Finance is a key area of focus within the Bank's Board approved

Sustainability Strategy under the 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy Pillar' and has also been identified as a significant opportunity for PTSB.

For more on the Bank's products and services that are supporting customers in navigating the green transition, please visit page 27.

C. Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Use of Climate Change Scenarios to Assess Strategic Resilience

At present, the Bank does not yet formally use climate-related scenario analysis to assess business strategy resilience.

However, in 2022 the Bank completed a high-level climate stress test and sensitivity analysis leveraging the macroeconomic and Climate Scenarios Framework used as part of the 2022 ESG Climate Stress Test, with a primary focus on the most material mortgage portfolio (98% as at 31st December 2022). The output of the results, showed that Physical Risk is likely to have more of an impact than Transition Risk in the short to medium-term across the Bank's Mortgage Portfolio. This analysis assisted in building knowledge in relation to CR&E risk present in this Portfolio, while allowing for the identification of future data requirements.

The Bank recognise that CR&E risk is a cross-cutting risk, which may impact or enhance other identified risks for the Bank. In 2023, the Bank undertook a qualitative CR&E risk Materiality Assessment to assess the potential impacts of CR&E risks (Physical and Transition) across all Risk Categories in the Bank's Enterprise Risk Management Framework (ERMF).

The outputs of the assessment identified that CR&E risk may act as driver of (or manifest through) other existing Risk Categories over the short, medium or long-term. Further, mitigating factors/ actions reducing potential impacts were also considered. The impacts identified have not yet been quantified.

A key next step for the Bank is to begin to quantify the potential risk impact across forward looking climate scenarios and develop this analysis to identify the quantitative impact across short, medium and long-term horizons.

During 2023, CR&E risk was measured as part of the Bank's Operational & IT Risks Pillar 2 Internal Capital Adequacy Assessment (ICAAP). A CR&E Physical Risk sub-scenario was assessed through a business disruption scenario, in respect of non-financial risk impacts.

CR&E risk will continue to be considered as part of future ICAAP iterations, with related scenarios to be enhanced as appropriate, and as data availability to support scenario development continues to evolve.

Insights gained from the Bank's Materiality Assessment, which ensures that all material risks are identified, monitored and effectively managed, will further increase the Bank's understanding of CR&E risk, strengthen the Banks ICAAP scenario development processes and inform the Bank's Strategy.

Risk Management

PTSB's ERMF sets out the approach for risk identification, assessment, measurement, monitoring, mitigation, and reporting. CR&E risk management is integrated within the Bank's ERMF through the inclusion of a CR&E Risk Framework and adopted across the 3LOD Model.

At a Group level, Physical and Transition Risk are considered through the following time horizons:

- Short -Term 0 - 1 Year
- Medium -Term 1 - 5 Years
- Long -Term 5 - 30 Years

Each line of defence performs its duties by identifying and assessing CR&E risks, analysing the relevance of risks, evaluating the impact on the Bank's operations and business and formulating control measures and response strategies.

The First Line of Defence (1LOD - Business Units and Functions), undertake frontline commercial and operational activities and their support function is responsible for identifying, owning, managing, monitoring, and mitigating against CR&E risk.

The Second Line of Defence (2LOD - Risk and Compliance Function), ensure that all CR&E risks are identified, assessed, measured, monitored, managed, and properly reported on by the relevant business units from across the Bank.

As the Third Line of Defence (3LOD - Group Internal Audit) provide independent assurance to the Board over the adequacy, effectiveness and sustainability of the Bank's internal control, risk management and governance systems and processes, thereby supporting both the Board and Senior Management in promoting effective and sound risk management and governance across the Bank, in relation to CR&E risk.

A suite of supporting documentation (Risk Categories, Frameworks and Policies) is maintained for key risk categories and risk processes. The Bank has continued to integrate CR&E risk into the Risk Management Framework and associated Policies, with further consideration for CR&E risk ongoing with identified priority policies to be updated in 2023 and 2024 as part of annual policy review cycles. This supporting documentation describes the activities and tools required to support the ongoing risk management process, and to promote a comprehensive and consistent approach to risk management across the Bank.

TCFD recommendation: Disclose how the organisation identifies, assesses and manages climate-related risks.

A. Processes for identifying and assessing climate-related and environmental risks

The Bank has identified that CR&E risk may adversely impact or act as a driver for several other Key Risk Categories as defined in the ERMF.

Materiality Assessment

In 2023, the Bank undertook a qualitative CR&E risk Materiality Assessment. Through this Assessment, the Bank identified CR&E risk as a risk that may act as a driver of, or manifest through, other existing Risk Categories.

Throughout 2023, the potential impacts of CR&E Risk (Physical and Transition) have been assessed by the Bank on a qualitative basis considering the business environment across all Risk categories in the CR&E Risk Qualitative Materiality Assessment.

Group Risk have considered whether the impacts identified are likely to materialise in the short, medium or long-term, defined as 0-1 years, 1-5 years or > 5 years, respectively. The impacts have not yet been quantified. Plausible future climate scenarios were not included as part of this assessment.

Potential Impacts of Risk	Physical	Transition	Horizon
Credit Risk:	Physical Risk (for example, flooding/ sea level rises) may negatively impact collateral valuations for properties in vulnerable areas thereby increasing their Loss Given Default (LGD). Additionally, SMEs with operations in vulnerable areas particularly, agribusiness and coastal manufacturing business, or those with supply chains vulnerable to Physical Risk (in Ireland and abroad) may default on their loan payments if they need to use funds to adapt to, or remediate physical damage to their operations that would otherwise have been used to repay the Bank.	Regulatory changes applicable to banks may impact Credit Risk management and how Credit Risk is assessed. Financial firms may be required to further integrate ESG factors (in addition to current guidance) in future years. Policy changes may also impact the Credit Risk Profile of counterparties. If market sentiment deteriorates as a result of the transition, this may impact the financial position of PTSB's customers, both Retail and Business Banking, and result in an increase in Expected Credit Loss (ECL). In addition, deteriorating market sentiment may also impact collateral valuations as the housing market may fall. If this occurs, it may result in an increase in Loss Given Default (LGD). There is also a risk that as market sentiment changes, the level of insurance gaps, particularly for properties located in areas more vulnerable to Physical Risk, may increase.	Short to Long-Term
Operational & IT Risk:	Physical Risk may impact the Bank's business operations and may trigger the Business Continuity Plan (BCP) or impact IT (data centre vulnerabilities). This may also impact third party suppliers depending on the geographical locations of their supply chain. Further, if PTSB property is located in areas vulnerable to Chronic Physical Risk, this may impact the value of the properties.	Regulatory, policy and technology changes may impact Operational and IT Risk Management in future as transformation to processes and systems could be required to ensure compliance. As market sentiment deteriorates, increasing climate terrorism (for example, cybercrime or rioting due to climate change inaction) may increase in frequency. Further, if market sentiment changes such that the value of properties with poor Building Energy Ratings (BERs) decrease in value, PTSB property values may be impacted.	Short to Long-Term

Potential Impacts of Risk	Physical	Transition	Horizon
Market Risk:	Climate change, in particular Chronic Physical Risk, may have consequences in terms of macroeconomic impacts (for example, sovereign/counterparty ratings; general economic impacts; and, displacement etc.) which in turn, could indirectly result in an increase in market volatility and adverse movements in asset/ collateral values.	The transition to Net Zero could result in increased market volatility impacting the Bank in the form of either Interest Rate Risk or Credit Spread Risk.	Medium to Long-Term
Funding and Liquidity Risk:	Increasing costs associated with Physical Risk could potentially impact on deposit volumes, adversely impacting savings levels at a system level. Increased market volatility driven by climate change could see higher collateral haircuts required by market participants such as the Central Bank of Ireland (CBI), which may have an impact on collateral values.	The transition to Net Zero could result in the introduction of new regulatory metrics to capture CR&E risk, increased prescribed outflows for certain cohorts in the Liquidity Coverage Ratio (LCR), or more severe/additional haircuts for collateral impacting on the liquidity buffer value.	Medium to Long-Term
Reputational & Conduct Risk:	Physical Risk may impact the Bank's business operations or its portfolio (in terms of collateral value, for example, LGD and ECL). If the Bank holds a high proportion of vulnerable assets or regularly triggers BCPs due to lack of forward planning and identification of vulnerabilities to Physical Risk (both from a Credit and Operational Risk perspective), then its reputation may suffer and ultimately, its share price and market share may be impacted. Customer experience may also be impacted where Physical Risk impacts the Bank's operations, thereby, damaging the Bank's perceived reliability and reputation.	As pressure mounts to reach Net Zero, regulatory disclosure obligations will be increasingly scrutinised by investors, the public and potentially the media to identify firms who are not contributing to the transition. Data available to inform disclosures may be incomplete as the data environment evolves over time. The quality of the disclosures may therefore need to improve over time and limitations in this respect must be clearly articulated so as not to mislead stakeholders and increase Reputational risk. A deteriorating market sentiment may impact the macroeconomic environment, thereby reducing lending appetite and as a result the Bank's market share. If the Bank has a reputation for lagging other institutions in terms of green product development or supporting the government in achieving Net Zero, Reputational Risk may crystallise, and this may contribute to customer attrition. Climate litigation cases are also increasing with a focus on historic emissions related damage caused and commitments on emissions reduction targets, the number and scope of these cases may increase if market sentiment deteriorates.	Short to Long-Term

Potential Impacts of Risk	Physical	Transition	Horizon
Model Risk:	If the Bank adapts an existing model/develops or sources a new model designed to assess the level of Physical Risk to which the Bank may be vulnerable it may prove difficult to develop or validate due to the little historical data available and lack of benchmarking for CR&E models.	Regulatory expectations may require that models be adapted/developed or sources to facilitate effective CR&E risk analysis. There is a challenge for the Bank as CR&E risk is relatively new and there is very limited historical data available to use. An inaccurate model may produce misleading results as to the level of CR&E risk exposure to the Bank which could lead to flawed decision making which may manifest through an impact on other risk categories.	Short to Long-Term
Business Risk:	The Bank needs to adjust its Strategy to ensure that the Banks customers are not primarily concentrated in high Physical Risk areas. A just transition is of importance to the Bank, so limitations or exclusions will also have to be considered in the context of PTSB customer centric approach.	The transition to Net Zero may require or force a change to the Bank's Strategy. Executions of the Strategy may require significant planning, cost and resources with the regulatory expecting Banks to adequately consider CR&E factors in strategy development. Further, customer finances may be impacted, and deposits and inflows may be reduced during the transition, directly impacting the Banks baseline plan and the associated Capital and Funding Plans. It is critical for the Bank to capture green product market share as it is less likely to deteriorate in a market downturn.	Short to Long-Term
Compliance Risk:	If the Bank fails to comply with Regulatory expectations requiring the Bank to understand the level of Physical risk to which the Bank is exposed, this may result in Compliance Risk.	CR&E regulatory requirements are expanding. If the bank fails to comply with CR&E regulations this may result in Compliance Risk. Mandatory disclosure reporting regulations requiring alignment with the EU Taxonomy are coming into force, such as Pillar 3 ESG Disclosures and reporting under the Corporate Sustainability Reporting Directive (CSRD), requiring limited assurance.	Short to Long-Term
Capital Adequacy Risk:	If Physical Risk worsens over time, the pace at which the regulator may apply changes to capital requirements may increase.	Changes to the regulatory framework (for example new/higher capital buffers and/or new/higher Bank-specific capital add-ons) via Pillar 2 are key risks to capital adequacy. The risk of higher, industry-wide capital requirements is something over which the Bank has limited control, but impacts can be better managed through appropriate upstream scanning and capital planning. With regard to the potential for higher Pillar 2 add-ons, any failure to meet existing regulatory requirements / expectations increase this risk.	Medium to Long-Term

Regulatory Compliance Framework
A Regulatory Compliance Framework is in place which sets out how the Bank manages current and emerging Regulatory Compliance and Conduct Risks including CR&E regulatory changes and guidance.

As part of the Bank's ongoing management of Regulatory Compliance Risk, the Bank monitors regulatory changes and guidance (Upstream). The Upstream Regulatory Compliance Team is responsible for the management of these regulatory developments, which arise from changes in the external regulatory environment.

Once a regulation takes effect, it is added to the Regulatory Compliance Universe which aims to identify and populate ownership of all Regulatory Compliance and Conduct Risk regulations which the Bank is required to comply with.

Risk and Control Self-Assessment (RCSA)
The Risk and Control Self-Assessment (RCSA) is one type of formal assessment of the risks and the effectiveness of the controls to manage these risks, including those aligned to the CR&E Risk Categories.

The RCSA process supports the monitoring of CR&E risk in selected Business Units. Business Units are required to review the accuracy and completeness of these risks and mitigating controls on an on-going basis, and report their test results periodically.

Climate-related Stress Testing
During 2022 the Bank conducted a high-level climate stress test and sensitivity analysis leveraging the macroeconomic and Climate Scenarios Framework used as part of the European Central Bank (ECB) Climate Stress Test, with a primary focus on the Bank's most material portfolio (Retail Mortgages).

These stress tests considered the impact on both customer default rates (ECL) and subsequent losses incurred by the Bank as a result of climate change. Transition and Physical risk effects on the Mortgage Portfolio as direct result of climate change and associated policy/price responses were factored into the estimates of increased levels of default and reduced collateral valuations. The output of the results, based on current analysis, showed that Physical Risk is likely to have more of an impact than Transition Risk in the short to medium term on the Bank's Mortgage Portfolio.

In 2023, Physical Risk was discussed as part of the Operational and IT Pillar 2 workshops, and specifically, the business disruption scenario. Workshop discussions also considered Physical Risk impact on the PTSB Residential Portfolio.

Horizon Scanning and Information Sharing
As part of the Bank's ongoing assessment of CR&E risk, the Bank is a member of information sharing forums, including the Banking and Payments Federation of Ireland (BPFI), the Sustainable and Responsible Investment Forum and the National Climate Stakeholder Forum, through which it shares and receives information related to the latest Climate Risk trends and threats and gets insight into evolving industry best practices. The Bank monitors regulatory changes and guidance, including from the Central Bank of Ireland and European Central Bank.

B. Processes for managing climate-related and environmental risks.

The management of CR&E risk is aligned to key processes and components set out in the Bank's ERMF, which identifies core risk management stages which collectively ensure that the Bank appropriately identifies and manages current and emerging risks the Bank is exposed to.

Climate-Related and Environmental Risk Implementation Plan
The Central Bank of Ireland (CBI) requested individual Lesser Significant Institutions (LSIs) to submit a Board approved comprehensive plan by June 2022 on how the Bank plans to address supervisory expectations in relation to CR&E risk. In line with this request, the Bank submitted its CR&E Risk Implementation Plan within the required timeline, and throughout 2022 and 2023 deployed resources to ensure its implementation.

The Bank has established strong governance of CR&E risk through the creation of a Sustainability Committee, which operates as a sub-committee of the Executive Committee; updated Board Risk Committee (BRCC) Terms of Reference (ToR) to include CR&E risk considerations, formalisation of a CR&E risk definition and a CR&E Risk Management Framework.

While the Bank is focused on short-term action delivery and stepping up the pace in embedding CR&E risk, it is mindful of creating capacity and building a robust long-term strategic approach to CR&E risk, which aligns to best practice. This will ensure there is comprehensive integration within Strategy, Data, Risk Management and Product Strategy, supported by enabling activities such as training and disclosures.

Risk Register
Risk Registers, which contain the details of current and emerging risks from each of the Group Risk functions, including CR&E risk, utilise the 'top down' Risk Identification and 'bottom up' Risk and Control Self-Assessment (RCSA) processes and form the basis of the Bank's Top and Emerging Risks Report.

Risk Appetite
Risk Appetite is set by the Board, and represents the level and nature of risk (within the Risk Categories) that the Bank is willing to accept in pursuit of its strategic objectives. A qualitative CR&E Risk Appetite Statement has been included in the Bank's Risk Appetite Statement confirming that the Bank's appetite for CR&E risk is Low. Through the delivery of the CR&E Risk Implementation Plan, CR&E metrics have been designed including those related to Credit Risk and Operational and IT Risk.

Physical Risk Analysis
The Bank has progressed Physical Risk analysis in the Retail Lending Portfolio. The Bank has utilised publicly available flood mapping data, taken from the Office of Public Works (OPW), to carry out analysis on the Retail Mortgage Lending Portfolio to identify areas of Physical Risk.

For Ireland, these risk types correspond to coastal erosion and fluvial and pluvial flood risk. The Bank has mapped property in the PTSB Retail Mortgage Portfolio into low, medium and high risk buckets based on defined risk thresholds and sensitivity parameters.

At present, the Bank is not concerned about the low level of risk identified. PTSB will continue refining its Physical Risk definitions, metrics and thresholds over time based on emerging data/ techniques.

The Bank are sourcing data from an external data provider to further enhance mapping and assessing of CR&E risk impact. This will help to continue progression of CR&E analysis with the most accurate and up to date CR&E risk view in our Lending Portfolio.

C. Integration of processes for identifying, assessing and managing climate-related and environmental risks into overall risk management.

CR&E risk issues are integrated across all governance mechanisms through delivery of the Board approved CR&E Risk Implementation Plan. A CR&E Risk Management Framework has also been developed that is linked to the ERMF.

CR&E risk is included as a Risk Category within the ERMF and has two sub-risk categories; Physical Risk and Transition Risk. Throughout 2023, the Bank has continued to integrate CR&E risk into the Risk Management Framework and associated Policies.

Climate-related and Environmental Risk as a Key Risk
CR&E risk is included as a Key Risk Category within the ERMF and has two sub-risk categories of Physical Risk and Transition Risk. Over the last year, the Bank has continued to integrate CR&E risk into the Bank through a suite of supporting documentation, such as, the Risk Management Framework, the CR&E Risk Framework and associated Frameworks and Policies. The supporting documentation describes the activities and tools required to support the ongoing risk management process, and to promote a comprehensive and consistent approach to risk management across the Bank.

Materiality Assessment
As outlined above, in 2023, a Qualitative Materiality Assessment for CR&E risk was undertaken by the Bank. The aim of this Assessment was to understand the impact of CR&E Risk (Physical and Transition Risk) on the Banks's existing risk categories in the ERMF.
Group Risk have considered whether the impacts identified are likely to materialise in the short, medium or long-term, defined as 0-1 years, 1-5 years or > 5 years, respectively. The impacts have not yet been quantified. Plausible future climate scenarios were not included as part of this assessment.

Review of Policies:
The allocation of roles and responsibilities across the 3LOD are clearly set out within the CR&E Risk Framework.
Priority Policies have been identified for consideration of CR&E enhancements, with further updates to follow as part of the Bank's Policy Review Cycle.

Monitoring of CR&E requirements will continue in business as usual as both, CR&E risk, and the Bank's own risk management processes evolve.

Metrics and Targets

TCFD recommended disclosure: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

A. Metrics used to assess climate-related and environmental risks and opportunities in line with strategy and risk management process.

PTSB is focussed on continuing to disclose transparently and is committed to measuring and managing the carbon impact of our operations.

We measure our carbon impact across Scope 1, 2 and 3 using the Greenhouse Gas (GHG) Protocol, the world's most widely used greenhouse gas accounting standard. In the measurement of Scope 3 Category 15 – Investments (our financed emissions) we used the Partnership for Carbon Accounting Financials (PCAF), Financed Emissions Standard.

Scope 1 includes direct GHG emissions from sources that are owned or controlled by the Bank, such as natural gas combustion and company owned vehicles.

Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat and steam generated off-site. The emissions are reported using both a location-based method and a market-based method.

Scope 3 includes all the Bank's other indirect emissions: Purchased Goods and Services, Capital Goods, Other Fuel and Energy, Transportation and Distribution, Waste, Business Travel, Employee Commuting (including home working) and Investments (financed emissions).

Scope 3 categories which have been deemed immaterial to the Bank include Leased Assets, Processing of Sold Products, Use of Sold Products, End-of-Life Treatment of Sold Products and Franchises. These categories will be monitored annually to ensure that they remain immaterial.

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

A breakdown of our carbon impact across Scope 1, 2 and 3 can be found below:

Emissions	2022 tCO2e	2023 tCO2e
Scope 1	1,188	841
Scope 2 (Location-based value)	2,502	2,217
Scope 2 (Market-based value)	0	0
Scope 3	230,682	342,035
Total (Location-based value)	234,372	345,093
Total (Market-based value)	231,870	342,876

Scope 3 emissions breakdown	2022 tCO2e	2023 tCO2e
Purchased Goods and Services	49,232	19,117
Capital Goods	16,941	662
Other Fuel & Energy	1,360	335
Upstream Transportation and Distribution	5,123	1,827
Waste	8	7
Business Travel	60	167
Employee Commuting	3,934	5,840
Investments - Financed Emissions	154,024	314,081

Intensities	2022 tCO2e	2023 tCO2e
Scope 1 & 2 (Location-based value) tCO2e/FTE	1.6	0.9
Scope 1 & 2 (Market-based value) tCO2e/FTE	0.5	0.3
Total (Location-based value)/€million Revenue	467.8	395.7
Total (Market-based value)/€million Revenue	462.8	393.2

Notes:
- Total Scope 1, 2 and 3 GHG emissions were previously reported as 227,179 in the PTSB Annual Report 2022. The total GHG emissions amount has been updated following a subsequent review of the consumption data, and emission factors used within the computations as reported in our 2022 TCFD Report.
- Data was calculated using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, ('GHG Protocol') methodology and Partnership for Carbon Accounting Financials (PCAF), Financed Emissions Standard.
- Emission factors were sourced from DEFRA's Greenhouse gas reporting: conversion factors 2023, the Commission of Utilities (CRU) 2022, Carbon Cube and Climatque.
- The CarbonCube® uses procurement spend data to calculate carbon emissions. Spend data is categorised, and emissions factors are matched to the categorised spend to calculate emissions. This data can then be enhanced over time with supplier-specific data, as it becomes available.
- We adopt the operational control approach on reporting boundaries. In 2023, the data covers 100% of our operations in the Republic of Ireland.
- All 15 categories of Scope 3 emissions were evaluated and have been reported upon where associated emissions have been identified.
- Category 15 includes the Bank's Residential Mortgage Portfolio and no other lending activities. Financed Emissions are calculated as a product of Carbon Intensity*LTV*Floor Area. LTV is calculated as (Accumulated Balance Amount)/(Original Value Amount), generating value between 0 and 1.
- Figures are rounded.
- Intensity figures based on FTE of 2,255 and 3304 (for 2022 and 2023 respectively) and Revenue of €501 million and €872 million for (2022 and 2023) respectively.
- Our approach will continue to evolve in line with industry developments and as data quality improves.

Scope 1 and 2
During 2023, we continued to make progress in reducing our scope 1 and 2 carbon emission intensity through the use of 100% renewable electricity by our electricity providers, efficiencies in energy use by the business through initiatives aimed at reducing our carbon footprint and the impacts of hybrid working with 66% of our organisation now availing of our smarter working options. Although our branch footprint increased in 2023, we have decreased the direct emissions associated with our energy usage by 14%.

Our carbon intensity has decreased by 17% since 2022 based on tCO2e/FTE using Scope 2 (Location-based value).

Scope 3
As part of our ongoing commitment to reduce our carbon footprint, during 2023, we progressed our data collection processes for our Scope 3 emissions. Through our partnership with Efficio, we have used the Carbon Cube spend based carbon footprint calculator, refining the methodology of calculating emissions through detailed classification of spend categories for Purchased Goods and Services, Capital Goods and Upstream Transportation and Distribution.

Scope 3 – Financed Emissions
PTSB's Portfolio is residential in nature with 94% of the book (as at 31 December 2023) being secured on residential property. As such, it is deemed a material Portfolio for the Bank and a priority area of focus when it comes to calculating our investment-related emissions.

To calculate emissions associated with the Residential Mortgage Portfolio, the Bank used available BER codes that have a kg CO2e/m2 identified, currently fewer than 10%. To remedy this, a BER proxy model was developed to estimate the BER rating where no valid BER certificate was available. This model relies on identifying the property location by matching property addresses to Eircodes and available collateral characteristics (age, dwelling type and location) to estimate BERs and kg CO2e/m2.

The financed emissions were calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF).

The increase in financed emissions during 2023 is a result of two factors. Firstly, the full-year impact of the €6.7 billion Residential Portfolio that the Bank acquired as part of the Ulster Bank transaction in the Republic of Ireland had an impact, resulting in an increase in emission intensity year-on-year.

Secondly, through the data remediation plan mentioned above, the Bank has a more complete picture of BER spread across the Residential Mortgage Portfolio, which gives a more accurate kg CO2e/ m2 for all collaterals. The Bank is focussed on improving data quality over time and will disclose transparently on any changes in methodologies or emissions as appropriate.

C. Targets used to manage climate-related and environmental risks and opportunities and performance against targets.

Science Based Targets (SBTs)

In 2021, we deepened our commitment to long-term sustainability and committed to new climate action goals by signing Phase 2 of the Low Carbon Pledge[45]. The refreshed Pledge focusses on setting SBTs by 2024 and will include measuring and reducing our carbon footprint in line with the Paris Agreement and the latest IPCC findings.

The first step to setting SBTs is understanding our carbon footprint. During 2023, we continued to access our emissions across Scope 1, Scope 2 and the relevant categories found within Scope 3, as outlined above. We will use this as the Bank's carbon baseline.

As we look to 2024 and beyond, we are focussed on:

- Using our 2023 carbon baseline to set SBTs aligned to the Paris Agreement and IPCC findings and validated by the Science Based Target Initiative (SBTi); and,
- Developing a corresponding Carbon Transition Plan to help us to achieve our targets.

Remuneration

At present, consideration for CR&E risk is not incorporated into Executive Pay.

Under the leadership of the Chief Human Resources Officer and Corporate Development Director, a Head of Corporate Affairs and Communications; Senior Manager, Sustainability and Sponsorships; and, a Sustainability Manager are in place to manage and deliver all sustainability programming.

Similarly, under the leadership of the Chief Risk Officer, an Enterprise Risk Management Team; and, a Climate Risk Manager are in place to manage and deliver all CR&E risk programming.

Specific objectives aligned to the Banks overall Sustainability Strategy (which includes a focus on CR&E risk) are included within team member objectives, depending on their role within the function.

Attainment of objectives is assessed through a formal performance review process that occurs at regular intervals throughout the year. Delivering on strategy, as well as the overall performance in the role, determines the level of monetary pay increase achieved.

For the last number of years, agreements in place with the Irish State have restricted the Bank's ability to offer a fully comprehensive Employee Value Proposition, including bonuses or incentives.

In December 2022, the Minister for Finance agreed certain amendments to the State agreements on remuneration and as a result bonuses are now no longer prohibited, subject to the amount of any such remuneration in any 12-month period not exceeding €20,000 in the aggregate.

During 2023, the Bank commenced the design of an enterprise-wide Variable Pay Scheme. The design of the Scheme will take into account the need to link pay and reward to the achievement of a number of factors including our ESG agenda. Further updates on the launch and structure of the scheme will be included in future updates.

[45] The Low Carbon Pledge is the first dedicated pledge generated by Irish business to set industry standards on sustainability and reduce carbon emissions.

Financial Review

The Group's financial performance in 2023 has been shaped by the completion of the Ulster Bank transaction, changed interest rate environment and organic growth. The changed interest rate environment has resulted in a higher net interest margin for the Bank due to higher yields on lending and treasury assets, partially offset by a higher cost of funds. In order to maximise the opportunity presented by the Ulster Bank transaction and market exits, the Bank increased its resources over the last two years in order to safely on-board new customers. As a result, operating expenses (excluding non-recurring regulatory items) for 2023 increased by 25% to €495m, in line with management expectations. Asset quality remains robust and is benefitting from the strict lending criteria in place over the last decade. As such, the Bank has recorded a small impairment release of €2m for the year. Exceptional Items of €87m comprise transaction costs and the initial expected credit loss associated with the Ulster Bank transaction together with a provision for non-core items. The above are the main items which result in the Group delivering an overall profit after tax for the year of €68m.

The Group continued to manage its capital and liquidity positions prudently during the year. The liquidity and capital positions of the Group remain well above all minimum regulatory requirements, with transitional CET1 and total capital sitting at 14.3% and 22.0% respectively.

Asset quality has continued to remain strong during 2023. Our customers have continued to manage the impacts of inflation and higher interest rate environment. The Group's NPL ratio remained at 3.3%, in line with 2022. The Group continues to monitor and manage carefully the impact of inflation on our customers and any future expected credit losses.

The outlook for the Bank remains strong, and the Group expects to deliver sustainable profitability over the medium term.

Basis of preparation

The financial review is prepared using International Financial Reporting Standards (IFRS) and non-IFRS measures to analyse the Group's financial performance for the financial year ended 31 December 2023.

Non-IFRS measures are used by Management to assess the financial performance of the Group and to provide insights into financial and operational performance on a consistent basis across various financial years. They also provide details regarding the elements of performance which the Group considers important in its performance assessment and which it can influence.

Non-IFRS measures are however not a substitute for IFRS measures and IFRS measures should be preferred over non-IFRS measures where applicable.

The Group has a tightly drawn accounting policy for exceptional items (see note 1) and exceptional items are considered to include:

- Profit/loss on disposal of businesses;
- Gain on bargain purchase in respect of business combinations;
- Profit/loss on material deleveraging prior to 31 December 2021, including any increase in impairment arising solely due to the sale of NPLs becoming part of the Group's recovery strategy;
- Material restructuring costs; and
- Material transaction, integration and restructuring costs associated with acquisitions (including potential liquidations).

However, from time to time certain material non-recurring items occur which do not meet the definition of exceptional items as set out in the accounting policy. To assist the users of the financial statements and to ensure consistency in reporting with other financial institutions, these items are disclosed separately from underlying profit in the financial review. These items are clearly identified as non-IFRS items and reconciled back to the IFRS income statement.

A reconciliation between the underlying profit and operating profit on an IFRS basis is set out on page 72.

Management has provided further information on IFRS and non-IFRS measures including their calculation in the Alternative Performance Measures (APM) section on pages 300 to 307.

Basis of calculation

Percentages presented throughout the financial review are calculated using absolute values and therefore the percentages may differ from those calculated using rounded numbers.

Management performance summary consolidated income statement

	Table	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Net interest income	1	**620**	362
Net fees and commissions income	3	**42**	42
Net other income	4	**6**	5
Total operating income (excl. exceptional items and other non-recurring items)		**668**	409
Total operating expenses (excl. exceptional items and other non-recurring items, bank levy and other regulatory charges)	5	**(444)**	(344)
Bank levy and other regulatory charges		**(60)**	(51)
Underlying profit before impairment*		**164**	14
Impairment write-back on loans and advances to customers	6	**2**	31
Underlying profit before exceptional and other non-recurring items		**166**	45
Exceptional items comprise:	7	**(28)**	265
Gain on bargain purchase		**-**	362
Costs incurred in relation to Ulster Bank transaction		**(31)**	(92)
Impairment write back arising from deleveraging of loans		**5**	8
Restructuring and other costs		**(2)**	(13)
Other non-recurring items comprise:	7	**(59)**	(43)
Impairment charge on Ulster Bank transaction		**(52)**	(30)
Impairment charge on deleveraging of loans post 2021		**-**	(8)
Other items relating to Ulster Bank transaction**		**-**	(1)
Charges in relation to legacy legal cases		**(2)**	(4)
Other		**(5)**	-
Profit before taxation		**79**	267
Taxation		**(11)**	(44)
Profit for the year		**68**	223

* See table 8 on page 72 for a reconciliation of underlying profit to operating profit on an IFRS basis.
** Expense offset by non-recurring income

Management performance summary consolidated income statement - key highlights

- **Total operating income (excl. exceptional items)** has increased by €259m during 2023 primarily due to:
  - **Net interest income** increased by €258m (71%) during 2023 to €620m. The increase is mainly driven by the migration of the Ulster Bank portfolios in late 2022 and during 2023, in addition to the ECB interest rate increases. This is partially offset by increases in wholesale funding and costs.
  - **Net fees and commission income** is €42m for the year ended 31 December 2023, in line with 2022. Both fee and commission income and expenses increased by €11m each, offsetting each-other.
  - **Net other income** is €6m for the year ended 31 December 2023 compared to €5m at 31 December 2022. Net other income primarily comprises gain on derivatives in relation to the Ulster Bank transaction, and a FX gain on Visa share sale post de-recognition.
- **Operating expenses (excl. exceptional items and other non-recurring items, bank levy and other regulatory charges)** are €444m for the year ended 31 December 2023 compared to €344m at 31 December 2022. The increase is driven by higher resourcing costs, a one off cost of living support for colleagues, increased amortisation of capitalised digital costs spent in previous years, and a one off increased DGS charge of €9m.
- **Impairment** is a write-back €2m on loans and advances to customers for the year ended 31 December 2023, compared to a write-back of €31m for the year ended 31 December 2022. This reflects the positive macroeconomic outlook in Ireland and continued customer resilience in response to higher interest rates and inflationary pressures.
- **Exceptional items** of €28m for the year ended 31 December 2023 comprise €31m relating costs incurred in the Ulster Bank transaction, €5m relating to an impairment write-back arising from deleveraging of loans and €2m arising in respect of a previous disposal of a business.
- **Other non-recurring items** amount to a charge of €59m for the year ended 31 December 2023. They comprise €52m relating to the day 1 impairment charge on Ulster Bank assets which migrated in 2023, €2m in provisions relating to legacy legal cases, and €5m in other charges which primarily relate to the write off of the investment in Synch Payments DAC of €4m.
- **Profit before tax** of €79m for the year ended 31 December 2023 compared with a profit before tax of €267m for the year ended 31 December 2022. This adverse variance is due to a one off gain on bargain purchase associated with the Ulster Bank transaction being recognised in 2022.

Net interest income	Net interest margin
€620m	2.32%

Table 1: Net Interest Income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Interest income	**778**	417
Interest expense	**(158)**	(55)
Net interest income	**620**	362
Net interest margin (NIM)	**2.32%**	1.54%

Interest income

Interest income of €778m for the year ended 31 December 2023 increased by €361m (87%), compared to the prior year. This is mainly driven by the following:

- increased income on assets whose reference rate is linked to the ECB marginal refinancing offer rate;
- organic growth of the performing loan book with higher new lending than redemptions and repayments; and
- the migration of Ulster Bank mortgage loans in Q4 2022, and the migration of the remaining Mortgage, SME and Asset Finance businesses in 2023.

Interest expense

Interest expense increased by €103m to €158m for the year ended 31 December 2023, which reflects higher funding costs associated with the increase in ECB interest rates during the year.

Table 2: Average balance sheet

	Year ended 31 December 2023			Year ended 31 December 2022		
	Average Balance	Interest	Average Yield/ Rate	Average Balance	Interest	Average Yield/ Rate
	€m	€m	%	€m	€m	%
Interest-earning assets						
Loans and advances to customers	**20,547**	**661**	**3.22%**	15,099	387	2.56%
Debt securities and derivative assets	**3,242**	**36**	**1.11%**	2,849	15	0.53%
Loans and advances to banks	**2,795**	**81**	**2.90%**	5,521	15	0.27%
Total average interest-earning assets	**26,584**	**778**	**2.94%**	23,469	417	1.79%
Non-interest earning assets	**937**					
Total Assets	**27,521**	**778**				
Interest-bearing liabilities						
Customer accounts	**22,340**	**43**	**0.20%**	20,171	11	0.05%
Debt securities in issue	**1,222**	**71**	**5.81%**	628	16	2.55%
Lease liabilities	**29**	**1**	**3.41%**	29	-	-
Subordinated liabilities	**254**	**8**	**3.15%**	252	8	3.17%
Deposits by banks	**1,051**	**35**	**3.33%**	1,377	20	1.45%
Total average interest bearing liabilities	**24,896**	**158**	**0.64%**	22,457	55	0.24%
Non-interest-bearing liabilities	**201**					
Total Liabilities	**25,097**	**158**				
Total average equity attributable to owners	**2,424**			1,885		
Total equity and liabilities	**27,521**					
Net Interest Margin	**2.32%**			1.54%		

Net interest margin

NIM increased by 78bps to 2.32% for the year ended 31 December 2023 compared to 1.54% for the prior year. The NIM of the Group has grown due to increases in interest rates on lending and treasury assets. This is partially offset by increases in wholesale funding and deposit costs.

Interest income/average interest earning assets

- Interest income on loans and advances to customers increased by €274m. This is driven by the pass-through of ECB rate increases to mortgage customers on variable rates, new fixed lending and the addition of the remaining Ulster Bank assets during 2023.
- Interest income on debt securities and derivative assets increased by €21m due to lower yielding debt securities being replaced by higher yielding assets, reflecting market movements.
- Interest income on loans and advances to banks increased by €66m due to higher yields on excess liquidity held with the Central Bank during the second half of 2022, continuing into 2023. The average balance of loans and advances to banks decreased by €2.7bn when compared to 2022. This balance consists of excess cash reserves with the CBI, and its movement year on year is driven primarily by the payment to NatWest Group as part of the completion of the Ulster Bank transaction in quarter four of 2022.

Interest expense/average interest bearing liabilities

- Interest expense on customer accounts has increased by €32m. This increase reflects the pass through of a portion of increased ECB rates to deposit customers along with a higher average balance due to market exits.
- Interest expense on debt securities in issue increased by €55m during the year primarily due to the issuance of €1.15bn in senior unsecured MTN debt during the second quarter of the year.
- The average balance of deposits by banks decreased due to a change in funding mix resulting in lower volumes of repurchase agreements due to the strong liquidity position. The average balance of subordinated liabilities remained consistent with 2022.

Average equity attributable to owners

The average equity attributable to owners increased in the year due to the full year impact of the issuance of AT1 debt and new shares as part of the Ulster Bank transaction in late 2022.

Net fees and commissions income

€42m

Table 3: Net fees and commissions income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Retail banking and credit card fees	**76**	65
Brokerage and insurance commission	**9**	9
Other fees and commissions income	**1**	1
Fees and commission income	**86**	75
Fees and commission expense*	**(44)**	(33)
Net fees and commission income	**42**	42

* Fees and commission expenses primarily comprises retail banking and credit cards fees

Net fees and commission income is €42m for the year ended 31 December 2023, in line with 2022 as growth in fee-paying customers was offset by increased transactional activity on the expense side.

Net other income

€6m

Table 4: Net other income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Other income	**6**	5
Net other income	**6**	5

Net other income is €6m for the year ended 31 December 2023 compared to €5m at 31 December 2022. Other income is driven by gains on derivative contracts linked to the Ulster Bank transaction.

Total operating expenses (1)	Adjusted cost income ratio
€444m	66%

(1) Excluding exceptional and other non-recurring items, bank levy and other regulatory charges.

Table 5: Total operating expenses

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Staff costs		
Wages and salaries including commission paid to sales staff	**165**	124
Social insurance	**19**	15
Pension costs	**17**	13
Total staff costs	**201**	152
Other general and administrative expenses	**176**	141
Administrative, staff and other expenses	**377**	293
Depreciation of property and equipment	**27**	21
Amortisation of intangible assets	**40**	31
Reversal of impairment on property and equipment	**-**	(1)
Total operating expenses (excluding exceptional and other non-recurring items, bank levy and regulatory charges)	**444**	344
Bank levy	**22**	22
Other regulatory charges	**38**	29
Total operating expenses (excluding exceptional and other non-recurring items items)	**504**	395
Headline cost to income ratio*	**75%**	96%
Adjusted cost to income ratio**	**66%**	84%
Closing staff numbers***	**3,330**	2,614
Average staff numbers	**3,055**	2,422

* Defined as total operating expenses (excluding exceptional and other non-recurring items) divided by total operating income.
** Defined as total operating expenses (excluding exceptional, other non-recurring items, bank levy and regulatory charges) divided by total operating income.
*** Closing staff numbers are calculated on a FTE basis.

Operating expenses

Staff costs

Staff costs have increased by €49m during 2023, driven by an increase in average FTE of 633 across the Bank during 2023, along with increases as a result of performance related pay and a one off 2% cost of living payment for staff during 2023.

General and administrative expenses

Other general and administrative expenses have increased by €35m during 2023, driven by the costs associated with servicing the Bank's increased Branch network, and a significant investment in the Bank's brand position, the first such investment in over twenty years.

Amortisation of intangible assets

Depreciation has increased by €15 million when compared to 2023. This is mainly due to increased investment spend in recent years being in excess of those assets fully depreciating from prior years. This is primarily driven by investment in the Bank's Digital Banking programme.

Adjusted cost income ratio

Operating costs (excluding exceptional and other non-recurring items, bank levy and regulatory charges) of €444m and operating income of €668m for the year ended 31 December 2023 results in an adjusted cost income ratio of 66% for 2023, compared to an adjusted cost income ratio of 84% for the year ended 31 December 2022. The adjusted cost income ratio has reduced during the year as a result of the higher total operating income offsetting the higher operating costs.

Bank levy and other regulatory charges

Bank levy and other regulatory charges amounted to €60m for the year ended 31 December 2023. Other regulatory charges include €28m for the Deposit Guarantee Scheme (DGS) (31 December 2022: €19m). The Single Resolution Fund fee for the year ended 31 December 2023 was €4m (31 December 2022: €5m), €4m for the Central Bank Industry Funding Levy (31 December 2022: €4m) and €2m related to other regulatory charges (31 December 2022: €1m).

Impairment

€2m write back

Table 6: Impairment

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Total impairment (charge)/write-back on loans and advances to customers	**2**	31

The impairment write-back is €2m on loans and advances to customers for the year ended 31 December 2023, compared to a write-back of €31m for the year ended 31 December 2022. This reflects the positive macroeconomic outlook in Ireland and continued customer resilience in response to higher interest rates and inflationary pressures.

Exceptional and other non-recurring items

€87m

Table 7: Exceptional and other non-recurring items

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Exceptional items		
Gain on bargain purchase	**-**	(362)
Costs incurred in relation to Ulster Bank transaction	**31**	92
Impairment write-back arising from deleveraging of loans	**(5)**	(8)
Restructuring and other costs	**2**	13
Other non-recurring items		
Impairment charge on Ulster Bank transaction*	**52**	30
Impairment charge on deleveraging of loans post 2021*	**-**	8
Other items relating to Ulster Bank transaction	**-**	1
Charges in relation to legacy legal cases**	**2**	4
Other	**5**	-
Exceptional items and other non-recurring items	**87**	(222)

* Included in IFRS impairment charge
** Included in IFRS administrative, staff and other expenses

Exceptional and other non-recurring items as viewed by Management for the year ended 31 December 2023 of a charge of €87m comprise:

Costs incurred in relation to Ulster Bank transaction
Exceptional costs of €31m in relation to the Ulster Bank transaction, consist primarily of costs around the planning and execution of the remaining migrations completed during 2023.

Impairment arising from the deleveraging of loans
€5m has been released in relation to warranty provisions held on deleveraging transactions that the Group executed in prior years.

Restructuring and other charges
Restructuring and other costs of €2m relate to costs arising in respect of a previous disposal of a business.

Other non-recurring items
Impairment charge on Ulster Bank transaction
Day 1 impairment charge of €52m on loans acquired from Ulster Bank.

Other items
Include the write off of the investment in associate for Synch Payments DAC of €4m.

Table 8: Reconciliation of underlying profit to operating profit on an IFRS basis

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Operating profit per IFRS income statement	**79**	267
Exceptional items	**28**	(265)
Non-IFRS adjustments		
Other non-recurring items	**59**	43
Underlying profit before exceptional and other non-recurring items per management income statement	**166**	45

The definition of underlying profit excludes exceptional items and other items that the Group view as non-recurring. In the current year, non-recurring items include an impairment charge on the take on of the Ulster Bank Businesses and other non-recurring items.

Summary consolidated statement of financial position

	Table	31 December 2023 €m	31 December 2022 €m
Assets			
Home loans		**19,574**	18,370
Buy-to-let		**590**	657
Total residential mortgages		**20,164**	19,027
Commercial mortgages		**371**	199
Consumer finance		**892**	367
Total loans and advances to customers (net of provisions)	9	**21,427**	19,593
Debt securities	11	**3,256**	3,177
Remaining asset balances	12	**3,072**	3,163
Total assets		**27,755**	25,933
Liabilities and equity			
Current accounts		**9,329**	8,983
Retail deposits		**12,320**	11,589
Corporate and institutional deposits		**1,316**	1,158
Total customer accounts	13	**22,966**	21,730
Debt securities in issue	14	**1,512**	658
Remaining liabilities	15	**858**	1,147
Total liabilities		**25,336**	23,535
Total equity		**2,419**	2,398
Total equity and liabilities		**27,755**	25,933
Liquidity coverage ratio*		**220%**	178%
Net stable funding ratio**		**155%**	154%
Loan to deposit ratio***		**93%**	90%
Return on equity****		**6.36%**	0.05%

* Calculated based on the Commission Delegated Regulation (EU) 2015/61.
** Defined as the ratio of available stable funding to required stable funding (Article 428b)
*** Defined as the ratio of loans and advances to customers compared to customer accounts as presented in the statement of financial position.
**** Defined as profit/(loss) for the year after tax (before exceptional and other non-recurring items) as a percentage of total average equity.

Summary consolidated statement of financial position - key highlights

- **Loans and advances to customers (net of provisions)** are €21,427m as at 31 December 2023, an increase of €1,834m from €19,593m at 31 December 2022, which is mainly due to the migration of the Asset Finance, SME and remaining retail mortgage portfolios from Ulster Bank during the year together with organic loan book growth as new lending offset repayments and redemptions
- **Debt securities** are €3,256m as at 31 December 2023, an increase of €79m from €3,177m at 31 December 2022 as the Bank reinvested maturing bonds at higher yields to ensure an appropriate mix of liquid assets and retail assets in its portfolio.
- **Remaining asset balances** are €3,072m as at 31 December 2023, a decrease of €91m from €3,163m at 31 December 2022. The balance is broadly in line with the prior year.
- **Customer accounts** were €22,966m at 31 December 2023, an increase of €1,236m from 31 December 2022. This is due to an increase in new customers to the Bank as a result of market exits and continued growth in the deposit market when compared to the prior year.
- **Remaining other liabilities** decreased by €288m primarily due to a reduction in repurchase agreements at year end when compared to 2022.
- **Total equity** increased by €21m from €2,398m to €2,419m due to the inclusion of current year profits offset by a reduction in value of fixed assets reported through the revaluation reserve.

Table 9 (a): Summary of movement in loans and advances to customers

	31 December 2023 €m	31 December 2022 €m
Gross loans and advances to customers 1 January	**19,804**	14,745
New lending*	**2,337**	2,697
Loans migrated**	**1,490**	5,063
Redemptions and repayments of existing loans	**(1,923)**	(1,879)
Write-offs and restructures	**(19)**	(43)
Net movement from non-performing and other	**(1)**	(779)
Gross loans and advances to customers 31 December	**21,688**	19,804

* New lending during the year is stated net of repayments during the year.
** Net of repayments

Table 9(b): Composition of loans and advances to customers

	31 December 2023 €m	31 December 2022 €m
Residential mortgages:		
Home loans	**19,557**	18,340
Buy-to-let	**749**	824
Total residential mortgages	**20,306**	19,164
Commercial	**437**	239
Consumer finance	**499**	401
Finance leases and hire purchase receivables	**446**	-
Total measured at amortised cost	**21,688**	19,804
Of which are reported as non-performing loans	**718**	650
Deferred fees, discounts and business combination related fair value adjustments	**309**	310
Provision for impairment losses	**(570)**	(521)
Total loans and advances to customers	**21,427**	19,593

Total loans and advances to customers (net)

€21,427m

Total loans and advances to customers (after provisions for impairment) of €21,427m at 31 December 2023 increased by €1,834m when compared to the year ended 31 December 2022. This increase is due to the migration of assets from Ulster Bank and new lending outpacing repayments and redemptions.

Total new lending in the financial year 2023 amounted to €2,834m, in line with the prior year. PTSB mortgage lending in FY23 was €2,327m, representing an 11% year on year decrease. However, the mortgage market in Ireland reduced by 14% year on year due to a material fall off in the switcher portion of the market as the year progressed. Therefore, PTSB's mortgage drawdown market share is up from 18.5% in 2022 to 19.2% in 2023.

SME Lending in 2023 is €167m, which is an 11% increase compared with 2022. PTSB participated in both the Future Growth Loan Scheme and the SBCI Brexit Impact Loan Scheme. PTSB acquired the Asset Finance business from Ulster Bank during 2023 and it recorded €223m of new lending.

The Group recorded gross new Term lending of €117m in 2023. This is a 22% increase compared to 2022.

During the year, the Bank completed the acquisition of the Lombard Asset Finance business (now known as PTSB Asset Finance) from Ulster Bank. This business recorded new lending of €223m during the year and we are pleased to welcome an additional c. 18,000 customers to the Bank.

NPLs	NPLs as a % of gross loans
€718m	3.3%

Table 10: NPLs

	31 December 2023 €m	31 December 2022 €m
Home loans	**403**	342
Buy-to-let	**267**	270
Commercial	**20**	23
Consumer finance	**16**	15
Finance leases and hire purchase receivables	**12**	-
Non-performing loans	**718**	650
NPLs as % of gross loans	**3.3%**	3.3%
Foreclosed assets*	**11**	18
Non-performing assets (NPAs) **	**729**	668
NPAs as % of gross loans	**3.4%**	3.4%

* 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.
** Non-performing assets are defined as NPLs plus foreclosed assets.

NPLs as a percentage of gross loans was 3.3% at 31 December 2023, no change from 3.3% at 31 December 2022. We continue to support our customers as they manage the impacts of inflation and higher interest rate environment during 2023.

Debt securities

€3,256m

Table 11: Debt securities

	31 December 2023 €m	31 December 2022 €m
Government bonds	**3,256**	3,128
Corporate bonds	**-**	49
Total debt securities	**3,256**	3,177

Debt securities of €3,256m as at 31 December 2023 increased by €79m. This was due to the purchase of new Irish, French, Italian and EU bonds offset by fixed rate maturities.

Remaining asset balances

Table 12: Remaining asset balances

	31 December 2023 €m	31 December 2022 €m
Loans and advances to banks	**2,051**	2,123
Assets classified as held for sale	**12**	18
Other assets	**1,009**	1,022
Total	**3,072**	3,163

Loans and advances to banks decreased by €72m to €2,051m, remaining broadly in line with 2022.

Other assets primarily consist of deferred tax asset, property and equipment and prepayments. The balance decreased from 31 December 2022 primarily due to a decrease in prepayments and accrued income.

Liabilities

Customer accounts

€22,966m

Table 13: Customer accounts

	31 December 2023 €m	31 December 2022 €m
Current accounts	**9,239**	8,983
Retail deposits	**12,320**	11,589
Total retail deposits (including current accounts)	**21,649**	20,572
Corporate deposits	**1,316**	1,158
Total customer deposits	**22,966**	21,730
Loan to deposit ratio*	**93%**	90%

* Defined as the ratio of loans and advances to customers compared to customer accounts as presented in the SOFP.

At 31 December 2023, customer accounts increased to €22,966m from €21,730m at 31 December 2022, mainly due to an increase in retail deposits, and current accounts as customers continued to move from competitors exiting the Irish market. As a deposit based lender, PTSB will continue to offer competitive current and retail deposits to maintain a strong loan to deposit ratio.

Debt securities in issue

€1,512m

Table 14: Debt securities in issue

	31 December 2023 €m	31 December 2022 €m
Bonds and medium-term notes	**1,512**	658
Debt securities in issue	**1,512**	658

Debt securities in issued increased by €854m since 31 December 2022, as the Group issued €650m of Senior Unsecured Medium Term Notes in April 2023, and €500m in June 2023. This is offset by a maturity of €300m.

Remaining liabilities

Table 15: Remaining liability balances

	31 December 2023 €m	31 December 2022 €m
Deposits by banks	**398**	614
Accruals	**13**	6
Current tax liability	**1**	1
Provisions	**40**	80
Other liabilities	**148**	181
Derivative liabilities	**1**	13
Subordinated liabilities	**257**	252
Total	**858**	1,147

The remaining liability balances decreased by €289m in the year ended 31 December 2023 primarily due to a decrease in repurchase agreements reported in the deposits by banks line, and a release in provisions, which was primarily related to the payment of stamp duty as part of the Ulster Bank transaction.

Capital Management

Capital management objectives and policies

The objective of the Group's capital management policy is to ensure that the Group has sufficient capital to cover the risks of its business, support its strategy and to comply with prevailing regulatory capital requirements at all times. The policy requires the Group to minimise refinancing risk by managing the maturity profile of non-equity capital. The capital adequacy requirements, set by the Regulator, are used by the Group as the basis for its capital management. The Group seeks to maintain sufficient capital to ensure that all regulatory requirements are met.

Regulatory Framework

The Group's regulatory requirements, more commonly known as CRD IV, are contained within EU Regulation 575/2013 ('the CRR'), which is directly applicable in all EU countries. Directive 2013/36/EU ('CRD IV') has been transposed into Irish law through S.I. No. 158 of 2014, as well as various technical standards and EBA guidelines. Under these requirements, the Group's total capital for Pillar 1 must be adequate to cover its credit, market and operational risks, including capital buffers. The Group must also hold sufficient capital to cover the additional risks identified under the Pillar 2 process including any add-on's imposed on the Group as part of the supervisory SREP assessment.

Implementation of the CRD IV legislation commenced on a phased basis from 1 January 2014. The CRD IV transition rules resulted in a number of deductions from CET1 capital being introduced on a phased basis, all of which are now fully implemented. The remaining exception to this is the Deferred Tax Asset (dependent on future profitability) deduction which, in the case of the Group, is phased to 1 January 2024. The ratios outlined in this section reflect the Group's interpretation of the CRD IV rules as published on 27 June 2013 and subsequent clarifications, including ECB regulation 2016/445 on the exercise of options and discretions.

Regulatory capital developments

In October 2021, the European Commission published a legislative proposal, in the form of amendments to the CRR and CRD, to implement the final revisions to the Basel Framework which, among other things, will see changes to the Credit Risk and Operational Risk frameworks. The Commission expectation is that the new rules will enhance the European Union's banking sector's resilience, increase financial stability and provide the basis for stable funding of the economy. The amendments will implement the final Basel III standards, harmonise supervisory authority powers, introduce a lower requirement for banks adopting an Internal Rating Based (IRB) approach and bring ESG considerations into risk assessment. The final elements of the implementation of Basel III in the European Union have been agreed and endorsed by the Council and Parliament and will be implemented in EU law. In December 2023, the preparatory bodies of the Council and Parliament have endorsed the banking package consisting of:

- a legislative act to amend the Capital Requirements Directive (Directive 2013/36/EU); and
- a legislative act to amend the Capital Requirements Regulation (Regulation No (EU) 2013/575).

Co-legislators confirmed that the new CRR rules will be applicable from 1 January 2025. In advance of this, the provision included in the CRD will be transposed into law by Member States.

The Central Bank increased the Countercyclical Buffer ("CCyB") to 1% during 2023. A further increase of 0.5% to the CCyB will be effective from 7 June 2024, increasing the CCyB to 1.5%. This is in line with the Central Bank's objective of building up the CCyB to 1.5% when risk conditions are deemed to be neither elevated nor subdued.

On 26 September 2023, the Central Bank informed the Group of the outcome of the annual assessment of Other Systemically Important Institutions (O-SIIs) in Ireland. As a result of the assessment, the Central Bank has assessed the Group as an O-SII and requires the Group to maintain a 0.5% O-SII buffer from 1 January 2025.

On 15 December 2023, the Central Bank informed the Group of its Supervisory Review and Evaluation Process (SREP) assessment by way of the final SREP letter. According to the outcome of the SREP assessment, the Group's Pillar 2 Requirement (P2R) is to be reduced by 20bps to 3.25%.

The Group monitors these changes and other emerging developments as they relate to regulatory capital to ensure compliance with all requirements when applicable.

Regulatory capital requirements

The Group's 31 December 2023 capital requirements have been updated to reflect the 2023 SREP Assessment.

The Group's Common Equity Tier1 (CET1) Capital Requirement of 9.83% (31 December 2022: 8.94%) is comprised of a Pillar 1 minimum requirement of 4.5%, P2R of 1.83%, Capital Conservation Buffer (CCB) of 2.5% and CCyB of 1%.

The Group's Total Capital Requirement of 14.75% (31 December 2022: 13.95%) is comprised of a Pillar 1 minimum requirement of 8%, P2R of 3.25%, CCB of 2.5% and CCyB of 1%.

These requirements exclude Pillar 2 Guidance (P2G) which is not publicly disclosed.

Capital ratios at 31 December 2023

At 31 December 2023, the regulatory transitional CET1 is 14.3% (31 December 2022: 16.2%) and Total Capital ratio is 20.0% (31 December 2022: 22.3%), exceeding the Group's 2023 capital requirement of 9.83% CET1 and 14.75% Total Capital.

The reduction in the transitional CET1 ratio (-190bps) in the year is primarily due to increasing RWAs as a result of net loan book growth, the migration of remaining Ulster Bank loan portfolios and the annual phase-in of transitional prudential filters.

On a fully loaded basis, at 31 December 2023, the CET1 ratio is 14.0% (31 December 2022: 15.2%) and the Total Capital ratio is 19.7% (31 December 2022: 21.3%).

The 31 December 2023 leverage ratio on a transitional basis and fully loaded basis is 7.3% and 7.2% respectively (31 December 2022: 8.0% and 7.7%). The decrease in the year is primarily due to increased balance sheet exposure as a result of net loan book growth and the migration of remaining Ulster Bank loan portfolios. There is also a reduction in Tier 1 Capital driven by an annual decrease in the transitional CET1 as noted below.

Table 16 outlines the Group's regulatory (transitional) and fully loaded capital positions under CRDIV/CRR2.

Table 16: Regulatory capital

	31 December 2023		31 December 2022	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Capital Resources:				
Common Equity Tier 1	**1,647**	**1,616**	1,718	1,616
Additional Tier 1	**368**	**368**	369	369
Tier 1 Capital	**2,015**	**1,984**	2,087	1,985
Tier 2 Capital	**290**	**290**	282	282
Total Capital	**2,305**	**2,274**	2,369	2,267
Risk Weighted Assets	**11,546**	**11,546**	10,627	10,627
Capital Ratios:				
Common Equity Tier 1 Capital	**14.3%**	**14.0%**	16.2%	15.2%
Tier 1 Capital	**17.5%**	**17.2%**	19.6%	18.7%
Total Capital	**20.0%**	**19.7%**	22.3%	21.3%
Leverage Ratio*	**7.3%**	**7.2%**	8.0%	7.7%

*The leverage ratio is calculated by dividing the Tier 1 Capital by gross balance sheet exposure (total assets and off-balance sheet exposures

Table 17 sets out a reconciliation from the statutory shareholders' funds to the Group's regulatory CET1 Capital

Table 17: CET1 Capital

	31 December 2023		31 December 2022	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
Total Equity	**2,419**	**2,419**	2,398	2,398
Less: AT1 Capital	**(368)**	**(368)**	(369)	(369)
Adjusted Capital	**2,051**	**2,051**	2,029	2,029
Prudential Filters:				
Intangibles	**(95)**	**(95)**	(86)	(86)
Deferred Tax	**(277)**	**(308)**	(247)	(309)
IFRS 9 (Transitional adjustment)*	**-**	**-**	41	-
Calendar Provisioning	**(24)**	**(24)**	(11)	(11)
AT1 Distribution Accrual	**(7)**	**(7)**	(7)	(7)
Others	**(1)**	**(1)**	(1)	-
Common Equity Tier 1	**1,647**	**1,616**	1,718	1,616

*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.

Transitional (regulatory) capital

The 31 December 2023 transitional CET1 capital decreased by €71m to €1,647m (31 December 2022: €1,718m). The decrease is primarily due to annual phase-in of transitional adjustments for Deferred Tax Assets (-€30m) and IFRS 9 (-€41m), increased prudential deduction for Intangible Assets (-€9m) and calendar provisioning (-€13m) partially offset by profit in the year (+€68m) less AT1 coupon payments (-€43m).

Fully loaded CET1

The 31 December 2023 fully loaded CET1 capital of €1,616m (31 December 2022: €1,616m) is in line with prior year.

Total Capital

Total capital decreased by €64m to €2,305m (31 December 2022: €2,369m), primarily driven by the same factors impacting CET1 movements.

Minimum Requirement for Own Funds & Eligible Liabilities (MREL)

The Group's Transitional MREL Minimum Regulatory and Combined Buffer Requirement at 31 December 2023 is 25.48% (31 December 2022: 24.48%) of Total Risk Exposure Amount (TREA) and 5.91% on a Leverage Ratio basis (31 December 2022: 5.91%). The MREL Minimum Regulatory and Combined Buffer Requirement consists of SRB requirement of 21.98% and the Group's CBR of 3.5% at 31 December 2023 comprising the CCB of 2.5% and CCyB of 1%.

The fully phased in MREL Minimum Regulatory and Combined Buffer Requirement (CBR) of 28.1% is effective from 1 January 2024. The CBR is dynamic, updating as changes in regulatory buffers e.g. Countercyclical Buffer become effective.

The Group's MREL position at 31 December 2023 is 32.9% on an RWA basis and 13.7% on a leverage basis. The Group completed the 2023 issuance plan and is on track to meet the final 1 January 2024 MREL Regulatory Requirements. The Group maintains an internal management buffer over its MREL requirements at all times.

Risk weighted assets (RWAs)

Table 18 sets out the Group's RWAs at 31 December 2023 and 31 December 2022.

Table 18: Risk Weighted Assets

	31 December 2023		31 December 2022	
	Transitional	Fully Loaded	Transitional	Fully Loaded
	€m	€m	€m	€m
RWAs				
Credit risk	**9,693**	**9,693**	8,742	8,742
Counterparty credit risk*	**136**	**136**	177	177
Securitisation Risk	**-**	**-**	11	11
Operational risk	**873**	**873**	700	700
Other**	**844**	**844**	997	997
Total RWAs	**11,546**	**11,546**	10,627	10,627

*Counterparty credit risk includes Treasury, Repo & CVA RWAs
**Other consists primarily of Property & Equipment, Intangible Assets and Prepayments

The 31 December 2023 RWA's increased by €919m to €11,546m (31 December 2022: €10,627m). The increase in Credit Risk RWAs is primarily driven by net loan growth (c. +€951m) and an increase in Operational Risk RWAs (c. +€173m).

Risk Management

The information in Section 3.1, 3.2 and 3.3 on pages 97 to 110 in Risk Management identified as audited (with the exception of the boxed parts of these sections clearly identified as unaudited), forms an integral part of the audited financial statements as described in the basis of preparation on page 191. All other information in Risk Management is additional information and does not form part of the audited financial statements.

Risk Management and Governance

The nature of risk taking is fundamental to a financial institution's business profile. It follows that prudent risk management forms an integral part of the Group's governance structure.

Within the boundaries of the Board-approved Risk Appetite Statement (RAS), the Group follows an integrated approach to Risk Management, to ensure that all key risks faced by the Group are appropriately identified, assessed and managed. This approach ensures that robust mechanisms are in place to protect and direct the Group in recognising the economic substance of its risk exposure of its risk exposure.

The Group implements a Risk Management process, which consists of the following key aspects:

- Risk Identification;
- Risk Assessment and Measurement;
- Risk Mitigation and Control;
- Risk Monitoring and Testing; and
- Risk Reporting and Escalation.

Enterprise Risk Management Framework

Within the Internal Control Framework (ICF), the Enterprise Risk Management Framework (ERMF) is the Group's overarching risk management framework articulating the management process governing risks within the following key risk categories: Capital Adequacy Risk; Liquidity and Funding Risk; Market Risk; Credit Risk; Business Risk; Operational Risk; Information Technology ('IT') Risk; Model Risk; Compliance Risk (including AML); Conduct & Reputational Risk, Climate Risk and Environmental Risk.

The ERMF outlines the Group-wide approach to the identification; assessment and measurement; mitigation and control; monitoring and testing; and, reporting and escalation of breaches across the outlined risk categories. The Group manages, mitigates, monitors and reports its risk exposure through a set of risk management processes, activities and tools.

The Board Risk and Compliance Committee (BRCC) provides oversight and advice to the Board on risk governance and supports the Board in carrying out its responsibilities for ensuring that risks are properly identified, assessed, mitigated, monitored and reported and that the Group's strategy is consistent with the Group's Risk Appetite.

Risk Appetite and Strategy

The Group's Risk Appetite Statement (RAS) documents are owned by the Board, supported by the Chief Risk Officer (CRO), and describe the Group's risk appetite at the enterprise level. The RAS serves as a boundary to business, support, and control function leaders; enables a consistent approach to risk management; endorses risk discipline; and, integrates risk management into decision-making at all levels of the Group. The RAS further ensures the Group's risks are communicated clearly and well understood by both Senior Management and Group employees so that risk management is continually embedded into the Group's culture.

The structure of the RAS enables the Group to maintain robust discussions of risk-taking and risk management and provides a commonly understood baseline against which management recommendations and decisions can be debated and effectively and credibly challenged.

The RAS is an articulation of how the Group's appetite for, and tolerance of, risk will be expressed. This comes in the form of qualitative statements about the nature and type of risk that the Group will take on, and quantitative limits and thresholds that define the range of acceptable risk. The RAS includes component risk appetite statements for each of the key risk categories. The RAS includes qualitative statements of risk appetite for each risk category, as well as quantitative measures which translate the qualitative statements into actionable metrics (RAS Metrics). There are also supporting key risk indicators (KRIs) that can be monitored and reported to ensure prompt and proactive adherence with the Board-approved.

The Group has a straight forward business model, with an exclusive focus in Ireland, delivering Retail and SME banking with a low risk appetite. In light of this, the risk appetite is not decomposed into individual business unit-specific statements of risk appetite.

Risk Governance

The Group's risk governance structure establishes the authority, responsibility, and accountability for risk management across the Group and enables effective and efficient monitoring, escalation, decision-making, and oversight with respect to risks by appropriate Board and management-level governing bodies.

The responsibilities set out below relate to risk management activities. Further roles and responsibilities are documented in the Internal Control Framework ("ICF"), the Board Manual and the committees' 'Terms of Reference'.

The design of the Group's risk governance structure is informed by a set of risk governance principles which are based on relevant regulatory guidelines.

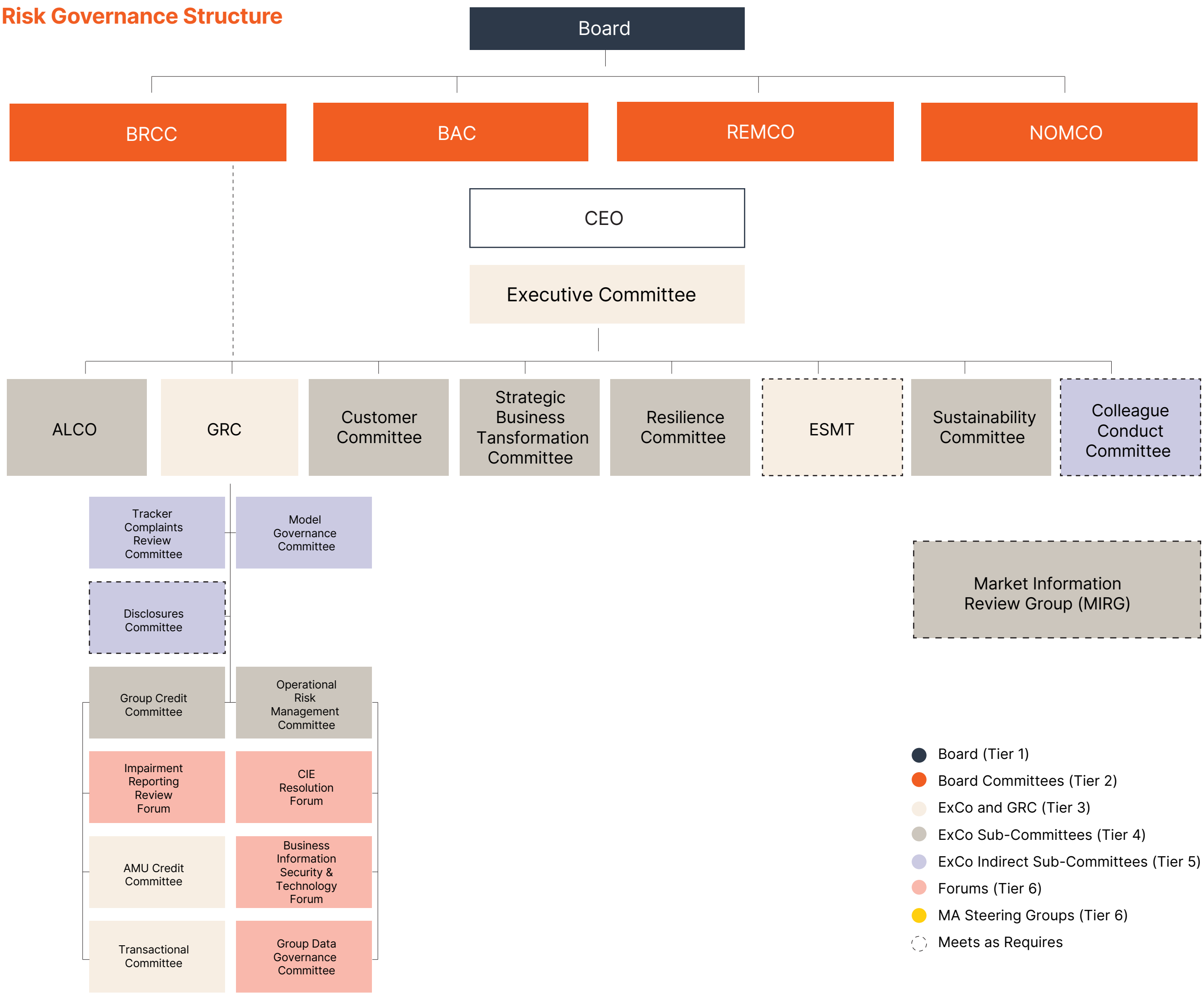
These principles include:

- **Committee Structure:** The number of committees at Board and Management levels reflect the nature and types of risk faced by the Group. Criteria for establishing risk sub-committees gives due consideration to the purpose of the committee; duration of the committee; proposed membership; committee reporting line and flight path for outputs from the committee.
- **Board Committees:** Made up of Non-Executive Directors (NEDs) whose role is to support the Board in overseeing risk management, and overseeing and challenging Senior Management's decisions.
- **Management Committee:** Bring together Senior Managers in the Group who individually and collectively possess the requisite skills, expertise, qualifications, knowledge and experience to exercise sound, objective judgement, commensurate with the risk profile of the Group.

- **Independence Safeguards:** The risk governance structure features safeguards to protect the independence of key relationships between the Senior Executives and the Board. In this respect the ExCo may not override or modify decisions of the Asset and Liabilities Committee (ALCo), Group Risk Committee (GRC) or the Group Credit Committee (GCC), but may appeal decisions to the Board (or relevant Board committee). Additionally, the CRO is assigned the right to refer/appeal planned management action agreed by ExCo risk sub-committees, where the CRO considers such action to be inconsistent with adherence to the Board-approved risk appetite.
- **Flow of Risk Information:** The risk governance structure establishes independent reporting lines which facilitate effective risk oversight by the Board via the BRCC.
- **Communication of Risk Information:** Risk information is prioritised and presented in a concise, contextualised manner, to enable robust challenge and informed decision-making throughout the risk governance structure.
- **Appropriateness:** The number of overall governance committees/fora in the Group, the length of time per meeting, the number of meetings per year, and the number of meetings each Director/Executive attends are appropriate to the Group's resources and business model. This is reviewed on a regular basis and the feedback of the committee members sought.

The diagram below depicts the Group's risk governance structure.

Risk Governance Structure



Key Risk Governance Roles and Responsibilities

Committee/Role	Key Responsibilities
Board Responsible for the Group's business model and strategy, financial soundness, key personnel decisions, internal organisation, governance structure and practices, risk management and compliance obligations.	A key role of the Board is to ensure that risk and compliance are properly managed in the business. Key risk responsibilities of the Board include, but are not limited to: • Understanding the risks to which the Group is exposed and establishing a documented Risk Appetite for the Group; • Defining the strategy for the ongoing management of material risks; and • Ensuring that there is a robust and effective ICF that includes well-functioning independent internal risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.
Board Risk and Compliance Committee (BRCC) Oversees and provides guidance to the Board on risk governance and strategy. This guidance includes recommendations to the Board on current and future risk exposure, tolerance and appetite. The committee oversees Management's implementation of risk strategy including capital and liquidity strategy, the setting of risk and compliance policies and the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and compliance.	The Committee supports the Board in carrying out its responsibilities of ensuring that risks are properly identified, assessed, mitigated, monitored and reported, and that the Group is operating in line with its approved Risk Appetite. Key activities of the BRCC include, but are not limited to: • Reviewing and making recommendations to the Board on the Group's risk profile, both current and emerging, encompassing all relevant risks categories as described in the Enterprise Risk Management Framework (ERMF); • Reviewing and making recommendations to the Board in relation to the Group's ERMF, RAS and the Group Recovery and Resolution Plan; • Monitoring and escalating positions outside Risk Appetite to the Board, within agreed timeframes and approving and overseeing proposed Remediation Plans aimed at restoring the Group's risk profile to within the approved Risk Appetite; • Reviewing and approving the key components of the Group's Risk Management Architecture and relevant supporting documents; • Communicating all issues of material Group reputational and operational risk directly to the Board; • Reviewing and approving Credit Policy, Credit related strategy and any material amendments to Credit Policy; • Reviewing and making recommendations to the Board on the adequacy of capital and liquidity in the context of the Group's current and planned activities (via reviewing relevant outputs from Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), including in relation to proposed mergers, acquisitions or disposals; • To oversee the Bank's approach to complying effectively with its legal/regulatory obligations on Anti-Money Laundering (AML) and Countering the Financing of Terrorism & Financial Sanctions (CFT/FS); • Assess the introduction and management of regulatory developments and horizon risks in relation to Operational Resilience, Digital Operational Resilience and Third Party resilience. Communicate material resilience issues to the Board as appropriate; • Assess the impact of Climate-Related and Environmental Risk on the Bank's overall Risk Profile; and • Promoting a sound Risk Culture across the Group.

Committee/Role	Key Responsibilities
Executive Committee (ExCo) ExCo is the Senior Management Executive Committee for the Group, and is the custodian of the Group's collective Strategic Portfolio, Medium Term Plan and Risk Management Architecture as developed through the annual Strategic Planning Process (SPP). ExCo is the accountable body for the Group's operations, compliance and performance; defining the Group's organisational structure; ensuring the adoption, application and maintenance of all standards set by the Board; and a forum for Group-wide colleagues and other functional issues and ensuring that a robust and resilient operating framework exists within which the Group's activities are undertaken. The committee is chaired by the Chief Executive Officer (CEO) who is accountable to the Board.	In the context of Risk Management, ExCo is primarily responsible for: • The oversight of strategic risk associated with the development and execution of the Group's Strategic Portfolio and Financial Plans. The Group Risk Committee (GRC) is a Committee of ExCo with delegated responsibility for Group-wide risk management issues. The ExCo is the ultimate point of escalation for Group-wide specific issues save for those matters reserved for the Board or its Committees; and • Ensuring that the operations, compliance and performance (through delivery of the Strategic Portfolio and Medium Term Plan, as well as policies, practices and decisions of the Group) are carried out appropriately, are correctly aligned to the Bank's Purpose and Ambition and the interests of its stakeholders (customers, colleagues, and shareholders) while operating within applicable regulatory and legal requirements.
Assets and Liabilities Committee (ALCo) ALCo reviews, and is responsible for overseeing, all activities relating to Asset & Liability Management (ALM), Treasury and Market Risks (including Liquidity Risk, Interest Rate Risk, Treasury Counterparty risk and Foreign Exchange (FX) Risk), and Capital Management. ALCo is the body accountable for the evaluation of other potential drivers of earnings volatility, including, but not limited to, competitive and external market pressures, and for approving optimisation and hedging strategies against those risks. ALCo is a sub-committee of ExCo.	Key activities of the ALCo include, but are not limited to: • Approve the pricing for new products or material changes to the pricing for existing products which have interest rate or capital implications, as recommended. • Maintaining, monitoring and enforcing adherence to the Group's Risk Management Frameworks and Policies for all Liquidity, Market, and Capital related risks; • Overseeing and monitoring the ALM, Treasury and Market and Capital risks to which the Group is exposed and to consider and approve strategies to mitigate such risks; • Maintaining and assessing the ALM, Treasury and Market, and Capital Risk profiles against set limits and propose remediation plans to restore Risk Appetite where required; • Monitoring the minimum capital requirements set by the Group's Regulators, and the Basel III minimum Solvency rules, as implemented by the CRD IV Directive and Regulations; • Approve Funds Transfer Pricing (FTP) methodology, ensuring such process is economically fair, transparent and incentivises appropriate behaviour in accordance with FTP Policy; and • Responsible for overseeing Resolution Planning activity which includes delivering prescribed templates/annual submissions.

Committee/Role	Key Responsibilities
Group Risk Committee (GRC) GRC is an ExCo sub-committee chaired by the CRO, who has unfettered access to the BRCC. It serves as a forum for Group-wide risk management issues and maintains oversight across all of the Bank's key risk categories, excluding those which fall under the remit of the ALCo.	The GRC monitors and enforces adherence to the Group's Risk Frameworks, Risk Policies and Risk Limits. It is the guardian of the Group's Risk Register and Risk Appetite and is responsible for monitoring the total risk position of the Group. Key activities of GRC include, but are not limited to: • Measuring and monitoring the total risk position of the Group and maintaining a Risk Register of Top and Emerging risks facing the Group, together with an assessment of the probability and severity of those risks; • Monitoring and reporting on regulatory developments and upstream/horizon risks in relation to all relevant risk categories and communicating all material issues to the BRCC or the Board as appropriate; • Monitoring and assessing the Group's risk profile and action trackers against risk appetite and recommending remediation plans to restore risk appetite where required; • Reporting any breaches of approved thresholds in accordance with agreed protocol; • Recommending proposed changes to the Group's risk appetite for Board approval; and • Maintaining, monitoring and enforcing adherence to the ERMF, for all key risk categories excluding those which fall directly under the remit of the ALCo.
Customer Committee Customer Committee is a sub-committee of ExCo and is chaired by the Retail Banking Director. The purpose of the Committee is to support commercial growth while ensuring that fair customer outcomes remain at the forefront of decision making, in the context of building customer trust and executing a purpose-led, customer growth strategy.	To ensure that consideration of the customer is a key part of its decision making process, the Committee allocates sufficient time to facilitate meaningful discussions of the customer, with the aim of improving customer experience, delivering better outcomes and enabling relationship growth. It has a number of key remits, namely to: • Prioritise opportunities, resources and capabilities in order to deliver sustainable commercial growth; • Provide guidance to Executive Management (including ExCo and ExCo sub-committees) on business and commercial proposals which may have a material impact on customers and on the endorsement of such proposals; • Review and action, where required, customer performance indicators aligned to the Bank's strategy; • Review relevant significant customer events, issues and complaints, when escalated by relevant sub-committees and forums, in order to provide guidance on significant issues/events, and in order to delegate appropriate action by relevant sub-committees; • Review and action, where required, Conduct Risk indicators that exist within the Bank against the Board-approved Conduct Risk Appetite and Principles; and • Serve as the central oversight body for all significant customer matters ensuring fair treatment of customers.
Sustainability Committee (SusCo) SusCo is led by the Board, and on delegated authority from the ExCo, the SusCo is in place to provide oversight of all activity relating to the environmental, social and governance (ESG) factors that are core to operating our business in a responsible and sustainable way. The SusCo is chaired by the Chief Human Resources Officer and Corporate Development Directors and includes representation from both Executive Committee members and Senior Leaders representing the business units across the organisation.	The SusCo is responsible for the delivery of PTSB's Sustainability Strategy by ensuring that there is sufficient governance, alignment, oversight and challenge of activity across each of the key area of focus of the Bank's Sustainability Programme. Key activities of the SusCo include, but are not limited to: • Leading on the implementation and embedding of the Bank's Board approved Sustainability Strategy, ensuring that all activity is embedded in the Bank's ambition, purpose, culture, corporate strategy and strategic priorities; • Identifying key stakeholder groups that will be required to deliver on Sustainability Strategy objectives; • Assigning business owners to manage and deliver sustainability programming across the key areas of focus set out within the Sustainability Strategy; • Developing sustainability Key Performance Indicators (KPIs) and processes that enable the Bank to effectively measure and manage them; and, • Monitoring and reporting progress to the Board and Executive Committee at regular intervals throughout the year.

Committee/Role	Key Responsibilities
Group Credit Committee (GCC) GCC oversees and is accountable for the execution and delivery of the Group's system of Portfolio Credit Risk Management, encompassing the identification, measurement, monitoring and reporting of Portfolio Credit Risks. GCC ensures that the appropriate operating frameworks governing the portfolio credit risk management activities of the Group are approved and are enforced. It operates as the forum for Group-wide Portfolio Credit Risk Management issues across the full Credit Risk Management Lifecycle. GCC is a sub-committee of GRC.	The GCC is responsible for developing and implementing portfolio credit policy within the Group. The policy addresses all material aspects of the full credit lifecycle, including Credit Risk assessment and mitigation, collateral requirements, collections and forbearance and the risk grading of individual credit exposures. Key activities of the GCC include, but are not limited to: • Recommending the relevant portfolio credit risk elements of the Group's RAS for approval by the Board; • Recommending approval following challenge of the proposed impairment charge and approach to higher authorities (BRCC/BAC) for reporting periods; • Monitoring adherence to the Group's Credit Policy, including discretion limits and structure for underwriting, scoring, collections, recoveries and provisioning within the boundaries of the Group's RAS (as approved by the Board); • Monitoring the portfolio credit risks to which the Group is exposed; • Maintaining and assessing the portfolio credit risk profile against set limits and proposing remediation plans to restore risk appetite/limits where required; • Reporting any breaches of approved limits in accordance with agreed protocol; and • Acting as the gateway through which decisions required from higher authorities are reviewed prior to submission (e.g. BRCC/Board) and they are the forum review of Group-wide credit risk management issues.
Operational Risk Management Committee (ORMC) ORMC is a sub-committee of the Group Risk Committee (GRC), established with delegated authority to operate and make decisions in accordance with the Terms of Reference approved by GRC. GRC retains overall responsibility for the oversight of Operational and IT risks.	ORMC is responsible for supporting GRC in monitoring the Operational and IT risks to which the Bank is exposed and for overseeing risk mitigation performance and prioritisation related to the management and control of these risks. In fulfilling this role, the ORMC reviews and discusses the outputs and results of the Risk and Control Self-Assessment (RCSA) Process, Operational Risk Event Reporting and various other assessments (including New Product Approval (NPAP) and Third Party Risk Management (TPRM) assessments), monitoring and testing activities to create awareness of commonly experienced Operational and IT risk matters, to share learnings and to enhance the control environment across the Bank. The key responsibilities of the ORMC include, but are not limited to: • Oversee the implementation of the Bank's Operational and IT Risk Management Frameworks, including compliance with relevant Operational and IT risk policies and procedures; • Monitor the implementation of policies and ensure ongoing adherence through operational controls; • Review and approve Operational and IT policies, as agreed with the Chair of GRC, (via delegated authority from GRC) and recommend approval of Operational and IT Risk Frameworks to the GRC (and subsequently BRCC); • Appraise Material Operational and IT risk events, identify and report on the underlying root causes of these events, share lessons learned and ensure that measures or controls have been put in place to mitigate the occurrence and severity of any future risk events; • Develop, review and recommend approval of scenarios relating to potential Operational and IT risk events in order to inform the Group's capital assessment processes (e.g. ICAAP and Stress Testing) and submit these to the GRC for their review and approval; • Review and evaluate Operational and IT risk developments including peer, regulatory, and industry developments, and external incidents that may impact the Bank directly, or relate to potential risks.

Role of the Chief Risk Officer (CRO)

The CRO has overall responsibility for overseeing the development and implementation of the Group's Risk function, including overseeing development of the Group's risk management structure, supporting frameworks (e.g. Internal Control Framework, Enterprise Risk Management Framework), policies, processes, models and reports, and ensuring these are sufficiently robust to support delivery of the Group's strategic objectives and all of its risk-taking activities.

The CRO has independent oversight of the Group's risk management activities across all key risk categories. The CRO is responsible for independently assessing, monitoring and reporting all material risks to which the Group is, or may become, exposed. The CRO is a member of the ExCo and directly manages the Group's Risk function.

The CRO is accountable for developing and maintaining the Group's RAS, which the CRO submits to GRC for recommendation to BRCC, who in turn recommend approval to the Board. The CRO is responsible for translating the approved risk appetite into risk limits which cascade throughout the Group. Together with Management, the CRO is actively engaged in monitoring the Group's performance relative to risk limit adherence and reporting this to the Board. The CRO's responsibilities also encompass independent review and participation in the Group's Strategic Planning Process (SPP), capital and liquidity planning and the development and approval of new products. Specifically, the CRO is tasked with:

Providing second line of defence assurance to the Board across all key risk categories;

- Providing independent advice to the Board on all key risk issues, including the risk appetite and risk profile of the Group;
- Monitoring and enforcing Group-wide adherence to frameworks, policies, and procedures, with the aim of ensuring that risk-taking is in line with Board approved risk appetite;
- Monitoring material risks to which the Group is, or may become, exposed, and overseeing development of risk mitigating responses as appropriate;
- Developing and submitting the ICAAP, ILAAP, Recovery Planning and Resolution Planning for Board approval; and
- Developing and maintaining the Group's risk management structure.
- In connection with these responsibilities, the CRO is assigned the right of appeal over planned management action agreed by ExCo Risk Sub-Committees (such as ALCo and the GCC) when the CRO considers such action to be inconsistent with adherence to the Board approved risk appetite.

Three Lines of Defence

A 'Three Lines of Defence' model has been adopted by the Group as defined in the ICF for the effective oversight and management of risks across the Group.

Line Of Defence	High-Level Roles And Responsibilities
First Line of Defence First line functions and teams incur risks as they undertake frontline commercial and operational activities. They are responsible for identifying, owning, managing, monitoring and mitigating these risks through the effective design and operation of mitigating controls to ensure compliance with internal and external requirements. Critically, the First Line of Defence executes its business and operational activities in a manner consistent with the enterprise-wide risk appetite and managers take risks appropriately.	**First Line – Business Units** • Embedding the ICF and its supporting frameworks (e.g. Enterprise Risk Management Framework) and sound risk management practices into standard operating practices, including by creating clear links between maintaining and delivering robust governance and risk and control processes to performance management; • Establishing appropriate governance structures to support the implementation of the ICF and achieve the Bank's strategic, business, operational, risk, and assurance objectives; • Complying in full and within the spirit and letter of relevant regulations and legal obligations applicable to business and operational activities; • Identifying, assessing, measuring, monitoring, mitigating, reporting and owning all risks associated with business and operational activities across the Bank's risk categories in a manner consistent with the Bank's Enterprise Risk Management Framework; • Cultivating a strong risk culture that encourages prompt identification and escalation of issues and fostering an environment of continuous improvement and open engagement; • Providing assurance to relevant governance bodies on the management of risk in their functions and the effective operation and reporting of relevant controls; and • Ensuring fair customer outcomes in all aspects of the Bank's operation and decision-making.

Line Of Defence	High-Level Roles And Responsibilities
Second Line of Defence The Group Risk Function is an independent Risk Management function, under the direction of the CRO, and is the key component of the Group's Second Line of Defence. The Group Risk Function is responsible for ensuring that all risks to which the Bank is, or may become, exposed to are identified, assessed, measured, monitored, mitigated, and reported on by the relevant units in the institution.	**Second Line – Group Risk Function** • Developing and monitoring the implementation of the Enterprise Risk Management Framework, enterprise-wide Risk Appetite Statement and risk policies, systems, processes and procedures; • Assessing First Line Of Defence adherence to the enterprise risk management framework, risk appetite, and risk limits to determine whether first line of defence units meet the standards for their risk management roles and responsibilities; • Reviewing, assisting, and, as appropriate, challenging the first line of defence risk management activities, and escalating issues if risk management concerns are not adequately addressed by first line of defence; • Establishing, maintaining, and delivering a program of monitoring, testing, and selected validation; • Cultivating a strong risk culture that encourages prompt identification and escalation of issues and fostering an environment of continuous improvement and open engagement; and • Providing comprehensive and understandable information, independent of the First Line of Defence, to relevant governance bodies – through ongoing risk management committee updates – on the state of the Bank's overall risk and control environment and the effectiveness of risk management, including risk issues and risk management deficiencies, and adherence to the Bank's risk appetite, limits, and enterprise risk management framework.
Third Line of Defence Group Internal Audit (GIA) comprises the Third Line of Defence. It plays a critical role by providing independent assurance to the Board over the adequacy, effectiveness and sustainability of the Group's internal control, risk management and governance systems and processes, thereby supporting both the Board and Senior Management in promoting effective and sound risk management and governance across the Group. All activities undertaken within, and on behalf of, the Group are within the scope of GIA. This includes the activities of risk and control functions established by the Group. The Head of GIA reports directly to the Chair of the Board Audit committee (BAC), thus establishing and maintaining independence of the function.	**Third Line – Group Internal Audit** • Developing a risk-based annual audit plan: developed in the final quarter of each year, this plan sets out the program of audit reviews to be undertaken in the following year, and is based upon a GIA's own risk assessment. This plan is cognisant of the bank's strategy and the risks both to this, and within this, strategy, and aims to provide meaningful input to assist in its controlled and well-governed execution. Accordingly, risk-based evaluation of the bank's risk identification, assessment and evaluation and risk management and mitigation approaches fall within this remit, as do assessments of adherence to policies and procedures (including methodologies and standards), along with the controls in place to ensure regulatory compliance; • Reporting on identified risk management, governance and control weaknesses: GIA reports on all identified issues to both business owners and Senior Management, and to the Board of Directors (via the Board Audit Committee); • Monitoring and reporting on the disposition of agreed remediating actions: As required under professional standards, GIA also monitors the status of all issues and actions previously raised, and reports on the progress being made by business units in implementing agreed action plans; and • Providing insights into risk, governance and control measures which may strengthen the bank's system of internal control in a carefully structured manner such that GIA's independence is preserved.

2. Principal Risks and Uncertainties

Risk registers, containing details of current and emerging risks, from each of the Group Risk functions utilise the "top-down" and "bottom-up" Risk Identification / RCSA processes and form the basis of the Group's 'Top and Emerging Risks' report. The 'Top and Emerging Risks' report is presented to GRC, BRCC and Board and is used to ensure identification, measurement, management and monitoring of all material risks.

In addition to the Top & Emerging Risks update, the Risk function has also focused on reporting on 'Horizon' risks. The Horizon Risk report looks out to 25 years to try and identify long-range risks. This report is included in the CRO report which is presented to the GRC, BRCC and Board.

The management of the risks associated with the Ulster Bank transaction is embedded and monitored across the suite of existing key risk categories' frameworks and policies.

The following describes the risk factors that could have a material adverse effect on the Group's business, financial condition, results of operations and prospects for the next 12 months and over the medium term. The risk factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be risks and uncertainties of which the Group is not aware or which the Group does not consider significant, but which may become significant.

The challenging conditions in global markets arise due to factors including the Ukraine-Russia war, high interest rate environment, inflationary pressures, post COVID-19 impacts, the growing threat from cyber-attacks and other unknown risks. As a result, the precise nature of all risks and uncertainties that the Group faces cannot be predicted as several of these are outside of the Group's control.

As at 30th September 2023, the Bank considers three (3) emerging risks. The emerging risks are:

- **Macro-Economic** – The OECD notes that the "global economy is turning a corner but faces a long road ahead to attain strong and sustainable growth." While it sees "falling energy prices and headline inflation, easing supply bottlenecks and the reopening of China's economy, coupled with strong employment and relatively resilient household finances" all contributing to a projected recovery, it reckons that "the recovery will be weak by past standards" and projects global growth of 2.7% in 2023 and 2.9% in 2024, "both well below the average growth rate in the decade preceding the COVID-19 pandemic." The IMF expects global growth of 2.8% in 2023 and 3.0% in 2024. The ECB forecasts Euro area GDP growth of just 0.9% in 2023, down from 3.5% in 2022, following a 0.1% decline in Q1/23.

  The CSO reported that Ireland entered technical recession in the first quarter of the year as a GDP decline of 0.1% in Q4/22 was followed by a 2.8% decline in Q1/23. However, modified domestic demand (MDD), which better reflects activity in the domestic economy, grew by 0.1% on the quarter. Despite the lacklustre performance in the early part of the year, Davy forecasts GDP growth of 5.5% and MDD growth of 3.4% for 2023. The Central Bank forecasts MDD will "grow by 3.7% this year, and by 2.5% in 2024 and 2025." In contrast, the ESRI predicts that GDP will grow at a mere 0.1%, citing "economic headwinds such as rising interest rates, slower than expected global trade and persistent inflation." It cautions that "the decline in pharma-related exports" evident in Q1/23 "should be monitored closely". Uncertainty in the path of inflation and interest rates has fuelled volatility in asset markets. The evolving expectations around the path of monetary policy will impact the pricing of sovereign debt. If Ireland's growth instead declines or if there is an asset price collapse, this would lead to a recession.

- **Adverse Technological Advances** – Emerging technologies, such as artificial intelligence (A.I. or AI), industrial robots and machine learning, are advancing at a rapid pace. These developments improve the speed and quality of services and the last two years has shown how businesses can mobilise and innovate quicker than one could have ever thought before. Lessons learned will play an important role when competing against competitors with greater technological advances.

  For the Bank, there is a high cost in implementing and competing with technological advances and customers require face to face interaction for certain products and services; leading to difficult strategic choices between quality and accessibility.

  Continued advances in technology can also give rise to fraud and the ever evolving privacy compliance environment. With an increased knowledge of technology from consumers and hackers, the risks for cyber fraud are intensified. For example deep fake technology is an emerging threat in the technology sector. Technology innovations enable deep fakes to look and sound authentic and convincing, leading to abuse and misuse. Areas of concern are on-boarding processes, payment/transfer authorisation, account hijacking, synthetic identities and impersonation among others. Particular attention needs to be paid to brand reputation and the customer experience.

  Further to this, AI technology is increasingly becoming more common. AI has the potential capability to facilitate enhanced capacity to predict economic, financial, and risk events; impact the behaviour of financial markets; improve risk management and compliance; strengthen prudential oversight; and equip central banks with new tools to pursue their monetary and macro prudential mandates. Separate from other recognised AI-related risks (model risk, conduct & compliance etc.), AI and the evolving digital landscape could lead to greater fluidity/reduced stickiness of customer deposits.

- **Global Conflict** - Following the invasion of Ukraine by Russia in 2022, the possibility of further aggression between NATO and non-NATO states has increased. With some commentators suggesting Ukraine's willingness to join NATO as a main reason for Russia's illegal invasion, the World/EU may see retaliation from Russia as more countries (particularly in the EU) have applied for NATO membership. As some countries remain loyal, or sympathetic to Russia, there is an increased risk of conflict in the EU/ across the globe. Despite perceived Irish neutrality, a conflict within the EU/ EEA or across the globe would have severe negative consequences for the economy and the industry, affecting nearly every risk category.

Business Risk

Business Risk is defined as the risk that volumes may decline, margins may shrink or management costs may increase, arising from an underperforming Business model and/or failure in the Group's strategic ambitions.

From the Group's perspective, Business Risk is further divided into two sub-risk categories, as follows:

- Business Model Risk, which is defined as the risk that the Group does not generate a short-term financial return to meet resolution tests ('viability') and/or is unable to deliver minimum acceptable returns to its shareholders ('sustainability').
- Strategic Risk, which is defined as the risk that results from a failure to prepare for, or respond to, changes in the external environment or market (usually linked to factors such as the activities of competitors, changing customer preferences, product obsolescence, technology developments and regulatory changes).

Business Model risk is typically assessed over a one-year horizon, while strategic risk generally relates to a longer timeframe and pertains to volatilities in earnings arising from a failure to develop and execute an appropriate strategy. Business Units are responsible for the delivery of their business plans and management of such factors as pricing, sales/lending volumes, operating expenses and other variables that may impact earnings volatility. Pricing decisions, and changes thereto, are reviewed and approved by the Bank's Assets and Liabilities Committee. The development of new markets, products and services and significant changes to existing ones is addressed under the Group's New Product Approval process.

Business Unit strategy is developed within the boundaries of the Group's Strategy as well as the Group's Risk Appetite.

Economist Update

Introduction

Central banks across the globe spent 2023 raising interest rates to tame inflation while hoping their efforts would not tip their economies into recession. The war in Ukraine and the conflict in the Middle East created a difficult economic and political backdrop. Inflation, though reducing, continued to erode living standards while the higher interest rate environment created challenges, particularly in the commercial proper-ty sector.

Inflation Rates and Interest Rates

Having increased interest rates four times in 2022, the ECB raised rates six further times in 2023, bringing the repo rate from 0% in July 2022 to 4.5% in September 2023, its highest level in over 20 years. The ECB commented: "Fading cost pressures and the impact of the ECB's monetary policy should allow headline inflation to fall from 5.4% in 2023 to 2.7% in 2024 and 2.1% in 2025, reaching 1.9% in 2026."

Inflation moderated in Ireland also. According to the CSO, the Consumer Price Index (CPI) rose by 4.6% in 2023 compared with 8.2% in 2022 and 5.5% in 2021. The Central Bank acknowledged that "headline inflation has fallen sharply in 2023 as externally-driven price pressures have eased" but cautioned that "domestic price pressures – as reflected in services inflation – are expected to be more persistent, with the latter projected to stay above 3% in 2025."

Economic Outlook / Growth

According to the ECB, "the euro area economy weakened in the second half of 2023, dragged down by tighter financing conditions, subdued confidence and competitiveness losses." In December 2023, it forecast that "economic growth will remain weak in the short term in the face of tight financing conditions and low export growth. As inflation falls, household income recovers and foreign demand strengthens, the economy should grow by 0.6% in 2023, by 0.8% in 2024 and by 1.5% in 2025 and 2026."

The ESRI noted that GDP declined by 2.7% in 2023 in "the first episode of negative GDP growth since 2012" but commented that modified domestic demand (MDD) "which captures consumption and modified investment" increased 0.6%. The Central Bank commented: "Improvements in real income are projected to support modest increases in Modified Domestic Demand in 2024 and 2025." However, it noted that the "ongoing transmission of tighter monetary policy to the economy will weigh on growth, which is already being limited by capacity constraints." The Department of Finance highlighted the "softening in export growth" in 2023 and commented that this was "particularly pronounced among goods exports".

Government Finances

The NTMA reported that debt-to-GNI declined from 97% in 2019 to 76% in 2023 and it expects it to continue "to fall rapidly" in the coming years. It commented that the "net debt position is back below Euro Area average, completing a more than decade-long journey." Ireland is rated in the AA category by all the major rating agencies following Moody's upgrade to Aa3 in 2023. The NTMA announced a funding range for 2024 similar to that for 2023 when it raised €7bn. It noted the fact that the "vast majority of Irish debt is fixed rate at average cost of 1.5%" with a weighted average maturity greater than 10 years, "one of the longest in Europe."

Income tax grew by 7% and VAT by 9% in 2023 while corporation tax grew by a more modest 5% after many years of very rapid growth. The Department of Finance projects a current budget surplus of 2.7% for 2024. The Government set up the Future Ireland Fund and the Infrastructure, Climate and Nature Fund to deal with future funding needs and to ensure that the large corporation tax receipts which are likely to prove temporary in nature are not available to meet current spending needs. The Department of Finance highlighted that corporate tax receipts had increased "five-fold since 2015."

While welcoming the establishment of the Future Ireland Fund and noting its "potential to put risky corporation tax receipts to good use, with the result that future generations have a smaller burden to offset the costs of a rapidly ageing population," the Irish Fiscal Advisory Council worried that the Government's breaching of the National Spending Rule "using strong tax receipts in good times to expand the budget quickly" risked "adding to price pressures, getting bad value for money, and potentially having to reverse measures in a downturn."

Employment

The ESRI notes that "after the strong recovery from the COVID-19 pandemic, the labour market has been operating close to capacity since winter 2022." It projects the unemployment rate in Ireland is likely to fall to 4.3% in 2024, down from 4.4% in 2023. It also forecasts that the number of people employed will rise from 2.67m in 2023 to 2.71m in 2024, the highest number ever recorded.

The Central Bank commented that "the pace of employment growth has slowed in 2023 but rising labour force participation and continued net inward migration point to ongoing strength in labour market activity." It expects "labour market conditions ... to remain tight out to 2026" which "supports further increases in nominal incomes, which, in combination with falling inflation, implies annual average real income growth of 1.7% p.a. from 2023-2026." It highlighted that "lower vacancy rates are emerging" but wage growth was "picking up ... in part to reverse real wage declines experienced since 2021."

Banking

Household deposits grew by €4.4 billion or 2.9% in 2023. This, the Central Bank commented, "was the smallest increase in the value of household deposits in a calendar year since 2017, ... and marks a significant decline on the €13.9 billion increase recorded in 2020. Just €148 million of the 2023 deposit increase related to overnight deposits, with the remainder of the growth coming from deposits with a fixed maturity or redeemable at notice."

The NTMA noted that "after slow initial pass-through, Irish mortgage rates rose back above EA average" by the end of 2023. "The weighted average interest rate on new fixed rate mortgage agreements, which constitute 81% of the volume of new mortgage ... was 4.14% in December 2023 ... an increase of 153 basis points over the previous 12 months." According to the Central Bank, "the weighted average interest rate on new household term deposits rose by 257 basis points, and the volume of new business has rebounded significantly" between July 2022, when the ECB started raising its rates, and October 2023. It contrasted this with household overnight deposit rates which it said had "been particularly slow

to respond, increasing by only 10 basis points" over the same period. Despite the rate difference, it noted that "92% of all household deposits were overnight deposits" as of October 2023.
The Central Bank observed how the changed "interest rate environment and evolving structure of the domestic banking sector have led to a substantial increase in bank profitability over the past year." Return on equity "increased from the low point of -6.2% in 2020 (at the height of the pandemic) to ... 12.6% in 2023H1." It cautions that "higher inflation and interest rates" are "likely to increase impairments and slow loan growth" and "banks with more rapid gains through the loan-deposit spread ... carry a greater risk associated with loan losses in a rising interest rate environment." It notes that a "significant volume of outstanding CRE lending in banks is due to mature in the short term" and some borrowers are likely to be "unable to meet increased financing costs" which would result in selling assets into a market where "weaker occupier demand may place additional downward pressure on CRE prices."

BPFI reported that while "the number of first-time buyer drawdowns reached a new peak at almost 26,000 (25,591) valued at over €7.2 billion (7,219 million) in 2023, the highest annual levels since 2007," there was "an overall slowdown in both mortgage drawdown and approval activity, largely driven by a sharp drop in re-mortgage/switching activity." While the total amount drawn down declined by €2.0bn from €14.1bn in 2022 to €12.1bn in 2023, remortgaging activity declined by €2.3bn from €3.6bn to €1.3bn. In 2024, it expects "housing and mort-gage demand to remain strong, notwithstanding the expected slowdown in Irish economic growth."

Housing
The CSO reported that "there were 32,695 new dwelling completions in the whole of 2023, an increase of 10.0% from 2022." However, "the number of apartments completed in 2023 was 11,642, up 28.0% from 2022." It noted that "47.4% of completions were scheme dwellings, a further 35.6% were apartments, and 17.0% were single dwellings." Nevertheless, despite the significant increase in housing output in recent years, it still falls far short of demand. The Housing Commission estimates that "Ireland may need up to 62,000 homes built per year until 2050" to accommodate Ireland's projected population growth and changing household sizes.

The CSO commented that "close to six in ten completions in 2023 were in Dublin or the Mid-East (Kildare, Louth, Meath, and Wicklow). Of all completions in Dublin in 2023, some 71.9% were apartments." It also noted that "the proportion of apartments being built has been rising over recent years from 16.4% of completions in 2019 to 35.6% in 2023" and while "the number of completions in urban areas in 2023 was 28,137, a rise of 12.6% from 24,992 in 2022 ... there was a decrease of 3.7% from 4,734 in 2022 to 4,558 in 2023" in rural areas.

Daft.ie reports that while there were "almost 1,800 homes available to rent on November 1st 2023 ... a 64% increase compared to the same date a year previously", it caveats "this sliver of good news" by noting that "by any objective measure, having just 1,800 homes on the rental market for a country that has, as of the April 2022 Census, at least 330,000 households in the private rental market is far too little." It cites the fact that there were 23,000 more homes to rent thirteen years earlier.

House Prices
The CSO reported that the Residential Property Price Index rose by 2.9% in the 12 months to November 2023, "with prices in Dublin rising by 0.9% and prices outside Dublin up by 4.4%." The price rise in November was the sixth monthly increase in a row following declines in the early months of the year. Meanwhile, new dwelling prices "in the third quarter of 2023 were 10.4% higher than in the corresponding quarter of 2022", widening further the price gap between new and existing houses.

Daft.ie notes that "there were just over 11,100 homes for sale in the country" which is "very low compared to almost any point over the past 15 years" and opines that "housing prices are stabilising not because supply has increased to meet demand, but instead because demand has fallen to meet it. Supply of newly built homes for purchase has certainly increased but the second-hand market, which is the larger share of the market, has been working in the other direction."

The Society of Chartered Surveyors Ireland (SCSI) expects residential property prices to increase by an average of 1% in 2024. SCSI noted that "36% of sales instructions in Q4 2023 were landlords selling their investment property, down 4% on last year", while "76% of agents are reporting a shortage of supply – an increase of 10% on last year." It noted that "69% of agents say BER ratings are now an important or very important factor in relation to the level of an offer."

The Housing Commission notes the "financial viability challenges in the delivery of homes" and seeks to encourage "increased adoption of modern methods of construction in public housing delivery." BPFI also expects increased housing supply in 2024 but comments that "afford-ability issues remain as construction costs continue to rise." It highlights that "construction costs in Ireland have increased by nearly 23% between the end of 2019 and the third quarter of 2023" and worries that "average home prices have increased faster than the incomes of potential home buyers in the past few years," undermining affordability.

Overall Position
"Falling inflation is set to prompt the ECB to start cutting interest rates by the second quarter of 2024", according to the majority of economists polled by the Financial Times. However, the ECB president, Christine Lagarde, dampened such expectations saying it was "premature to discuss rate cuts" as the ECB kept the repo rate at 4% in January 2024.

Unemployment in the euro area is expected to stay near its current historic low of 6.5% in 2024 according to Statista. The ECB cautions that "euro area financial stability outlook remains fragile" and comments that while bank profitability has benefited so far from higher interest rates, "headwinds associated with deteriorating asset quality, lower lending volumes and higher funding costs lie ahead." With elections in many countries scheduled for the year, 2024 is likely to see a continuation of the volatility that has characterised the global outlook since Covid struck in 2020.

The ESRI noted the "clear need for substantial public investment in Ireland" as identified in the National Development Plan (NDP) driven in large part by population growth and Government targets on greenhouse gas emissions. However, it highlighted "the existence of capacity constraints largely in the form of labour shortages" and cautioned that "an accelerated NDP risks generating increased inflation in the construction sector whereby the costs of delivery increase." This "conflict between the need for public investment and the constraints on in-vestment" is likely to dominate political debate in Ireland in 2024 and beyond.

Climate-Related & Environmental Risk

PTSB is committed to the management of Climate-Related & Environmental (CR&E) Risk, aided by regulatory guidance, to play our part as corporate citizens. Understanding of how best to respond to climate change is continually evolving and with this our knowledge of associated risks continues to develop.

Managing CR&E Risks and opportunities is a key area of focus under the 'Addressing Climate Change and Supporting the Transition to a Low Carbon Economy' Pillar of the Bank's Sustainability Strategy.

Climate-Related and Environmental Risks can be categorised into two Sub-Risk Categories as follows:

1. **Physical Risks -** The risk of economic cost and financial losses resulting from the increasing severity and frequency of:

- Acute Physical Risk – arises from extreme weather events such as floods, storms, droughts and heatwaves.
- Chronic Physical Risk – arises from longer-term gradual shifts in the climate patterns, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity.

2. **Transition Risk** - The risk of economic cost, financial loss or an adverse outcome related to the process of adjustment towards a low-carbon economy and more environmentally sustainable economy. Transitioning to a low-carbon economy may require substantial policy, legal, technology and market changes. These changes may result in financial loss and reputational risk to organisations, with the severity of this depending on the scope and speed of change required. Transition Risk may include:

- Policy Risks that come with the evolution of policies and regulations that promote the adaptation to a less carbon intensive and more sustainable economy, and those that constrain actions that lead to climate change and harm the environment.
- Legal Risk that relates to litigation claims against institutions and their representatives who fail to mitigate and adapt to climate change, and who fail to disclose material climate and environmental information.
- Market Risks that arise through changing demand and supply for commodities, products and services.
- Reputation Risk that relates to the changing stakeholder perception of institutions' contribution to or detraction from the transition to a lower-carbon economy.

The management of CR&E risk is aligned to key processes and components set out in the Bank's Enterprise Risk Management Framework (ERMF), which identifies core risk management stages which collectively ensure that the Bank appropriately identifies and manages current and emerging risk the Bank is exposed to. Consideration of the impact of CR&E risk on each of the risk categories has been considered as part of the Banks 2023 CR&E Risk Materiality Assessment. Through this assessment, the Bank recognises that CR&E risk is a cross-cutting risk, which may impact or enhance other identified risk.

Throughout 2022 and 2023 the Bank have deployed resources to ensure the implementation of the Board approved CR&E Risk Implementation plan submitted to CBI in June 2022, which addressed the supervisory expectations in relation to CR&E risk. The Bank has established strong governance CR&E risk through the creation of a Sustainability Committee, which operates as sub-committee of the Executive Committee.

The Banks Green Mortgage product, which went to the market in 2022 delivered c€700m in green lending in 2023. This is the first in a suite of Sustainable Finance Product offerings, with proposition development continuing on future products.

As CR&E risk continues to evolve, the potential effect of Physical (Acute & Chronic) and Transition risk on the Bank will be continually reviewed, with the assessment of effects as set out in the CR&E risk materiality assessment to develop over time as the Bank sources critical data to facilitate quantitative analysis.

While the Bank is focused on short-term action delivery and stepping up the pace in embedding CR&E risk, it is mindful of creating capacity and building a robust long-term strategic approach to CR&E risk, which aligns to best practice. This will ensure there is a comprehensive integration within Strategy, Data, Risk Management and Product Strategy, supported by enabling activities such as training and disclosures.

Credit Risk

Credit Risk is defined as the risk of financial loss due to the failure of a customer, guarantor or counterparty, to meet their financial obligations to the Bank as they fall due.

The Group's customer exposures are originated and managed in Ireland. The Group's principal exposure is to residential mortgages secured firstly by a first legal charge on the property. Economic uncertainty, as well as the socio-political environment and inflation adversely impact or cause further deterioration in the credit quality of the Group's loan portfolios. This may give rise to increased difficulties in relation to the recoverability of loans or other amounts due from borrowers, resulting in further increases in the Group's impaired loans and impairment provisions.

As losses from customer credit risk are the principal financial risk to which the Group is exposed more detailed analysis of the risks, risk management policies and current portfolio segmentation is provided in section 3.1 of the Risk Management Report.

Capital Adequacy Risk

Capital Adequacy Risk is the risk that the Group does not have sufficient capital to cover the risk exposures of its business, support its strategy, and comply with regulatory capital requirements at all times.

The Group's business and financial condition could be negatively affected if the amount of its capital is insufficient due to:

- Materially worse than expected financial performance;
- Increases in Risk-Weighted Assets;
- Excessive growth in asset volumes;
- Changes in the prescribed regulatory framework; or
- The sales of assets.

The core objective of the Group's capital management framework is to ensure it complies with regulatory capital requirements (Capital Requirements Regulation (CRR and CRR2), Capital Requirements Directive IV (CRD IV) and the Banking Recovery and Resolution Directive (BRRD)) and that it maintains sufficient capital to cover its business risks and strategy.

As outlined in the Group's RAS, the Group undertakes an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that it is adequately capitalised against the inherent risks to which its business operations are exposed and to maintain an appropriate level of capital to meet the minimum regulatory and Supervisory Review and Evaluation Process (capital requirements). The ICAAP is subject to review and evaluation by the CBI as part of its Supervisory Review and Evaluation Process.

The management of capital within the Group is monitored by the BRCC, ExCo and ALCo in accordance with the Board-approved capital adequacy risk management framework.

Government Control and Intervention

In 2011, the Minister for Finance of Ireland became the owner of 99% of the issued ordinary shares of the Group which reduced to c.75% following the successful capital raise in 2015. The completion of the first phase the Ulster Bank transaction, combined with the recent disposal of an additional 5% tranche, has further reduced the Minister for Finance's stake to c.57%.

The risk is that the Irish Government, through its direct majority shareholding of the Group, uses its voting rights or intervenes in the conduct and management of the business in a way that may not be in the best interests of the Group's other stakeholders.

The Minister for Finance and the Group entered into a Relationship Framework Agreement dated 23 April 2015. The Framework Agreement provides that the Minister will ensure that the investment in the Group is managed on a commercial basis and will engage with the Group, including in respect of the manner in which he exercises his voting rights, in accordance with best institutional shareholder practice in a manner proportionate to the shareholding interest of the State in the Group.

Current and future budgetary policy, taxation, the insolvency regime and other measures adopted by the State to deal with the economic situation in Ireland may have an adverse impact on the Group's customers' ability to repay their loans, the Group's ability to repossess collateral and its overall pricing policy.

Liquidity and Funding Risks

Liquidity Risk is the risk that the Group has insufficient funds to meet its financial obligations and regulatory requirements as and when they arise either through inability to access funding sources or monetise liquid assets.

Funding Risk is the risk that the Group is not able to achieve its target funding mix, is too dependent on particular funding instruments, funding sources (retail/ wholesale) or funding tenors, fails to meet regulatory requirements and, in extremis, is not able to access funding markets or can only do so at excessive cost and/or Liquidity Risk.

These risks are inherent in banking operations and can be heightened by other factors including changes in credit ratings or market dislocation. The level of Liquidity Risk further depends on the size and quality of the Bank's liquidity buffer, the maturity profile of funding, as well as broader market factors such as depositor and investor sentiment/behaviour.

It is likely that risks would be further exacerbated in times of stress. Given the nature of the Group's retail focus which stems from its business model, liquidity and funding risk will arise naturally due to the maturity transformation of primarily short term contractual deposits, albeit recognising their behavioural stickiness, into longer term loans through predominantly mortgage lending.

Market Risk

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. Often market risk cannot be fully eliminated through diversification, though it can be hedged against.

From the Group's perspective, Market Risk consists of three components being Interest Rate Risk, Credit Spread Risk and foreign exchange (FX) Risk.

The Group's RAS and the associated Market Risk Framework set out the Group's approach to the management of market risk, including the Group's approach to market risk identification, assessment, measurement, monitoring, mitigation and reporting. The Market Risk Framework is approved by the BRCC on the recommendation of the ALCo.

All market risks arising within the Group are subject to strict internal controls and reporting procedures and are monitored by the ALCo, ExCo and BRCC on a regular basis. Group Treasury is responsible for the management of market risk exposures on the balance sheet. Group Risk and GIA provide further oversight and challenge within the Market Risk Framework.

Model Risk

Model risk is defined by the Group as an adverse outcome (incorrect or unintended decision) that occurs as a direct result of weaknesses or failures in the design, implementation or use of a model. The adverse consequences include financial loss, poor business or strategic decision-making, or damage to the Group's reputation.

In terms of risk appetite, the Group expects that all material models function as intended. The key factors which influence model risk within PTSB include:

- Macroeconomic risk – the Group's suite of models is built on data that spans the period immediately prior to the Global Financial crisis through the recent recovery. The degree to which the impacts of a new economic downturn will mirror the last is uncertain. The degree of risk increases with the speed and volatility of economic change;
- Regulatory change – the pace of evolution of regulation and guidance increases the burden of maintaining the Group's regulatory models;
- Competition for skills – significant competition exists within the Irish market for those with the experience and expertise to build, implement and interpret models; and
- Data – encouraging customers to share their data, particularly in the area of environment and sustainability is a strategic area of focus for the Group in enhancing model risk management.

Model risk is managed in accordance with the Group's Model Risk Framework. This framework provides the foundation for managing and mitigating model risk within the Group. Accountability is cascaded from the Board and senior management via the Group RMF. This provides the basis for the Group Model Risk Policy, which defines the mandatory requirements for models across the Group, including:

- the scope of models covered by the policy, including model materiality;
- roles and responsibilities, including ownership, independent oversight and approval;
- key principles and controls regarding data integrity, development, validation, implementation, ongoing maintenance and revalidation, monitoring, and the process for non-compliance; and
- The model owner taking responsibility for ensuring the fitness for purpose of the models and rating systems, supported and challenged by an independent specialist function within Risk that reports directly to the CRO.

The above ensures all models in scope of policy, including those involved in IFRS 9 and regulatory capital calculation, are developed consistently and are of sufficient quality to support business decisions and meet regulatory requirements.

The Group Model Governance Committee (MGC), a sub-committee of the GRC, is the primary body for overseeing model risk. The Group RAS requires that key performance indicators are monitored for every model to ensure they remain fit-for-purpose or appropriate mitigation is in place. Material model issues are reported monthly to Group and Board Risk Committees with more detailed papers as necessary to focus on key issues.

Operational Risk and IT Risk

Operational Risk is defined as the risk of loss or unplanned gains resulting from inadequate or failed processes, people, and systems or from external events. This includes business continuity; outsourcing and third party; business process; fraud; legal; people; property; change and data management risk.

IT Risk is defined as the risk of loss due to a breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology (IT) within a reasonable time and with reasonable costs when the environment or business requirements change (i.e. agility). IT Risk includes risks associated with poor IT governance, oversight and risk management as well as security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.

Risks from both these risk categories are inherently present in the Group's business. Any significant disruption to the Group's IT systems, including breaches of data security or cyber security could harm the Group's reputation and adversely affect the Group's operations or financial condition materially.

The Group has a low appetite for Operational Risk and IT Risk and aims to minimise the level of serious disruption or loss caused by Operational or IT issues to its customers, employees, brand and reputation.

The ORMC monitors the Operational and IT Risks to which the Group is exposed to and oversees risk mitigation including performance and prioritisation related to the management and control of these risks. In fulfilling this role, The ORMC reviews and discusses the outputs and results of the Risk and Control Self-Assessment (RCSA) Process, control testing and Operational Risk Event Reporting and various other assessment, monitoring and testing activities to create awareness of commonly experienced Operational and IT risk matters, to share learnings and to enhance the control environment across the Group. Furthermore, the ORMC reviews and monitors Operational and IT risk RAS, the Operational and IT KRIs, emerging risks and other relevant Operational and IT risk metrics on an ongoing basis.

ORMC also monitors the oversight of new or amended Third Party/Outsourcing relationships, new products, and/or significant changes to existing products and Strategic Change that is implemented across the bank and highlight any risks where required.

Operational & IT Risk oversee change activity as part of formal engagement on key change initiatives to ensure that sound risk management practices are in place and followed to identify and manage risks and issues throughout the Programme/Project lifecycle and any residual Programme/Project risk is transitioned to the relevant Business Units RCSA as appropriate. Oversight consists of attendance at Project Direction Group (PDG) and Programme Steering as defined in the Bank's Strategic Change Framework. Operational & IT Risk roles are documented in Programme/Project Terms of Reference.

External Fraud remains at a high threat level with many customers targeted/responding to fraudulent SMS and phone calls in circulation, divulging their credentials to fake websites. There has been a significant increase in this activity since 2020 and PTSB have been recognised as being to the fore in seeking ways to protect our customers and the bank. We continue to work on our own initiative but also collectively with many external stakeholders i.e.

other FI's, BPFI, CBI, UCD Cyber Centre, Gardaí, ComReg, Telco's and Fintech to reduce impact. The creation and launch of "PTSB Protect" to our customer base and added to our app as an opt-in solution will inform customers using the service of known fake SMS being received to their Smart phone. PTSB Protect is the first of such technology to be deployed by any bank. We have also enhanced our fraud monitoring capabilities in the card transactions space with the 'Foresight' fraud scoring tool added to our strategies, this is currently being embedded in our systems. By continuing to innovate and react to the ever changing environment, we can continue to maintain best in class status, whilst maintaining a balance between providing a frictionless customer journey but also managing the risk.

The external cyber threat environment continues to evolve, and remains a challenge to the Banking industry globally. Continuous improvement in our cyber defences is a strategic priority with investment accordingly to enhance the control environment.

In response to external events we are focussed on;

- Enhancements to Vulnerability Management and Penetration Testing;
- Information Security Awareness communications, including increased Board and ExCo-level communications and awareness;
- Enhanced monitoring for threats; and
- Increased Information Security Governance and associated reporting.

A new 2022-2024 Information and Cyber Security Strategy was approved by the Board Risk and Compliance Committee in February 2022. This is to drive further improvements in the Bank's cyber defence and preparedness, along with associated governance.

Operational & IT Risk continuously review Group Technology IT incidents, including cyber, and there were no breaches of data security or cyber security that could significantly harm the Group's reputation and adversely affect the Group's operations or financial condition materially.

Scenario testing is performed on an annual basis, as outlined in the ERMF, for critical processes including but not limited to: Payments Systems Failure, Information Security, Cyber Security, Internal Fraud, Business Disruption and IT Resilience to ensure existing processes support timely recovery. Monitoring and incident management processes are in place to detect and recover from both cyber-attacks and IT issues which may affect the availability of critical IT systems. Regular disaster recovery testing of critical systems is conducted in order to test IT resilience. Any changes made to the Group's IT systems or applications are governed by a change management process.

From a people perspective, Enterprise Level programmes such as Individual Accountability Framework (IAF), Payment Centralisation, Branch Technology Refresh, Microsoft 365, Service a Need (SAN), Sun etc. are designed to ensure People Risk is an integral consideration. The development and embedding of the Change Risk Second Line Oversight continues with the creation of the new Material Change Risk Assessment (MCRA), enhanced Initial Impact Assessment (IIA) and the SLOD quarterly review of the Change Monthly ExCo Update. This is in line with the Strategic Portfolio project "Enterprise Change Enhancements" (ECE) which has been established following a Change Maturity Assessment undertaken in 2021. This project focuses on change governance enhancements and to increase the Bank's change maturity. The project continues to progress and has delivered a number of items, including but not limited to:

- Project Stage Gates with required change artefacts,
- Business & IT Change Readiness Forum (BCRF) ,
- Prioritisation & Intervention (P&I) Forum, and
- Management Deign Authority, (MDA meeting).

The Group's Operational Risk and IT Risk Management Frameworks outline the Group's approach to managing Operational and IT risks and are applicable Group-wide. The framework defines the roles and responsibilities for the oversight of Operational and IT risks, along with the ownership and processes in place for the identification, assessment, mitigation, monitoring, testing and reporting of Operational and IT risks in the Group.

An RCSA methodology is used to:

- Identify, measure and control Operational Risk, Information Technology (IT) Risk, Compliance Risk, Conduct and Reputational Risks across the Group which aids the consistent approach to risk management and aids the business in their decision making process.
- Support the ability to track any control design or operational effectiveness deficiencies that are identified through the process. This ensures that comprehensive remediation plans are created, monitored and tracked through to closure.

We have enhanced our processes in this area as we progress plans and have embedded a new Governance Risk & Compliance (GRC) system for the management of Operational and IT risk. The RCSA methodology outlines the actions, procedures, roles and responsibilities relating to the Group's RCSA process. The RCSA should cover all risks that could materialise/exist in the respective business unit in relation to their products, activities, people, processes, systems, suppliers and business objectives, including those detailed within relevant Bank wide policies.

The Group acts to mitigate potential risks found in existing procedures through the use of controls. A control is any process, policy, device, practice or other action that mitigate potential risks found in existing procedures.

Internal controls are tested on a continual basis to provide assurance on the design effectiveness and operating effectiveness of controls captured in the RCSA process. This system of internal control is designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. Effective controls will work to reduce the likelihood of a risk occurring and/or the impact should the risk materialise.

Independent risk based control assurance reviews are also undertaken mainly in relation to key processes to provide an assessment of how effective associated risks are controlled and managed.

Weakness in the Group's internal control system or breaches/alleged breaches of laws or regulations could result in increased regulatory supervision, enforcement actions and other disciplinary action, and could have a material adverse impact on the Group's results, financial condition and prospects. To quantify the potential impact of weaknesses in this regard, and to strengthen the Group's system of internal controls through the consideration of unexpected events, scenario analysis and stress testing are conducted on a regular basis.

Risk culture is a component of the Bank's culture. A sound risk culture drives and supports risk awareness, desired behaviours and judgements about risk-taking. It bolsters effective risk management, promotes prudent risk-taking, and ensures that any emerging risks or risk-taking activities beyond the Bank's risk appetite are identified, assessed, escalated and managed in a timely manner. A key objective of the Group's Risk Management approach is to create a culture of risk awareness where all staff have an understanding of Operational and IT risk and the role they each play in ensuring that any impacts/ losses are minimised.

Third Party Service Providers

The Group may engage the services of third parties to support delivery of its objectives or to complement its existing processes. The risk associated with these activities is categorised as 'Outsourcing and Third Party' risk and is defined as the risk of loss or reputational damage connected with the engagement and management of Third Parties contracted internally or externally (for example, for the purposes of customer engagement, data processing, systems development, Cloud services or ICT systems), including lack of third party diversification, inadequate third party business continuity plans or insufficient monitoring and oversight of the engagement.

The Group's Third Party Risk Management Policy sets out the minimum requirements and roles and responsibilities necessary to ensure consistent and continuous management of Third Party and Outsourcing risks across the Group, as defined in the Group's ERMF, and Operational and IT Risk Management Framework. The policy outlines the processes and controls required for identifying, assessing, mitigating and managing third party risks.

Conduct and Reputational Risk

Conduct Risk is the risk that the conduct of the Group towards customers or the market leads to poor customer outcomes, a failure to meet customers' or regulators' expectations, or breaches of regulatory rules or laws.

Conduct Risk can occur in every aspect of the Group's activities, including through:

- The strategy of the Group and how it is executed;
- The way the Group is run and managed;
- The existence of group think or localised cultures;
- The lack of psychological safety for staff in facilitating a robust speak freely process;
- The design type and pricing of products/services offered, the customers to whom they are offered and the distribution channels used;
- The way sales are made or transactions are executed;
- The post-sales fulfilment process throughout the life of the product;
- The management of different customer cohorts recognising that some customers may require additional assistance at a point in time or on a permanent basis; and
- Interactions with customers throughout the lifetime of the relationship, including when customers make complaints either directly or through the Financial Services and Pensions Ombudsman or where customer-impacting errors occur. See note 32 and note 43 to the financial statements for further information on legacy legal cases.

The Group recognises that the management and mitigation of Conduct Risk is fundamental and intrinsically linked to the achievement of our purpose 'Working together to build trust with our customers and communities'. It recognises that Conduct Risk can occur in every aspect of the Group's activities and is committed to continuing to achieve best practice in this area.

The Group's Senior Management are responsible for the identification and management of Conduct Risk in their business areas and for ensuring fair customer outcomes, and the Regulatory Compliance function is responsible for second line Conduct Risk oversight. The Group is guided by a Conduct Risk Management Framework, including a Board-approved Risk Appetite and Conduct Risk Principles. Its purpose is to help ensure that the Group achieves its strategic objectives by acting honestly, fairly and professionally in the best interests of its customers and the integrity of the market, and acts with due skill, care and diligence. In doing so, the Group is placing the achievement of fair outcomes for its customers at the heart of its strategy, governance and operations.

Board and Senior Management have ensured that there is regular reporting of metrics and Key Risk Indicators against the Conduct Risk Appetite as well as events that could affect or have already impacted on customers. The primary governance body responsible for Conduct issues is the Customer Committee (a sub-committee of ExCo).

Reputational Risk is the risk of brand damage and/or financial loss arising from a failure to meet stakeholders' expectations of the Group or the failure of organisational structure and governance arrangements within the Group to embed desired behaviours and culture. The reputation of PTSB is founded on trust from its employees, customers, shareholders, regulators and from the public in general. Isolated events can undermine that trust and negatively impact the Group's reputation. Negative public opinion can result from the actual or perceived manner in which the Group conducts its business activities, from the Group's financial performance, the level of direct and indirect Government support or actual or perceived practices in the banking and financial industry. It is often observed that reputational risk is in fact a consequence of other risks. Negative public opinion may adversely affect the Group's ability to keep and attract customers which in turn may adversely affect the Group's financial condition and operations. The Group cannot be sure that it will be successful in avoiding damage to its business from reputational risk.

Compliance Risk

Compliance risk is the risk of material financial loss or liability, legal or regulatory sanctions, or brand damage arising from the failure to comply with, or adequately plan for, changes to official sector policy, laws, regulations, major industry standards, compliance policies and procedures, or expectations of customers and other stakeholders.

As a financial services firm, the Group is subject to extensive and comprehensive legislation and regulation by a number of regulatory authorities. The Group moved from a Less Significant Institution (LSI) to an Other Systemically Important Institution (OSII) in November 2023 and is directly supervised by the Central Bank of Ireland, as the National Competent Authority. The Board is responsible for overseeing the management of compliance risk, with senior management having a primary responsibility to effectively manage compliance with applicable laws and regulations and for ensuring that the Group has and effectively employs the resources, procedures, systems and controls, including monitoring, necessary to ensure compliance with all existing and forthcoming legislation.

The Regulatory Compliance function is responsible for second line oversight, including the updating of the Regulatory Compliance Framework. This Framework supports the Group to achieve its strategic priorities while managing regulatory compliance risks within the Board-approved Regulatory Compliance risk appetite. In addition, it sets out how the Group manages current and emerging regulatory compliance risk, details the key principles, objectives, and primary components of the Group's approach to regulatory compliance risk management, and sets out regulatory compliance risk management responsibilities across the three lines of defence model.

The Group is exposed to many forms of risk in connection with compliance with such laws and regulations, including, but not limited to:

- The risk that changes to the laws and regulations under which the Group operates will materially impact on the Group's liquidity, capital, profitability, product range, distribution channels or markets;
- The risk that the Group is unable to respond to the scale of regulatory change and implement all required changes in full or on time, or the challenge of meeting regulatory changes will impact the Group's abilities to undertake other strategic initiatives;
- The level of costs associated with the regulatory overhead including, but not limited to, the industry funding levy, funding the resolution fund established under the Single Resolution Mechanism or levies in respect of applicable compensation schemes (including the Investor Compensation Scheme and the Deposit Guarantee Scheme (DGS));
- Non-compliance with organisational requirements, such as the requirement to have robust governance arrangements, effective processes to identify, manage, monitor and report the risks the Group is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems;
- The possibility of mis-selling financial products or the mishandling of complaints related to the sale of such products by or attributed to an employee of the Group, including as a result of having sales practices, complaints procedures and/or reward structures in place that are determined to have been inappropriate or the risk that previous practices are deemed inappropriate when assessed against current standards;
- Breaching laws and requirements relating to data protection, the detection and prevention of money laundering, terrorist financing, sanctions, bribery, corruption and other financial crime; and
- Non-compliance with legislation relating to unfair or required contractual terms or disclosures.

Regulatory Developments

The level of regulatory change remains high and continues to be an area of focus.

Sustainable Finance continues to be a key priority for Governments and regulators. The EU Action Plan on Sustainable Finance and the EU Green Deal, set out the EU's strategy to integrate ESG considerations into its financial policy framework and mobilise finance for sustainable growth. A key part of the strategy is the EU Sustainable Finance Disclosures Regulation (SFDR) and accompanying RTS, which requires enhanced disclosure in a consistent manner of ESG factors into decision making processes and customer documentation for sustainable investments. The Corporate Sustainability Reporting Directive (CSRD) which introduces more detailed reporting requirements on companies in respect of the impact of their activities on the environment will be implemented on a phased basis from the start of 2024, however the European Sustainability Reporting Standards (ESRS), for use by all companies subject to the Directive, have been delayed.

Legislative progress continues on the implementation of the Basel III reforms, which are aimed at enhancing prudential regulatory standards, supervision and risk management of banks. In line with the objectives of the EU Digital Finance Strategy, the Digital Operational Resilience Act (DORA) will apply in full from January 2025. Also as part of this strategy the EC has recently introduced draft legislation aimed at increasing the availability and use of Instant Payments in Euro, we are expecting this to be adopted and published early in 2024. The revised Consumer Credit Directive and the revised Distance Marketing Directive have both been published and they come into effect in 2025 and 2026 respectively.

The EC's package of legislative proposals designed to strengthen the EU's anti-money laundering and countering the financing of terrorism (AML/CFT) rules continue to be progressed. With the continued conflict in Ukraine and other geo-political developments, it is anticipated that the EU sanctions regime will be kept under review.

The Central Bank (Individual Accountability Framework) Act 2023 (IAF) was signed into law to introduce an Individual Accountability Regime for Banks and other regulated entities, via a Senior Executive Accountability Regime (SEAR). The IAF also includes Conduct Standards for Staff and enhancements to both the Fitness and Probity and the Administrative Sanctions Regimes which came into operation in 2023. Regulations prescribing responsibilities of different roles and requirements on firms to clearly set out allocation of those responsibilities and decision making will apply from mid-2024.

In light of the significant changes in the retail banking landscape in Ireland the Irish Government undertook a Retail Banking Review. This Review issued 34 recommendations impacting the Department of Finance, the Central Bank and the sector itself. Following the Review, legislation is progressing in relation to Access to Cash.

The Central Bank has commenced a review of the Consumer Protection Code (CPC). A consultation paper, containing draft requirements, is expected in March 2024, with the revised CPC expected to be published later in 2024.

Regulators continue to emphasise the importance of culture, conduct risk, diversity practices, financial literacy, operational and IT resilience, cyber security, financial crime, digitalisation and climate risk.

Group Risks

The Board has overall responsibility for the establishment and oversight of the GRMF. The Board has established the BRCC, which is responsible for oversight and advice on risk governance, the current risk exposures of the Group and future risk strategy, including strategy for capital and liquidity management and the embedding and maintenance of a supportive culture in relation to the management of risk throughout the Group. The BRCC, in turn, delegates responsibility for the monitoring and management of specific risks to committees accountable to it such as the GRC, GCC and the ALCo.

The BAC, consisting of members of the Board, oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Group in consultation with the BRCC. The BAC is assisted in its oversight role by GIA. GIA undertakes both routine and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BAC.

In line with IFRS 7, the following risks to which the Group is exposed are discussed in detail below:

- Credit Risk;
- Liquidity Risk; and
- Market Risk (including foreign currency exchange risk, credit spread risk and interest rate risk).

The key financial risks arise in the underlying subsidiary companies of Permanent TSB Group Holdings plc (PTSBGH). All of the Directors of PTSBGH are also Directors of the Board of Permanent TSB plc (PTSB).

3.1 Customer Credit Risk - Audited

Definition of Customer Credit Risk

Customer credit risk is defined as the risk of financial loss due to the failure of a customer, guarantor or counterparty, to meet their financial obligations to the Bank as they fall due. This risk includes but is not limited to default risk, concentration risk, migration risk, collateral risk and climate risk.

Default Risk

Credit Default Risk is the risk that a customer will not be able to meet the required payments on their debt obligation to the Bank when they become due. An increase in the risk of default may be as a result of one or a number of factors including, but not limited to:

- Deterioration observed in an individual borrower's capacity to meet payments as they become due;
- Deterioration observed or expected in macroeconomic or general market conditions;
- Regulatory change; and
- Environmental factors that impact on the credit quality of the counterparty.

Concentration Risk

Concentration Risk is the risk of excessive credit concentration to an individual, counterparty, group of connected counterparties, industry sector, geographic area, type of collateral or product type leading to above normal losses.

Migration Risk

Migration Risk is the risk of loss due to a ratings (internal/external) downgrade which indicates a change in the credit quality of an exposure.

Collateral Risk

Collateral Risk is the potential risk of loss arising from a change in security value or enforceability due to errors in nature, quantity or pricing of the collateral.

Climate Risk

Climate Risk is the risk of defaults and declines in the value of the Bank's collateral on customer loans due to the impacts from climate change, and the imposition of increased capital requirements if the Bank's borrowers do not comply with the Stakeholder, Regulatory and Legislative expectations to contribute to the transition to a low carbon economy.

Climate related risk modelling capability is still evolving and in its infancy. However, the Bank currently has low exposure to SME lending when considering high risk sector exposure to Climate Risk, with the majority of the Bank's portfolio comprising Residential mortgages.

Lending officers consider Climate and Sustainability Risks for each SME lending application, and assessment criteria for new Residential property lending incorporate an evaluation of potential physical risks including flood, subsidence, coastal and environmental risks as part of the valuation process. Lending should not proceed where the Valuer identifies risks at individual property level which might potentially restrict the customer's ability to obtain home insurance.

Governance

Credit Risk Appetite defines the Group's tolerance for risk and its willingness to grant credit based on product type, customer type, collateral concerns and various other risk factors. The Board is ultimately responsible for the governance of credit risk across the Group, setting the Risk Appetite and ensuring that there are appropriate processes, systems and reporting lines in place to monitor and manage risks against the appetite.

The BRCC, a sub-committee of the Board provides oversight to the Board on the setting and monitoring of the Risk Appetite and risk governance. The Group Credit Risk Management Framework specifies those Credit policies that require approval by the BRCC. Under the Group

Credit Risk Management Framework the BRCC may also delegate to the GRC, who in turn delegates to the GCC, the authority to approve certain Credit policies, subject to these policies remaining within specified policy boundaries. Any amendment to policy which results in a policy breaching these boundaries requires the BRCC's approval.

The GCC is responsible for the execution and delivery of the Group's system of Portfolio Credit Risk Management. The Board has granted authority to the BRCC to approve a delegated framework of lending authority within which the GCC and Credit function operate.

Credit Risk Management
The Group's credit risk management approach is focused on detailed credit assessment at initial underwriting stage together with early borrower engagement where there are signs of pre-arrears or delinquency with a view to taking remedial action to prevent the loan defaulting. Where a borrower is in pre-arrears, arrears or default the Group will consider offering treatments/options which apply to the borrower's circumstance cognisant of affordability and sustainability.

The Group's system of Portfolio Credit Risk Management incorporates the following key components:

- Credit policy;
- Lending authorisation;
- Credit risk mitigation;
- Credit risk monitoring;
- Arrears management and forbearance; and
- Credit risk measurement.

Credit Policy
To aid in the management of credit risk, the Group has put in place credit policies which set out the core values and principles governing the provision and management of credit. These policies take account of the Group's Risk Appetite Statement, applicable sectorial credit limits, the Group's historical experience and resultant loan losses, the markets in which the business units operate and the products which the Group provides. Each staff member involved in assessing or managing credit has a responsibility to ensure compliance with these policies and effective procedures are in place to manage the control and monitoring of exceptions to policy.

Lending Authorisation
The Group's credit risk management systems operate through a hierarchy of lending authorities. Exposures above certain predetermined levels require approval by the GCC or the Board. Below the GCC level, a tiered level of discretion applies with individual discretion levels set to reflect the relevant staff members' level of seniority, expertise and experience and the Group's operational needs. All mortgage lending is currently approved by experienced credit risk professionals assisted by scoring models. For Group unsecured personal lending portfolios, scoring models and automated processes are utilised to support the credit decision process for those segments that present a lower credit risk. Exposures that present a higher credit risk, but remain within Risk Appetite are manually reviewed prior to approval.

Credit Risk Mitigation
The granting of a loan in the first instance is always assessed based on the borrower's repayment capacity and proven ability. Credit risk mitigation forms a key supplementary element of the credit granting process. Credit risk mitigation includes the requirement to obtain collateral, depending on the nature of the product, as set out in the Group's policies and procedures. The Group takes collateral as a secondary source, which can be called upon if the borrower is unable or unwilling to service and repay the debt as originally assessed. At portfolio level, credit risk is assessed in relation to name, sector and geographic concentration.

Collateral
The nature and level of collateral required depends on a number of factors including, but not limited to, the amount of the exposure, the type of facility made available, the term of the facility, the amount of the borrower's own cash input and an evaluation of the level of risk or probability of default (PD).

Various types of collateral are accepted, including property, securities, cash and guarantees etc., grouped broadly as follows:

- real estate;
- collateral financed under Asset Finance agreements;
- financial collateral (lien over deposits, shares, etc.); and
- other collateral (guarantees etc.).

Valuation Methodologies
The valuation methodologies for the Group's key mortgage portfolios of collateral held are adjusted for costs to sell, as appropriate:

Residential property valuations are based on the CSO Residential Property Price Index (RPPI) or on a recent valuation from a professional valuer. In respect of residential property securing performing loan exposures of greater than €0.5m, the Group policy is to ensure an independent valuation is updated within the last 3 years. For residential property securing NPL exposures of greater than €0.3m, the Group policy is to ensure an independent valuation is updated within the last year.

Commercial property valuations are based on opinions from professional valuers, the Investment Property Database Index, local knowledge of the properties, benchmarking similar properties and other industry-wide available information, including estimated yields discount rates. In respect of commercial property securing performing loan exposures of greater than €0.5m, the Group policy is to ensure an independent valuation is updated within the last 3 years. For commercial property securing NPL exposures of greater than €0.3m, the Group policy is to ensure an independent valuation is updated within the last year.

The valuation methodologies outlined above are determined as close to the statement of financial position date as is feasible and are therefore considered by the Group to reflect its best estimate of current values of collateral held.

The Group's requirements in respect of collateral in relation to (i) completion; (ii) taking of security; (iii) valuation; and (iv) ongoing management are set out in credit policies.

The following table details the loan balance distribution by indexed Loan to value (LTV) band for the Group's residential mortgage portfolio (home loan and buy-to-let).

Residential Mortgage Exposures by Indexed LTV

31 December 2023	Home loans €m	Buy-to-let €m	Total €m
Less than 70%	**16,261**	**422**	**16,683**
71% to 90%	**3,105**	**136**	**3,241**
91% to 100%	**86**	**59**	**145**
Subtotal	**19,452**	**617**	**20,069**
Greater than 100%	**105**	**132**	**237**
Subtotal	**105**	**132**	**237**
Total Residential Mortgages	**19,557**	**749**	**20,306**
Commercial			**437**
Consumer finance			**499**
Finance leases and hire purchase receivables			**446**
Total loans and advances to customers			**21,688**
Deferred fees, discounts and business combination related fair value adjustment			**309**
Gross loans and advances to customers			**21,997**

31 December 2022	Home loans €m	Buy-to-let €m	Total €m
Less than 70%	15,602	414	16,016
71% to 90%	2,499	197	2,696
91% to 100%	103	61	164
Subtotal	18,204	672	18,876
Greater than 100%	136	152	288
Subtotal	136	152	288
Total Residential Mortgages	18,340	824	19,164
Commercial			239
Consumer finance			401
Finance leases and hire purchase receivables			-
Total loans and advances to customers			19,804
Deferred fees, discounts and business combination related fair value adjustment			310
Gross loans and advances to customers			20,114

Credit Risk Monitoring
Credit Risk Appetite Metrics and Limits are designed to align with the strategic objectives of the Group to maintain stable earnings growth, stakeholder confidence and capital adequacy. This is achieved through setting concentration limits for higher risk product and business segments, ensuring new business meets pricing hurdle rates and through monitoring default rates and losses. Limits are also set in the context of the peer group and regulatory and economic landscape, to ensure the Group does not become an outlier in the market. Monthly updates are presented to the GCC and the BRCC which include an overview, trends, limit categories and detail of mitigation plans proposed where a particular parameter is close or at its limit.

Credit Risk Appetite is considered an integral part of the annual planning/ budget process and reviewed at various checkpoints in the year to ensure the appetite is being met and is not expected to be breached during the budget time frame.

Arrears Management and Forbearance
Forbearance occurs when a borrower is granted a temporary or permanent concession or agreed change to a loan ("forbearance measure") for reasons relating to the actual or apparent financial stress or distress of that borrower. Forbearance has not occurred where the concession or agreed change to a loan does not arise from actual or apparent financial distress.

The Group is committed to supporting customers that are experiencing financial difficulty and seeks to work with those customers to find a sustainable solution through proactive arrears management and forbearance. Group credit policy and procedures are designed to comply with the requirements of the CBI Code of Conduct on Mortgage Arrears (CCMA), which sets out the framework that must be used when dealing with borrowers in mortgage arrears or in pre-arrears.

The Group's forbearance strategy is built on two key factors namely affordability and sustainability. The main objectives of this strategy are to ensure that arrears solutions are sustainable in the long-term, that they comply with all regulatory requirements and where possible keep customers in their home.

Types of forbearance treatment currently offered by the Group include short term temporary arrangements (such as a payment moratorium) and term appropriate treatments (such as reduced payment, arrears capitalisation and term extension). Requests for concessions in recent years are arising as a result of temporary cash flow problems and an inability to repay at contractual maturity, whereas during the 2008 financial crisis such requests reflected more in-depth long-term affordability issues. This is further reflected in the change in the volume and nature of forbearance measures availed.

A request for forbearance is a trigger event for the Group to undertake an assessment of the customer's financial circumstances prior to any decision to grant a forbearance treatment. Where a borrower has been granted a forbearance treatment, the loan is considered to have experienced a significant increase in credit risk (SICR) and is classified as Stage 2 for Expected Credit Loss (ECL) assessment purposes under IFRS 9. The customer assessment may also result in the customer being classified as Stage 3, credit impaired as a result of the requirement for a specific impairment provision.

Further deterioration in the individual circumstances of the borrower or where expected improvement in the borrower's circumstances fails to materialise may result in non-compliance with the revised terms and conditions of the forbearance measure. In such circumstances the Group may consider a further forbearance request to secure some level of repayment on the loan.

The effectiveness of forbearance measures over the lifetime of the arrangements are subject to ongoing management and review. A forbearance measure is considered to be effective if the borrower meets the modified terms and conditions over a sustained period of time resulting in an improved outcome for the borrower and the Group.

Credit Risk Measurement
Applications for credit are rated for credit quality as part of the origination and loan approval process. The risk, and consequently the credit grade, is reassessed monthly as part of a continuous assessment of account performance and other customer related factors.

Credit scoring plays a central role in the ratings process. Credit scoring combined with appropriate portfolio risk segmentation is the method used to assign grades, and in turn the PDs to individual exposures under each framework.

The Group, as approved by the Central Bank of Ireland, has adopted the standardised approach for calculation of Risk Weighted exposure amounts for the Buy-to-let non-standard mortgage, Commercial, Corporate and SME portfolios. The standardised approach has been applied to the recently acquired Pepper portfolios.

The following information has not been subject to audit by the Group's independent auditor.

The table below illustrates the relationship between the credit risk rating grades and PD percentages.

Credit Risk Rating Grade	PD %
Excellent	0% ≤ PD <1.44%
Satisfactory	1.44% ≤ PD < 4.62%
Fair	4.62% ≤ PD < 100%
Non-performing	100%

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default. The IFRS 9 Stage 1 and Stage 2 classification is also dependant on the perceived significant increase in credit risk (SICR) which is the relative movement in the IFRS 9 probability of default since initial recognition. Therefore, there is no direct relationship between the credit risk rating grades and the IFRS 9 stage classification. However, the following relationship between the credit risk rating grades and the IFRS 9 stage classification can primarily be expected to exist:

- Satisfactory and Excellent risk profiles can primarily be expected to be classified as IFRS 9 Stage 1;
- Fair risk profile can primarily be expected to be classified as IFRS 9 Stage 2; and
- Non-performing will align to IFRS 9 Stage 3 or defaulted accounts.

Credit Exposure
Maximum exposure to credit risk before collateral held or other credit enhancements

The table below outlines the maximum exposure to credit risk before collateral held or other credit enhancements in respect of the Group's financial assets as at the statement of financial position date.

	Notes	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Cash at bank	14	**71**	58
Items in course of collection	14	**40**	40
Loans and advances to banks	15	**2,051**	2,123
Other assets	17	**60**	1
Derivative financial instruments	16	**36**	-
Debt securities	19	**3,256**	3,177
Loans and advances to customers	22	**21,427**	19,593
		26,941	24,992

Further detail on loans and advances to customers is provided in note 38, Financial Risk Management.

The following tables outline the Group's exposure to credit risk by asset class

Debt securities
The Group is exposed to the credit risk on third parties where the Group holds debt securities (including sovereign debt). These exposures are subject to the limitations contained within the Board approved policies, with sovereign debt restricted to those countries that have an External Credit Assessment Institution (ECAI) rating of investment-grade.

The following table gives an indication of the level of creditworthiness of the Group's debt securities and is based on the ratings prescribed by Moody's Investor Services Limited and Standard and Poor's for the EU. There are no impaired debt securities as at 31 December 2023 or at 31 December 2022, with the exception of the corporate bond.

Debt securities neither past due nor impaired

	31 December 2023 €m	31 December 2022 €m
Rating		
Aaa	**309**	49
Aa1	**30**	110
Aa2	**356**	250
Aa3	**1,578**	-
A1	**-**	1,734
A2	**-**	-
Baa1	**432**	497
Baa2	**-**	456
Baa3	**103**	81
Total	**3,256**	3,177

The following table discloses, by country, the Group's exposure to sovereign and corporate debt as at:

	31 December 2023 €m	31 December 2022 €m
Country		
Ireland	**1,559**	1,783
Portugal	**448**	456
Spain	**432**	497
France	**356**	250
EU	**309**	81
Italy	**103**	110
Austria	**30**	-
Belgium	**19**	-
Total	**3,256**	3,177

Loans and advances to banks
The Group has a policy to ensure that loans and advances to banks are held with investment grade counterparties, with any exceptions subject to prior approval by the BRCC. The following table gives an indication of the level of creditworthiness of the Group's loans and advances to banks and is based on the internally set rating that is equivalent to the rating prescribed by Moody's Investor Services Limited and Standard & Poor's for the CBI.

	31 December 2023 €m	31 December 2022 €m
Rating		
Aaa	**1,687**	1,620
Aa2	**75**	199
Aa3	**231**	286
A1	**2**	10
A2	**56**	-
Ba1	**-**	8
Total	**2,051**	2,123

Asset Quality

The following tables provide detail of asset quality by Product and IFRS 9 stage.

31 December 2023 Asset quality*	Home loans €m	Buy-to-let €m	Total residential mortgages €m	Commercial €m	Consumer finance €m	Finance leases and hire purchase receivables €m	Total €m
Stage 1							
Excellent	**12,283**	**54**	**12,337**	**32**	**198**	**9**	**12,576**
Satisfactory	**5,578**	**151**	**5,729**	**40**	**235**	**409**	**6,413**
Fair	**-**	**3**	**3**	**45**	**5**	**15**	**68**
	17,861	**208**	**18,069**	**117**	**438**	**433**	**19,057**
Stage 2							
Excellent	**187**	**19**	**206**	**-**	**2**	**-**	**208**
Satisfactory	**793**	**60**	**853**	**73**	**16**	**-**	**942**
Fair	**313**	**195**	**508**	**227**	**27**	**1**	**763**
	1,293	**274**	**1,567**	**300**	**45**	**1**	**1,913**
Stage 3							
Defaulted	**403**	**267**	**670**	**20**	**16**	**12**	**718**
Total measured at amortised cost	**19,557**	**749**	**20,306**	**437**	**499**	**446**	**21,688**

* The information in the shaded box has not been subject to audit by the Group's Independent Auditor.

31 December 2022 (re-stated) Asset quality*	Home loans €m	Buy-to-let €m	Total residential mortgages €m	Commercial €m	Consumer finance €m	Finance leases and hire purchase receivables €m	Total €m
Stage 1							
Excellent	15,499	149	15,648	22	103	-	15,773
Satisfactory	1,260	53	1,313	6	206	-	1,525
Fair	153	4	157	-	-	-	157
	16,912	206	17,118	28	309	-	17,455
Stage 2							
Excellent	242	85	327	3	1	-	331
Satisfactory	602	139	741	90	14	-	845
Fair	242	124	366	95	62	-	523
	1,086	348	1,434	188	77	-	1,699
Stage 3							
Defaulted	342	270	612	23	15	-	650
Total measured at amortised cost	18,340	824	19,164	239	401	-	19,804

* The information in the shaded box has not been subject to audit by the Group's Independent Auditor.

The tables below set out the asset quality of loans for which the Group has entered formal temporary and permanent forbearance arrangements with customers for the years ended 31 December 2023 and 2022.

Where a borrower has been granted a forbearance treatment, the loan is considered to have experienced a significant increase in credit risk and is classified as Stage 2 for Expected Credit Loss assessment purposes under IFRS 9.

31 December 2023	Home loans	Buy-to-let	Total residential mortgages	Commercial	Total
	€m	€m	€m	€m	€m
***Stage 2**					
Excellent	**38**	**-**	**38**	**-**	**38**
Satisfactory	**66**	**1**	**67**	**-**	**67**
Fair	**53**	**17**	**70**	**1**	**71**
	157	**18**	**175**	**1**	**176**
Stage 3					
Defaulted	**236**	**61**	**297**	**6**	**303**
Total measured at amortised costs	**393**	**79**	**472**	**7**	**479**

*The information in the shaded box has not been subject to audit by the Group's Independent Auditor.

31 December 2022 (re-stated)	Home loans	Buy-to-let	Total residential mortgages	Commercial	Total
	€m	€m	€m	€m	€m
*Stage2					
Excellent	22	-	22	1	23
Satisfactory	57	3	60	-	60
Fair risk	51	28	79	1	80
	130	31	161	2	163
Stage 3					
Defaulted	228	68	296	6	302
Total measured at amortised costs	358	99	457	8	465

*The information in the shaded box has not been subject to audit by the Group's Independent Auditor.

Loan Impairment

Under IFRS 9 an entity is required to track and assess changes in credit risk on financial instruments since origination and determine whether the credit risk on those financial instruments has increased significantly since initial recognition. The change in credit risk should be based on the change in the risk of default and not changes in the amount of ECL which may be expected on a financial instrument.

The standard is a 3-stage model for impairment, based on changes in credit risk quality since initial recognition:

Stage 1
Financial assets that have not had a SICR since initial recognition are classified as Stage 1. For these assets, 12-month ECL is recognised. 12-month ECL is the expected credit losses that result from default events among the Stage 1 population within 12 months of the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. Therefore, all financial assets in scope will have an impairment provision equal to at least 12-month ECL.

Stage 2
Financial assets that have had a SICR since initial recognition but that do not have objective evidence of impairment are classified as Stage 2. For these assets, lifetime ECL is recognised, being the expected credit losses that result from default events among the Stage 2 population over the expected life of the financial instrument.

At each reporting date, the Group has relied on the following measures to identify a SICR in relation to an exposure since origination, and classification as Stage 2 within the IFRS 9 ECL framework:

- Delinquency – greater than 30 days past due;
- Forbearance – reported as currently forborne in accordance with European Banking Authority (EBA) NPL guidelines;
- Risk Grade – accounts that migrate to a risk grade which the bank has specified as being outside its Risk Appetite for origination;
- Change in remaining lifetime PD – accounts that have a remaining lifetime PD that is in excess of the risk at which the bank seeks to originate risk. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses expected to be incurred;
- Absolute level of 12-month PD – accounts that have a 12 month PD that is in excess of 20% at the reporting date; and
- PD at maturity - for interest only exposures, all secured exposures in excess of 70% LTV have been assessed as presenting an increased risk of default at maturity and are consequently classified as Stage 2.

The assessment of SICR is performed on a relative basis and is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Transition from Stage 3 to Stage 2
Movements between Stage 2 and Stage 3 are based on whether financial assets meet the definition of default as at the reporting date.
Certain long-term forbearance treatments may transition from Stage 3 to Stage 2 in line with the definition of default but would not be expected to transition from Stage 2 to Stage 1 without an unwind of the forbearance treatment e.g. part capital and interest treatments.

Transition from Stage 2 to Stage 1
Exposures that are no longer 30 days past due do not transition automatically to Stage 1 (i.e. without probation) and, other criteria needs to be met.
Forborne exposures where certain criteria are met transition from Stage 2 to Stage 1 (e.g. no longer classified as EBA forborne).

Stage 3
Financial assets that have objective evidence of impairment at the reporting date are classified as Stage 3, i.e. are credit impaired. For these assets, lifetime ECL is recognised.

The definition of default used in the measurement of ECL for IFRS 9 purposes is aligned to the regulatory definition of default used by the Group for credit risk management purposes, and which has been approved for use for capital management. For the Group's main Mortgage Portfolio, the definition of default approved for use under the Targeted Review of Internal Models (TRIM) from 31 December 2018 is also applied under IFRS 9. This definition of default has been designed to comply with the Regulatory requirements and guidelines on default, NPLs and forbearance.

IFRS 9 does not define default but incorporates a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due. The Group did not rebut this presumption for any portfolio.

Under the Group's definition of default, an exposure is considered defaulted and is classified as Stage 3 credit-impaired where an account is greater than 90 days past due on any material credit obligation or is otherwise assessed as unlikely to pay. Where a material amount of principal or interest remains outstanding at the reporting date, the counting of days past due commences from the first date that a payment, or part thereof, met materiality thresholds and became overdue.

Key indicators of unlikely to pay include:

- Accounts that have, as a result of financial distress, received a concession from the Group with respect to terms or conditions. Such exposures will remain in Stage 3 until certain exit conditions are met and for a minimum probationary period of 12 months before moving to a performing classification;
- Accounts that have, as a result of financial distress, received a concession from the Group with respect to terms or conditions which result in a significant terminal payment. Such exposures must fulfil additional conditions in relation to that terminal payment before moving to a performing classification; and
- Accounts where the customer is assessed as otherwise unlikely to pay, including bankruptcy, personal insolvency, assisted voluntary sale, disposal etc.

Exception to the general three stage impairment model

Purchased or Originated Credit Impaired (POCI) are excluded from the general 3 stage impairment model in IFRS 9. POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised on a credit-adjusted effective interest rate (EIR) basis. ECLs are only recognised or released to the extent that there is a subsequent change in expected credit losses. Following the wind-down of the Newbridge Credit Union (NCU) portfolio in 2023, the group does not have any assets accounted for on a POCI basis under IFRS 9 at 31 December 2023.

Low credit risk exemption

A low risk exemption can be availed of for financial instruments under IFRS 9 for which the Group can demonstrate objective evidence that these financial instruments are not subject to a SICR.

The Group considers credit risk on a financial instrument low if it meets the following conditions:

- Strong capacity by the borrower to meet its contractual cash flow obligations in the near term;
- Adverse changes in economic business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations; and
- External rating of investment grade or an internal credit rating equivalent.

Modified financial assets

Where a financial asset is modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the financial asset should be derecognised. If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a SICR has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the modification does not result in derecognition and the date of origination continues to be used to determine SICR.

ECL Framework

The Group's IFRS 9 models leverage the systems and data used to calculate expected credit losses for IRB purposes. In particular, key concepts such as the definition of default and measurement of credit risk (i.e. ranking of exposures for risk) have been aligned across the impairment (accounting) and IRB frameworks. IFRS 9 models, however, differ from IRB models in a number of conceptual ways (e.g. the use of 'through the cycle' (TTC) for IRB versus 'point in time' for IFRS 9 inputs, 12 month ECL time horizon for IRB versus lifetime for IFRS 9 Stage 2 & 3) and, as a result the Group did not leverage the outputs of its IRB models, but instead developed statistical models, which are based on the IRB scorecards but otherwise tailored to the requirements of IFRS 9.

Measurement

For all material portfolios, the Group has adopted an ECL framework that is cognisant of industry best practice, as set out in the Global Public Policy Committee (GPPC) paper, and reflects a component approach using PD, Loss Given Default (LGD) and Exposure at default (EAD) components calibrated for IFRS 9 purposes. To adequately capture life-time expected losses, the Group also modelled early redemptions as a separate component within the ECL calculation.

IFRS 9 PD

For estimating 12 month and lifetime default, the Group uses a statistical model methodology that allows the Group to estimate the risk that a loan will default at a given point in time, through grouping exposures with similar risk characteristics and measuring the historic rate of default for exposures of this type. This technique effectively provides a TTC measure of likelihood of default. To translate this TTC probability to a Point in Time probability and to reflect forward looking information (FLI) at the balance sheet date, the Group calibrates the starting point for the projection to the current Observed Default Rate (ODR). The Group then uses an economic response model to reflect future expected macroeconomic conditions.

Behavioural scorecards, containing key loan performance indicators for each customer are used for the purpose of grouping exposures with similar risk characteristics as described above. A PD is calculated for each group (internally referred to as risk grades) which drives the PD used for the ECL process. All components of PD, risk grade, ODR and economic response model are independently monitored by the Group's Model Risk Team to confirm ongoing fitness for purpose.

IFRS 9 LGD

For the Group's key mortgage portfolios, LGD assumes that the Group will have recourse to collateral in the event that an exposure fails to return to a performing state. The LGD model incorporates the probability of each defaulted account returning to performing together with the estimated loss rate should they return to performing and the estimated loss rate should they not return to performing. The Group has the same approach for LGD estimation for both 12 month and lifetime.

IFRS 9 EAD

For performing loans, the EAD is calculated for each future period based on the projected loan balance (after expected capital and interest payments) at that future period. A Credit Conversion Factor (CCF) is then applied to calculate the percentage increase in balance from the point of observation to the point of default including accrued missed interest payments and any related charges. The CCF is segmented by the accounts' repayment type.

Expected life

When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options, extension and rollover options. For most instruments, the expected life is limited to the remaining contractual life, adjusted as applicable for expected prepayments.

For certain revolving credit facilities that do not have a fixed maturity (e.g. credit cards and overdrafts), the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by Management actions. For instruments in Stage 2 or Stage 3, loss allowances will cover expected credit losses over the expected remaining life of the instrument.

Effective Interest Rate

The discount rate used by the Group in measuring ECL is the EIR (or 'credit-adjusted effective interest rate' for POCI financial assets) or an approximation thereof. For undrawn commitments, the EIR, or an approximation thereof, is applied when recognising the financial assets resulting from the loan commitment.

Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery or on foot of a negotiated settlement. Indicators that there is no prospect of recovery include the borrower being deemed unable to pay due their financial circumstances or the cost to be incurred in seeking recovery is likely to exceed the amount of the write-off. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier than collateral realisation. Write-off on those financial assets subject to enforcement activity will take place on conclusion of the enforcement process.

In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in the income statement.

Governance

The Group has a detailed framework of policies governing development, monitoring and validation of Models. Model Governance Committee (MGC) oversees the execution of this framework and approves model developments and notes model validation reports prior to their consideration by the GRC and/or the ALCo and the BRCC, where appropriate.

The GCC is responsible for oversight of changes to credit policies, data or post model adjustments that would affect model outcomes. The Impairment Reporting Review Forum (IRRF), a sub-committee of the GCC, is accountable for the review and recommendation for approval of the monthly and cumulative year-to-date actual impairment charge for the Group.

IFRS 9 ECL methodologies are subject to formal review by IRFF and approval by the GCC on a monthly basis and by the BRCC on a half-yearly basis. The adequacy of ECL allowance is reviewed by the BAC on a half-yearly basis.

Forward looking information (FLI)
IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and FLI are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a SICR since origination.

Measurement of ECLs at each reporting period should reflect reasonable and supportable information.
The requirement to incorporate a range of unbiased future economic scenarios, including macroeconomic factors, is a distinctive feature of the ECL accounting framework, which increases both the level of complexity and judgement in the measurement of allowance for credit losses under IFRS 9.

The Group has developed the capability to incorporate a number of macroeconomic impacts and scenarios into the ECL models.

The process to determine the FLI applied in the ECL models leverages existing ICAAP processes while recognising that IFRS 9 scenarios are not stress scenarios.

The methodology to incorporate multiple economic scenarios into the ECL models considers, amongst other things, the Group's SPP and the views of policy makers on longer term economic prospects and key risks In developing the methodology, the Group has referenced publicly available information for key macroeconomic indicators including the Residential Property Price Index (RPPI), unemployment, interest rates, GDP and publicly available external macroeconomic forecasts including from the Department of Finance (DoF), the Central Bank of Ireland, the ESRI, the European Commission and the IMF. The Group employs the services of an independent economist to determine forecast macroeconomic scenarios. The governance and oversight process includes the review and challenge by ALCo of FLI and its onward recommendation to the BRCC for approval.

In general, a review and update of macroeconomic variables takes place at least bi-annually. Macroeconomic scenarios were most recently updated in December 2023. There are three main changes from forward looking indicators utilised in December 2022: a marginal downgrading of GDP for 2024, an improvement in unemployment in the first two years of the forecast to reflect a continued strength in the employment market and a change in the phasing of interest rates given higher than expected ECB rate increases in 2023.

The Group has adopted three macroeconomic scenarios for ECL purposes. The Group's approach applies extreme-but-plausible economic scenarios (i.e. underpinned by historical evidence) to estimate the distribution of ECL to which the Group is exposed. The central scenario is at the 50th percentile of the distribution of scenarios (implying a 50% probability that the actual outcome is worse than the central forecast and a 50% probability that the outcome is better). The Upside scenario is at the 5th percentile and the Downside scenario is at the 95th percentile. IRRF reviewed the scenario probabilities and recommended them to the BRCC, where they were approved. Using statistical techniques combined with expert credit judgement, the Group then formulates an unbiased probability weighted estimate of ECL at the reporting date (see note 2, Critical accounting estimates and judgements for further detail).

Expert Credit Judgement
The Group's ECL accounting framework methodology, in line with the requirements of the standard, requires the Group to use its experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting period dates (see note 2, Critical accounting estimates and judgements for further detail).

At 31 December 2023, the impairment provision included €135m of Management's adjustments to modelled outcomes (December 2022: €137m).

3.2 Funding and Liquidity Risk - audited
Funding Risk is the risk that the Group is not able to achieve its target funding mix, is too dependent on particular funding instruments, funding sources (retail/wholesale) or funding tenors, fails to meet regulatory requirements and, in extremis, is not able to access funding markets or can only do so at excessive cost and/or Liquidity Risk.

Liquidity Risk is the risk that the Group has insufficient funds to meet its financial obligations as and when they fall due, resulting in an inability to support normal business activity and/or failing to meet regulatory liquidity requirements. These risks are inherent in banking operations and can be heightened by a number of factors, including over reliance on a particular funding source or product type, changes in credit ratings or market dislocation.

The level of risk is dependent on the composition of the balance sheet, the maturity profile and the quantum and quality of the liquidity buffer. It is likely that these risks would be further exacerbated in times of stress. Given the nature of the Group's retail focus which stems from its business model, Liquidity and Funding risk will arise naturally due to the maturity transformation of primarily short term contractual deposits (albeit recognising behavioural stickiness) into longer term loans (predominantly mortgage lending). With 90% of the balance sheet being deposit funded at the year end, exposure to a potential deposit run represents the primary liquidity and funding risk.

The following information has not been subject to audit by the Group's independent auditor.

(i) Regulatory Compliance
The Group is required to comply with the liquidity requirements of the CBI and the full spectrum of European regulatory requirements including CRR2, CRD V and associated Delegated Acts such as the Liquidity Coverage Ratio (LCR) Delegated Act.

The primary ratios calculated and reported are the LCR and the Net Stable Funding Ratio (NSFR). In addition, supplementary liquidity and funding metrics are measured and monitored on a regular basis.

Under the Bank Recovery and Resolution Directive (BRRD), the Group is required to adhere to a binding MREL requirement as determined by the CBI, which represents a quantification of the eligible liabilities required to act as a buffer in the event of a resolution scenario. The Group has a senior unsecured issuance strategy to ensure ongoing compliance with the MREL requirement.

ii. Risk Management, Measurement and Monitoring
Group Treasury are responsible for the day to day management of the Group's liquidity position and ensuring compliance with the regulatory requirements. In carrying out this responsibility, the principal objective is to ensure that adequate liquid assets are available at all times to meet the operational and strategic liquidity needs of the Group under both normal and stressed conditions. Liquidity management focuses on the overall balance sheet structure together with the control of risks arising from the mismatch in contracted maturities of assets and liabilities, undrawn commitments and other contingent liabilities.

Liquidity risk is measured on a daily basis using a range of metrics against the internally as well as regulatory prescribed limit framework. The Group primarily monitors its liquidity position through the LCR. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It achieves this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in private markets into cash in order to meet the liquidity needs for a 30-calendar day liquidity stress scenario.

NSFR and Liquidity Stress Survivability constitute additional core liquidity and funding metrics within the overarching Liquidity and Funding Risk Management Framework that are measured, monitored and reported within the Group.

The Group also actively monitors a comprehensive suite of Key Risk Indicators (KRIs) and Early Warning Indicators (EWIs) covering a range of market wide and Group specific events. The purpose of these metrics is to provide forewarning of any potential liquidity trigger events, ensuring the Group has sufficient time to intervene and mitigate any emerging risk.

The Contingency Funding Plan (CFP) outlines the strategy and action plan to address liquidity crisis events. The CFP identifies processes and actions incremental to the existing daily liquidity risk management and reporting framework to assist in making timely, well-informed decisions. Stress testing forms a key pillar of the overall liquidity and funding risk framework and is conducted from both an economic and normative perspective (as guided by the EBA). Overall, the Group takes a prudent approach in setting the inflow and outflow parameters at a level which is appropriate for each stress scenario with due consideration of the Group's business model, liquidity and funding risk exposures and the liquidity risk drivers, including those outlined in the EBA SREP Guidelines. The stress testing framework is designed to reflect the liquidity and funding impact under idiosyncratic, systemic and combined stresses.

The full suite of liquidity and funding metrics and stress test results are regularly reported to the ALCo, the BRCC and the Board. In addition, the Group Internal Liquidity Adequacy Assessment (ILAAP) provides a holistic view of the Group's liquidity adequacy. The ILAAP examines both the short and long term liquidity position relative to the internal and regulatory limits. Through the ILAAP process, the Board attests to the adequacy of the Group's liquidity position and risk management processes on an annual basis.

iii. Liquidity Risk Management Framework
The exposure to liquidity and funding risk is governed by the Group's Liquidity and Funding Risk Management Framework and underlying policies, RAS and associated limits. The framework and policies are designed to comply with regulatory standards with the objective of ensuring the Group holds sufficient counterbalancing capacity to meet its obligations, including deposit withdrawals and funding commitments, as and when they fall due under both normal and stressed conditions. The process establishes quantitative rules and targets in relation to the measurement and monitoring of liquidity risk. The Liquidity and Funding Risk Management Framework is approved by the BRCC on the recommendation of the ALCo. The effective operation of liquidity policies are delegated to the ALCo, while Group Risk and GIA functions provide further oversight and challenge and ensure compliance with the framework.

The Liquidity and Funding Risk Management Framework outlines the mechanisms by which liquidity and funding risk is managed within the Board approved Risk Appetite and is in line with the overarching liquidity and funding risk principles as follows:

- **Liquidity:** maintain a prudent liquid asset buffer above the internally determined or regulatory mandated (whichever is greater) liquidity requirement such that the Group can withstand a range of severe yet plausible stress events; and
- **Funding:** develop a stable, resilient and maturity-appropriate funding structure, with focus on customer deposits augmented by term wholesale funding sources.

iv. Minimum Liquidity Levels
The Group maintains a sufficient liquidity buffer comprising both unencumbered High Quality Liquid Assets (HQLA) and non-HQLA liquidity capacity to meet LCR and stress testing requirements.

The Group measures and monitors the NSFR which is designed to limit over-reliance on short-term funding and promote longer-term stable funding sources.

v. Liquidity Risk Factors
Over reliance and concentration on any one particular funding source can lead to a heightened liquidity impact during a period of stress. The Group relies on customer deposits to fund its loan portfolio. The ongoing availability of these deposits may be subject to fluctuations due to factors such as the confidence of depositors in the Group, and other certain factors outside the Group's control including, for example, macroeconomic conditions in Ireland, confidence of depositors in the economy in general and the financial services industry, specifically the competition for deposits from other financial institutions.

The availability and extent of deposit guarantees are of particular importance especially for a Retail bank. The Irish Deposit Guarantee Scheme (DGS) protects deposits up to a balance of €100,000. The national DGS together with the establishment of the European Deposit Insurance Fund is designed to maintain depositor confidence and protect against a potential deposit run. A significant change to the operation of the DGS could adversely affect the Group's ability to retain deposits under a severe stress event.

The Group remains active in capital markets, be it secured or unsecured transactions, and any restrictions on the Group's access to capital markets could pose a threat to the overall funding position. The inability to adequately diversify the funding base could lead to over concentration on the remaining funding sources.

The Group maintains a significant liquidity buffer split between HQLA sovereign bonds, deposits placed with the Central Bank and ECB eligible retained securitisations which can be monetised quickly to safeguard against a liquidity event. While the quantum of the buffer is sufficient to provide capacity to withstand a significant liquidity stress event there is a concentration in Irish based assets which could reduce overall capacity in the event of an idiosyncratic Irish stress event.

A clear and defined strategy has been developed to ensure an encumbrance level consistent with its economic plan is maintained by the Group. Disruption to unsecured funding sources and a requirement to revert to an overreliance on secured funding channels could potentially pose a threat to this ratio and unsecured creditors.

A series of liquidity and funding EWIs are in place in order to alert the Group to any potential liquidity trigger event therefore allowing sufficient time for mitigating actions to be taken.

vi. Credit Ratings
The Group's credit ratings have been subject to change and may change in the future, which could affect its cost or access to sources of financing and liquidity. In particular, any future reductions in long-term or short-term credit ratings could: further increase borrowing costs; adversely affect access to liquidity; require the Group to replace funding losses arising from a downgrade, which may include a loss of customer deposits; limited access to capital and money markets; and trigger additional collateral requirements in secured funding arrangements and derivatives contracts. These issues are factored into the Group's liquidity stress testing.

During 2023, Standard & Poor's upgraded PTSB Plc's and PTSB Group Holdings senior unsecured credit ratings. These upgrades reflect: the continued progress on reducing the stock of NPLs; and the potential material opportunities following the completion of the Ulster Bank transaction.

The ratings for Permanent TSB plc are as follows:

- Standard & Poor's (S&P): Long-Term Rating "BBB+" with Outlook "Stable";
- Moody's: Long-Term Rating "A2" with Outlook "Positive";
- Fitch: Long-Term Rating "BBB-" with Outlook "Positive"; and
- DBRS: Long-Term Rating "BBBL" with Outlook "Positive".

The ratings for Permanent TSB Group Holdings plc are as follows:

- Standard & Poor's (S&P): Long-Term Rating "BB+" with Outlook "Stable";
- Moody's: Long-Term Rating "Baa2" with Outlook "Positive";
- Fitch: Long-Term Rating "BB+" with Outlook "Positive"; and
- DBRS: Long-Term Rating "BBH" with Outlook "Positive".

For further details on liquidity and funding risk see note 38.

3.3 Market Risk - audited

Market Risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. From the Group's perspective, market risk consists of three components being Interest Rate Risk, FX Risk and Credit Spread Risk. Often market risk cannot be fully eliminated through diversification, though it can be hedged against.

The Group's RAS and the associated Market Risk Framework set out the Group's approach to management of market risk. The Framework is approved annually by the BRCC on the recommendation of the ALCo.

All market risks arising within the Group are subject to strict internal controls and reporting procedures and are monitored by the ALCo and the BRCC on a regular basis. Group Treasury is responsible for the management of market risk exposures on the balance sheet. Group Risk and GIA provide further oversight and challenge of Group Treasury's compliance with the Market Risk framework and associated Policies.

(i) Interest rate risk
Interest rate risk is the risk to earnings or capital arising from a movement in the absolute level of interest rates, the spread between rates, the shape of the yield curve or in any other interest rate relationship. The risk may be subdivided into gap, option and basis risk. In line with regulatory standards, the approved Interest Rate Risk in the Banking Book (IRRBB) methodology determined that the Group's interest rate risk exposure must be derived from both an earnings (accrual) (Earnings at Risk (EaR)) and economic value of equity perspective (EVE).

The Group separately calculates the contractual Basis Risk exposure which is factored into the Pillar II ICAAP process. The risk position is added to the most severe of EVE or EaR risk levels in order to ensure all material sources of Interest Rate Risk are capitalised for.

The following information has not been subject to audit by the Group's independent auditor.

In defining the level of interest rate risk the Group applies the most severe of the six scenarios prescribed by the Basel and EBA Guidelines on the Management of IRRBB, for EVE and applies the most negative of a 200bps upwards or downwards shock for EAR models, with both calculations subject to interest rate flooring assumptions. The results are measured and reported against the Board approved risk limits.

The Group also monitors PV01 (impact of 0.01% movement in interest rates), duration mismatches and NII sensitivity when assessing interest rate risk.

The aim of modelling several types of interest rate shock scenarios is to measure the Group's vulnerability to loss under multiple stressed market conditions.

The Bank executed €1.2bn of fair value interest rate swaps in 2023 hedging certain issued senior and subordinated debt. These swaps reduced the Bank's exposure to downward shocks from an EAR perspective.

The 31 December 2023 interest rate risk level, based on the EVE calculation (more severe than EAR) in the Parallel Down scenario (200bps downward shift in market rates), was calculated as €118m (31 December 2022: €116m in the EAR calculation). The risk position under the EVE metric has increased as the Bank has increased the behavioural maturity of Retail Non-Maturity Deposits from 6 to 7 years. This lengthened the Bank's liability profile and increased its exposure to downward shocks from a value perspective.

Based on the internally derived Basis Risk calculation methodology, the 31 December 2023 risk level stands at €19m (31 December 2022 €19m). The following interest rate floors are applied in calculating EAR and Basis Risk: 0% for the ECB Refinance Rate and Retail Deposits; -50bps for the ECB Deposit Rate.

(ii) Foreign Exchange Risk
Foreign currency exchange risk is the volatility in earnings resulting from the retranslation of foreign currency denominated assets and liabilities. Consistent with its business model as a domestically focused Retail bank, the Group is predominantly exposed to GBP and USD positions arising from customer deposits denominated in these currencies or branch bureau activities.

Derivatives (FX swaps and forwards) are executed to minimise the FX exposure. Overnight FX positions are monitored against approved notional limits. It is the responsibility of both Group Treasury and Group Risk to measure and monitor exchange rate risk and maintain the exposure within approved limits.
The aggregate euro denominated 31 December 2023 FX position was €0.7m (31 December 2022 €0.8m).

(iii) Credit Spread Risk
Credit Spread Risk in the Banking Book (CSRBB) is the risk from market-wide changes to credit and liquidity spreads for a given credit quality on an institution's banking book. It excludes idiosyncratic credit spread risks.

In line with revised regulatory standards, the CSRBB methodology the Group's credit spread risk exposure is derived on both an earnings (Earnings at Risk (EaR)) and economic value of equity perspective (EVE). This risk is measured on the Group's bond portfolio and own debt issuances.

The Group's CS01 (impact of 0.01% movement in credit spreads) as at 31 December 2023 was €0.6m.

Directors' Report

The Directors present their Annual Report and audited Group and Company Financial Statements to the shareholders for the year ended 31 December 2023.

Results

The Group's profit for the year was €68m (2022 profit: €223m) and was arrived at as presented in the consolidated income statement.

Dividends

No dividends were paid in 2023.

Review of the Business and Likely Future Developments

A detailed review of the Group's business activities, performance for the year and an indication of likely future developments are set out in the Strategic Report. Information on the KPIs and principal risks and uncertainties of the business are provided as required by the Companies Act 2014. The Group's KPIs are included in the Strategic Report section. The principal risks and uncertainties are outlined under "risk factors" in the Risk Management section and under "Longer Term Viability" within the Board Audit Committee section of the Corporate Governance Statement.

Accounting Policies

The material accounting policies, together with the basis of preparation of the Financial Statements are set out in note 1 to the Consolidated Financial Statements.

Corporate Governance

The Corporate Governance Statement, as outlined in the Corporate Governance section, forms part of the Directors' Report.

Principal Risks and Uncertainties

Information concerning the principal risks and uncertainties of the Group are set out in the risk management section of the Strategic Report on page 87 of the Annual Report.

Financial Instruments

The financial instruments and use thereof are outlined in the Risk Management section, financial risk management note 38 and Derivative financial instruments note 16.

Going Concern

The Group's Financial Statements have been prepared by the Directors on a going concern basis having considered that it is appropriate to do so. The going concern of the Group has been considered in Note 1 of the financial statements and further information on the assessment of the going concern position is also set out in the Governance Statement on page 150 under the Board Audit Committee's 2023 significant financial reporting judgments and disclosures.

Longer Term Viability

Taking account of the Group's current position and principal risks, the Directors have assessed the prospects of the Group over the period 2024-2026. The Directors confirm that it is their reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period. Further detail on the assessment of the Group's longer term viability is set out in the Corporate Governance Statement on page 150 under the Board Audit Committee's 2023 significant financial reporting judgements and disclosures.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The Directors have drawn up a compliance policy statement and have put in place arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. A review of these arrangements was conducted during the year.

Statement of Relevant Audit Information

In preparing and approving the 2023 Annual Report and in accordance with Section 330 (1) of the Companies Act 2014, each of the current Directors of the Company confirm that;

- So far as the Directors are aware, there is no relevant audit information of which the statutory auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and have established that the statutory auditors are aware of that information.

Audit Committee

In accordance with Section 167(3)(a) of the Companies Act 2014, the Directors confirm that the Board has established an Audit Committee.

Directors

The names of the Directors, together with a detailed description of the key strengths, skills, expertise and experience of each Director are set out in the Board of Directors section on pages 123 to 128 of the Annual Report. In January 2022, the Board Chairperson Robert Elliott advised the Board that he would not seek an extension to his term of office which would expire on the 31 March 2023. Mr Elliott's successor, Julie O'Neil joined the Board as an Independent Non-Executive Director on 17 January 2023 and succeeded Robert Elliott as Chairperson on 31 March 2023. Andrew Power completed his term of office and retired as an Independent Non-Executive Director at the Company's AGM on 19 May 2023. On the 12 December 2023, Catherine Moroney and Rick Gildea were appointed as Independent Non-Executive Directors and Ken Slattery retired from the Board as an Independent Non-Executive Director. Further information on the appointment processes are included in the Nomination, Culture and Ethics Committee section of the Corporate Governance Statement.

With the exception of Andrew Power who, having completed his term of office, retired as an Independent Non-Executive Director at the Company's AGM on 19 May 2023, all of the directors stood and were re-appointed by election at the 2023 Annual General Meeting (AGM). All of the Directors will stand for re-appointment by election at the Group's 2024 AGM.

Information on Directors' remuneration is detailed in the Directors' Report on Remuneration on pages 169 to 174 of the Annual Report and Directors' and Secretary interests in shares are outlined in note 44 to the financial statements.

Other than the Directors' and Secretary's interests as set out in note 44, there were no other interests disclosed to the Company in accordance with the market abuse regulations occurring between the period under review and up to 5 March 2024.

Share Capital and Shareholders

Under the terms of the Credit Institutions (Stabilisation) Act 2010 (the "Act") the Minister for Finance could, in certain circumstances, direct the Company to undertake actions that could impact on the pre-existing legal and contractual rights of shareholders. The Act had an original expiry date of 31 December 2012.

However, the Act was subsequently extended to 31 December 2014 but has not since been extended. The expiry of the Act does not affect any order already made, or the variance, termination, enforcement, variation or revocation of any existing order nor does it affect the ability of the Minister to impose certain conditions on any financial support provided under or in connection with the Act.

Relationship Framework with the Minister for Finance

The Minister for Finance of Ireland owns and controls 57.4% (2022: 62.4%) of the Company's issued ordinary share capital. Under the terms of the Relationship Framework entered into between the Minister for Finance and the Company, the Minister for Finance expects the Board and Management team of the Group to conduct the Group's commercial operations in a prudent and sustainable manner which seeks to create a commercially oriented credit institution that recognises the need to encourage and enforce implementation of lessons learned from the financial crisis.

The Minister for Finance recognises that the Group remains a separate economic unit with independent powers of decision and that its Board and Management team retain responsibility and authority for determining the Group's strategy and commercial policies (including business plans and budgets) and conducting its day-to-day operations. The Minister for Finance will ensure that the investment in the Group is managed on a commercial basis and will not intervene in day-to-day management decisions of the Group (including with respect to pricing and lending decisions).

Transactions and arrangements between the Group and the Minister for Finance or associates of the Minister for Finance will be conducted at arms-length and on normal commercial terms. The Minister will not, in their capacity as a shareholder of the Company, take any action that would have the effect of preventing the Group from complying with its obligations under applicable law and regulations, including, but not limited to, the Listing Rules and will not propose or procure the proposal of a shareholder resolution which is intended to circumvent the proper application of regulatory requirements.

The Minister engages with the Group, including with respect to the manner in which the Minister's voting rights are exercised in accordance with best institutional practice and in a manner proportionate to the shareholding interest of the State in the Group. The views of the Minister for Finance and the DOF are expected to be appropriately considered by the Group as part of any consultation process under the Relationship Framework. However, the Board and Management team have full responsibility and authority for determining the Group's strategy and commercial policies.

The Relationship Framework also provides that the Minister for Finance and the Group will review the Relationship Framework from time to time when either party reasonably considers that changes to the Relationship Framework or to the State Agreements (as defined therein) would be necessary or desirable to ensure that the Relationship Framework continues to reflect certain principles specified in the Relationship Framework and to enable the Group to continue to comply with its obligations under applicable law and regulations, including, but not limited to, the Listing Rules.

The Relationship Framework also imposes restrictions on the Group undertaking certain actions without where specified, providing information to, consulting with, or obtaining the consent of the Minister for Finance. The principal restrictions are set out in the Relationship Framework, a copy of which is available on the Group website www.permanenttsbgroup.ie.

The Board is satisfied that the Company has complied with the relevant independent provisions set out in the Relationship Framework. The Board is also satisfied, in so far as it is aware, that the Minister for Finance has complied with the relevant independence provisions set out in the Relationship Framework.

PTSB completed the acquisition of Ulster Bank's performing non-tracker residential mortgage business (€5.2bn of €6.1bn) in November 2022, micro SME business of €0.1bn in February 2023, the remaining mortgage assets (€0.9bn) in May 2023 and the asset finance business (€0.5bn) in July 2023. On 7 November 2022, the Bank entered into a shareholder co-operation agreement with NatWest Group plc and the Minister for Finance of Ireland in relation to a number of matters including orderly sale arrangements in relation to both the shares held by the Minister and the shares issued to RBS AA Holdings (UK) Limited, a subsidiary of NatWest Group plc. The shareholder cooperation agreement does not provide Natwest Group plc with any direction or control rights or significant influence with regard to the business of the Group.

Authorised Share Capital

The authorised share capital of the Company is €775,000,000 divided into 1,550,000,000 ordinary shares of €0.50 each.

Issued Ordinary Shares

At 31 December 2023, the Company had 545,589,119 ordinary shares of €0.50 each in issue (2022: 545,589,119). Ordinary shares represent 100% of the Company's issued share capital value. In November 2022, 90,893,627 ordinary shares were issued to RBS AA Holdings (UK) Limited, a subsidiary of NatWest Group plc (since reduced in June 2023 as part of a share disposal). Each ordinary share carries one vote and the total number of voting rights at 31 December 2023 is 545,589,119 (2022: 545,589,119).

At 31 December 2023, the Company holds, through an employee benefit trust, 4,580 (2022: 4,580) ordinary shares of €0.50 each.

Additional Tier 1 Equity Securities

On 26 October 2022, the Company issued €250m of AT1 securities. On 25 November 2020, the Company issued €125m of AT1 securities. These AT1 Securities contain no conversion rights into ordinary shares of the Company. No new AT1 securities were issued in 2023.

European Union Bank Recovery and Resolution Directive

The BRRD was implemented into Irish law by the EU (Bank Recovery and Resolution) Regulations 2015. BRRD provides European national resolution authorities with comprehensive and effective powers for dealing with failing banks and certain investment firms. BRRD grants a set of early intervention powers to the Irish national resolution authority (CBI) that include the write-down or cancellation of equity and/or the conversion of certain eligible liabilities into equity. Further information on BRRD is available on the CBI website: https://www.centralbank.ie/regulation/how-we-regulate/resolution-framework.

Variation of Rights

Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.

Allotment of Ordinary Shares

Subject to the provisions of the Articles of Association relating to new shares, the shares shall be at the disposal of the Directors and (subject to the provisions of the Articles and the Acts) they may allot, grant options over, or otherwise dispose of them to such persons on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders, but so that no share shall be issued at a discount and so that, in the case of shares offered to the public for subscription, the amount payable on application of each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon.

Holders of Ordinary Shares Resident in the USA

The Board may at its discretion give notice to Relevant US Holders calling for a disposal of their shares within 21 days or such longer period as the Board considers reasonable. Relevant US shareholders are those shareholders who hold less than 25,000 shares of any class in the capital of the Company (including, without limitation, shares at any time in the future represented by American depositary shares) in any manner described in Rule 12g-3-2(a)(1) of the Exchange Act or in any amendment to such rule or equivalent rule promulgated by the SEC under the Exchange Act (including directly or through or as a nominee). The Board may extend the period within which any such notice is required to be complied with and may withdraw any such notice in any circumstances the Board sees fit. If the Board is not satisfied that a disposal has been made by the expiry of the 21 day period (as may be extended), no transfer of any of the shares to which the notice relates may be made or registered other than a transfer made pursuant to a procured disposal of the said shares by the Board, or unless such notice is withdrawn. As previously stated, the intention of the Board in any exercise of this power is, subject to legal, fiduciary and regulatory requirements and costs, to take account of the relative size of the holdings of the US resident persons and apply the power first to those smallest holdings of shares.

Refusal to Transfer

The Directors in their absolute discretion and without assigning any reason therefor may decline to register:

- any transfer of a share which is not fully paid save however, that in the case of such a share which is admitted to listing on London or Euronext Dublin Stock Exchanges, such restriction shall not operate so as to prevent dealings in such share of the Company from taking place on an open and proper basis;
- any transfer to or by a minor or person who is adjudged by any competent court or tribunal, or determined in accordance with the Company's Articles, not to possess an adequate decision-making capacity;
- any instrument of transfer that is not accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer, if the instrument of transfer is in respect of more than one class of share; and
- any transfer of shares in uncertificated form only in such circumstances as are permitted or required by Section 1086 of the Companies Act 2014.

General Meetings

Under the Articles of Association, the power to manage the business of the Company is generally delegated to the Directors. However, the shareholders retain the power to pass resolutions at a general meeting of the Company which may give direction to the Directors as to the management of the Company.

The Company must hold a general meeting in each year as its AGM in addition to any other meetings in that year and no more than fifteen months may lapse between the date of one AGM and that of the next. The AGM will be held at such time and place as the Directors determine. All General Meetings, other than AGMs, are called Extraordinary General Meetings.

Extraordinary General Meetings shall be convened by the Directors or on the requisition of members holding, at the date of the requisition, not less than five per cent of the paid up capital carrying the right to vote at General Meetings and in default of the Directors acting within 21 days to convene such a meeting to be held within two months, the requisitionists (or more than half of them) may, but only within three months, themselves convene a meeting.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

In the case of an AGM or of a meeting for the passing of a special resolution or the appointment of a director, a minimum of 21 clear days' notice, and in any other cases a minimum of 14 clear days' notice (assuming that the shareholders have passed a resolution to this effect at the previous year's AGM), needs to be given in writing in the manner provided for in the Company's Articles of Association to all the members (other than those who, under the provisions of the Articles of Association or the conditions of issue of the shares held by them, are not entitled to receive the notice) and to the Auditor for the time being of the Company. The Company's Articles of Association may be amended by special resolution passed at a General Meeting of shareholders. Special resolutions must be approved by not less than 75% of the votes cast by shareholders entitled to vote in person or by proxy.

Substantial Shareholdings

As at 31 December 2023, the Directors have been notified of the following substantial interests in the voting rights of Ordinary shares held:

Name	Interest	Date Notified
Minister for Finance of Ireland	57.4% 313,382,197 shares	2 June 2023
RBS AA Holdings (UK) Limited	11.7% 63,614,171 shares	2 June 2023
Sretaw Private Equity Unlimited Company	6.8% 37,100,000 shares	17 Oct 2023

There were no other changes to substantial interests in the voting rights of ordinary shares reported to the Directors as at 5 March 2024.

Voting Rights of Ordinary Shares

No person holds securities carrying special rights. There are no particular restrictions on voting rights. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of its shares or on voting rights.

Voting rights at General Meetings of the Company are exercised when the Chairperson puts the resolution at issue to the vote of the meeting. A vote may be decided on a show of hands or by poll. A vote taken on a poll for the election of the Chairperson or on a question of adjournment is also taken forthwith and a poll on any other question or resolution is taken either immediately, or at such time (not being more than 30 days from the date of the meeting at which the poll was demanded or directed) as the Chairperson of the meeting directs. Where a person is appointed to vote for a shareholder as proxy, the instrument of appointment must be received by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for taking the poll.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares held. On a poll, every member who is present in person or by proxy has one vote for each share of which they are the holder. A poll may be demanded by the Chairperson of the meeting or by at least five members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. It is current standing practice at the AGM that voting is conducted on a poll.

The holders of the ordinary shares have the right to attend, speak, and ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996), specifies record dates for General Meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend and vote at the meeting.

Pursuant to Section 1104 of the Companies Act 2014, a shareholder, or a group of shareholders who together hold at least 3 per cent of the issued share capital of the Company, representing at least 3 per cent of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, have the right to put an item on the agenda, or to modify an agenda which has been already communicated, of a general meeting. In order to exercise this right, written details of the item to be included in the general meeting agenda must be accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted at the general meeting together with evidence of the shareholder or group of shareholders' shareholding must be received, by the Company, 42 days in advance of the meeting to which it relates.

The Company publishes the date of its AGM on its website www.permanenttsbgroup.ie on or before 31 December of the previous financial year or no later than 70 days before the date of the AGM.

Director Appointments

Save as set out below, the Group has no rules governing the appointment and replacement of Directors outside of the provisions thereto that are contained in the Articles of Association. Under the Relationship Framework entered into between the Company and the Minister for Finance, the Board must consult with the Minister for Finance for the appointment or re-appointment of the CEO or Chairperson. Upon receipt of written notice from the Minister for Finance, the Board shall appoint up to two nominees of the Minister for Finance as Directors of the Company and the appointment(s) shall be deemed to take effect on the date of the next Board meeting following receipt of the aforementioned notice (and regulatory approval). In 2018, the Board received written notice from the Minister for Finance of his intention to appoint two Directors to the Board. In this regard Marian Corcoran was appointed to the Board on 24 September 2019 and Paul Doddrell was appointed to the Board on 26 November 2020.

Powers Granted to Directors at the AGM

The following is a description of the resolutions passed by members in connection with powers granted to the Directors:

Ordinary Remuneration of Directors

At the AGM held on 14 May 2019, shareholders authorised that the Directors may from time to time determine in accordance with the Articles of Association of the Company, the aggregate ordinary remuneration of the Directors for serving as Directors of the Company at an amount not exceeding €750,000. Ordinary remuneration represents the total of basic fees paid to Non-Executive Directors of the Company.

Allotment of Shares

The Investment Association has issued guidance which generally supports resolutions seeking authority to allot up to a separate and additional 33.33% of a company's issued share capital (excluding treasury shares) in addition to the 33.33% authority already supported where the additional authority is applied to allot shares pursuant to a rights issue.

At the 2023 AGM held on 19 May 2023, the Directors were generally and unconditionally authorised, pursuant to section 1021 of the Companies Act 2014, to exercise all of the powers of the Company to allot and issue all relevant securities of the Company (within the meaning of section 1021 of the Companies Act 2014) up to an aggregate nominal amount of €181,844,853 representing 66.66% of the issued ordinary share capital of the Company as at 30 March 2023 of which €99,922,426 (representing the separate and additional 33.33% of the issued ordinary share capital of the Company (excluding treasury shares) as at 30 March 2023 referred to above may be applied to allot shares pursuant to a rights issue. The authority conferred commenced on the 19 May 2023 and will expire at the conclusion of the 2024 AGM or 19 August 2024 (whichever is earlier) unless and to the extent that such power is renewed, revoked, or extended prior to such date; provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred by this Resolution had not expired.

Disapplication of Pre-emption Rights

At the 2023 AGM held on 19 May 2023, the Directors were authorised to allot equity securities (within the meaning of section 1023(1) of the Companies Act 2014) for cash as if Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power to be effective from 19 May 2023 and shall expire at the conclusion of the 2024 AGM or 19 August 2024 (whichever is earlier) unless and to the extent that such power is renewed, revoked, or extended prior to such date; and such power being limited to:

(a) the allotment of equity securities in connection with any offer of securities, open for a period fixed by the Directors, by way of rights issue, open offer or other invitation to or in favour of the holders of ordinary shares and/or any persons having a right to subscribe for equity securities in the capital of the Company (including, without limitation, any persons entitled or who may become entitled to acquire equity securities under any of the Company's share option scheme or share incentive plans then in force) where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may reasonably be) to the respective number of ordinary shares held by them and subject thereto the allotment in any case by way of placing or otherwise of any securities not taken up in such issue or offer to such persons as the Directors may determine; and generally, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems (including dealing with any fractional entitlements and/or arising in respect of any overseas shareholders) under the laws of, or the requirements of any regulatory body or stock exchange in, any territory;

(b) and/or the allotment of equity securities up to a maximum aggregate nominal value of €13,639,727, which represents approximately 5% of the issued ordinary share capital of the Company as at the close of business on 30 March 2023.

The Directors were also empowered to allot equity securities (within the meaning of Section 1023(1) of the Companies Act 2014) for cash as if Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power to be effective from 24 June 2022 and shall expire at the conclusion of the 2023 AGM or 24 September 2023 (whichever is earlier) unless and to the extent that such power is renewed, revoked, or extended prior to such date and such power being limited to:

(a) the allotment of equity securities up to a maximum aggregate nominal value of €13,639,727, which represents approximately 5% of the issued ordinary share capital of the Company as at the close of business on 30 March 2023; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying the Pre-Emption Rights most recently published by the Pre-Emption Group and in effect prior to 30 March 2023.

Market purchases of own Shares

At the 2023 AGM held on 19 May 2023 members gave the Company (and its subsidiaries) the authority to make market purchases and overseas market purchases provided that the maximum number of ordinary shares authorised to be acquired shall not exceed:

(a) 5% above the higher of the average of the closing prices of the Company's ordinary shares taken from the Euronext Dublin Daily Official List and the average of the closing prices of the Company's ordinary shares taken from the London Stock Exchange Daily Official List in each case for the five business days (in Dublin and London, respectively, as the case may be) preceding the day the purchase is made ("the Market Purchase Appropriate Price"), or if on any such business day there shall be no dealing of ordinary shares on the trading venue where the purchase is carried out or a closing price is not otherwise available, the Market Purchase Appropriate Price shall be determined by such other method as the Directors shall determine, in their sole discretion, to be fair and reasonable; or, if lower,

(b) the amount stipulated by Article 3(2) of Commission Delegated Regulation (EU) 2016/1052 relating to regulatory technical standards for the conditions applicable to buy-backs and stabilisation (being the value of such an ordinary share calculated on the basis of the higher of the price quoted for: (i) the last independent trade; and (ii) the highest current independent purchase bid for any number of such ordinary shares on the trading venue(s) where the purchase pursuant to the authority conferred by this Resolution will be carried out). The authority will expire on close of business on the date of the 2024 AGM of the Company or on the 19 August 2024 (whichever is earlier) unless previously varied, revoked or renewed. While the Directors do not have any current intention to exercise this power, this authority and flexibility was sought as it is common practice for companies on the Official List of the Euronext Dublin and/or London Stock Exchanges. Furthermore, such purchases would be made only at price levels which the Directors considered to be in the best interests of the members generally, after taking into account the Company's overall financial position. In addition, the authority being sought from members would provide that the minimum price (excluding expenses) which may be paid for such shares would be an amount not less than the nominal value of the shares;

(c) the amount stipulated by Article 3(2) of Commission Delegated Regulation (EU) 2016/1052 relating to regulatory technical standards for the conditions applicable to buy-backs and stabilisation (being the value of such an ordinary share calculated on the basis of the higher of the price quoted for: (i) the last independent trade; and (ii) the highest current independent purchase bid for any number of such ordinary shares on the trading venue(s) where the purchase pursuant to the authority conferred will be carried out). The authority will expire on close of business on the date of the 2024 AGM of the Company or on the 19 August 2024 (whichever is earlier) unless previously varied, revoked or renewed. While the Directors do not have any current intention to exercise this power, this authority and flexibility was sought as it is common practice for companies on the Official List of the Irish and/or London.

Directors' Report
(continued)

Re-Allot Treasury Shares
At the 2023 AGM held on 19 May 2023, members gave the Company (and its subsidiaries) the authority to re-allot treasury shares pursuant to Section 1078 of the Companies Act 2014 and the re-allotment price range at which treasury shares may be re-allotted is as follows: (a) the maximum price at which a treasury share may be re-allotted off-market shall be an amount equal to 120% of the Treasury Share Appropriate Price; and, (b) the minimum price at which a treasury share may be re-allotted off-market shall be an amount equal to 95% of the Treasury Share Appropriate Price (provided always that no treasury share shall be re-allotted at a price lower than its nominal value). This authority will expire at the conclusion of the next annual general meeting of the Company or at midnight (Irish Time) on the 19 August 2024 (whichever is earlier), unless previously varied, revoked or renewed.

Post Balance Sheet Events
Events after the reporting period are described in note 48 to the financial statements.

Accounting Records
The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and the employment of competent persons. The accounting records are kept at the Company's registered office, 56-59 St Stephen's Green, Dublin 2.

Disclosure Notice
The Company did not receive a disclosure notice under section 33AK of the Central Bank Act 1942 during 2023.

Political Donations
The Directors have satisfied themselves that there were no political contributions during the year, which require disclosure under the Electoral Act, 1997.

Location of Information required pursuant to Listing Rule 6.1.77

Listing Rule	Information Included*
LR 6.1.77 (12)	The Trustees of the Employee Benefit Trust have elected to waive dividend entitlements.
LR 6.1.77 (14)	As stated on page 92 the Minister for Finance has entered into a Relationship Framework with the Company. A copy of the Relationship Framework is available at www.permanenttsbgroup.ie

* No information is disclosable in respect of Listing Rules 6.1.77(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), and (13).

Subsidiary Undertakings
The principal subsidiary undertakings and the Company's interests therein are shown in note 46 to the financial statements.

Independent Auditor
KPMG Chartered Accountants and Statutory Audit Firm was appointed as external auditor at the Group's AGM on 19 May 2023 following an external tender process and recommendation from the Board. In accordance with section 383 (2) of the Companies Act 2014, the Auditor, KPMG Chartered Accountants and Statutory Audit Firm, will continue in office.

Board Diversity Report
The Board Diversity Report, as set out in the Corporate Governance Statement (see page 143) is deemed to be incorporated into this part of the Directors' Report.

Non-Financial Statement
For the purposes of Statutory Instrument 360/2017 EU (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the following sections of this Annual Report and any cross references made in the Directors' Report are deemed to be incorporated into this part of the Directors' Report:

Reporting requirements	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	Climate Risk Framework Environmental Policy Statement	Addressing Climate Change and Supporting the Transition to a Low Carbon Economy, page 27 Climate-related and Environmental Risk Management, page 27 Sustainable Products and Services, page 27 Carbon Impact and the Transition to a Low Carbon Economy, page 28 and 29 Energy Usage, page 29 Waste Management and the Circular Economy, page 30 Sustainable Sourcing and Procurement, page 30 Biodiversity, page 31 Environmental Policy Statement, page 45 Task Force on Climate Related Financial Disclosure (TCFD) Report, page 48 EU Taxonomy Regulation, page 46 CDP (formerly the Carbon Disclosure Project) Rating, page 47 ESG Risk Rating, page 45

Reporting requirements	Policies and standards which govern our approach	Risk management and additional information
Social and Employees	Individual Accountability Framework (IAF) Colleague Conduct Policy Code of Ethics Conflict of Interest Policy Speak Freely (whistleblowing) and associated procedures Board Diversity Policy Colleague Conduct Policy Diversity, Equity and Inclusion Strategy	Enhancing our Culture and Investing in our People, page 35 High Performance Culture, page 35 Pay and Reward, page 36 Ways of Working (Hybrid Working), page 20, 36 Employee Health, Safety and Wellbeing, page 36 Engagement and Development page 37 Colleague Recognition, page 37 Diversity, Equity and Inclusion, page 37 Gender Pay Gap, page 39, 45 Representative Body Relationships and Employee Consultation, page 39 Individual Accountability Framework (IAF), page 43 Colleague Conduct, page 44 Code of Ethics, page 44 Conflict of interest, page 44 Speak Freely (whistleblowing), page 19, 44 Board Diversity Policy, page 143 Colleague Conduct Policy, page 44
Human rights	Human Rights Dignity and Respect Code Equality Through Diversity and Inclusion Charter	Living Our Purpose and Ensuring Strong Corporate Governance, page 43 Human Rights, page 44
Social matters	Enhanced Customer Support Charter Community Policy Employee Volunteering Policy Community Fund Constitution	Elevating our Social Impact and Connecting with Local Communities, page 32 Financial Wellbeing, page 32 Accessibility of our Products and Services, page 32 Social and Affordable Housing, page 33 Social Finance Foundation, page 33 Community Fund, page 33 Employee Volunteering, page 33 Community Partnerships, page 33
Anti-corruption and anti-bribery	Anti-bribery Policy Anti-bribery Policy Statement Anti-money laundering and counter terrorist financing Policy Speak Freely (whistleblowing)	Financial Crime Compliance, page 44 Data Protection, page 42 Responsible Conduct and Culture, page 44 Operational Risk, page 93
Description of principal risks and impact of business activity		Risk Overview, pages 80 Principal Risks, pages 87
Description of the business model		Our Strategy, page 13 Our Business Model, page 16
Non-financial key performance indicators		Non-financial Highlights, page 3 Impact in Action, page 23 Addressing Climate Change and Supporting the Transition to a Low Carbon Economy, page 27 Elevating our Social Impact and Connecting with Local Communities, page 32 Enhancing our Culture and Investing in our People, page 35 Championing Our Customers and Creating a Bank that is Fit for the Future, page 40

On behalf of the Board:

Julie O'Neill
Chair

Eamonn Crowley
Chief Executive

Nicola O'Brien
Chief Financial Officer

Conor Ryan
Company Secretary

Corporate Governance Statement
Chair's Introduction

Dear Reader,

2023 was a transformational year for PTSB as we work towards our ambition of being Ireland's best personal and business bank through exceptional customer experiences.

I am privileged to have been appointed Chairperson of the PTSB Board and while I am very pleased to present my first statement on corporate governance in this annual report, I do so with sadness following the passing of my predecessor Robert Elliott in December 2023. Robert was a remarkable Chairperson whose contribution to the Group was transformational as he led the Board and supported the Executive Committee in the acquisition of certain parts of the Ulster Bank's business, positioning the Group for sustainable growth and success into the future. He had a profound impact on the organisation, those who he worked with and he will be greatly missed.

There were a number of changes to the Board during 2023 with the retirement of Ken Slattery, Andrew Power and the appointment of Catherine Moroney and Rick Gildea. I want to express my deep appreciation to Ken and Andrew for their invaluable contribution to the Board over their tenures and look forward to working with Catherine and Rick over the years ahead.

It was against the backdrop of the Ulster Bank transaction that I re-joined the Board of the Bank in January 2023 having previously served as a Board Director from 2014-2020. My first observations on re-joining the Board is just how far the Bank has come in such a short period of time, in particular under the leadership of Eamonn Crowley who was appointed as CEO in 2020. It is tangible to see how both the commercial ambition and culture of the organisation has moved on significantly during that time. There is a mindset within the Bank to build trust with customers and to deliver on the bank's ambition to be Ireland's best personal and business bank through exceptional customer experiences. We are making progress in that regard, but there is more to do.

Corporate governance is important for me. It is how the organisation is effectively directed and controlled to deliver value for shareholders while being mindful of the impact on customers, colleagues, communities and our environment. As the Ulster Bank transaction was drawing to a close in H1 2023, the Board recognised the growing importance of PTSB within the Irish retail banking landscape and the associated increase in shareholder, regulatory, economic and societal expectations on it. Both the Board and I felt the time was right to undertake a thorough review of the bank's governance arrangements to ensure that it was positioned for sustainable growth and that it had both the capability and capacity to do so safely.

This review required an enterprise wide assessment of the Bank and I was very pleased with the manner in which the wider senior management team at the bank collaborated in bringing forward a Board approved plan to deliver:

1. **Improvements in the effectiveness of governance arrangements at the Board and the Executive level.** Implementation of the Individual Accountability Framework (IAF) will be leveraged to improve clarity of accountabilities and responsibilities, ensuring there are no gaps and that risk ownership and responsibilities for meeting regulatory obligations are clear across the business and the three lines of defence.
2. **Improvements in strategic planning**, including through completion of a strategy refresh, building greater strategic capability (setting and monitoring), and process enhancements (e.g., related to capital and liquidity planning).
3. **Enhancements to and better embedding of risk management processes and capabilities across the Bank,** including strengthening, capability and capacity across the first and second lines of defence.
4. **Evolving data and technology strategies which underpin the overall business strategy,** including through anticipating future needs and ensuring the Bank has a resilient operational base, including through its approach to third party risk management.
5. **Ensuring sustainability is embedded** within the Bank's strategic planning processes and embedding an integrated approach to delivery of the Bank's sustainability strategy.

I look forward to working with my Board colleagues over the coming months to ensure that we deliver on the commitments we have set for ourselves and to hold ourselves to the standards of corporate governance expected of a systemically important pillar bank.

The following report sets out the detail to our approach to corporate governance principles and practices, how we implement and endeavour to achieve compliance with the UK Corporate Governance Code and how our Board and its Committees operated during the year.

The reports from the Chairs of the Board Audit, Risk and Compliance, Nomination Culture and Ethics, and Remuneration Committees on pages 148, 158, 153 and 161 respectively highlight the key activities and areas of focus for each Committee.

Julie O'Neill

Julie O'Neill
Chairperson

CBI Corporate Governance Code

The 2015 Central Bank of Ireland Corporate Governance Requirements for Credit Institutions (the "CBI Code") imposes statutory minimum core standards upon credit institutions, with additional requirements upon entities designated as High Impact Institutions. The Company's retail banking subsidiary, PTSB, was subject to the provisions of the CBI Code during the reporting period. PTSB has been designated as a High Impact Credit Institution under the CBI Code and is subject to the additional obligations set out in Appendix 1 of the CBI Code. PTSB has also been designated as LSI for the purposes of the Capital Requirements Directive (SI 158/2014) and is subject to the additional obligations set out in Appendix 2 to the CBI Code. A copy of the CBI Code is available on the CBI's website www.centralbank.ie.

Compliance Statement with UK Corporate Governance Code and Irish Annex

The Company's shares are admitted to trading on the Main Securities Market of Euronext Dublin and the London Stock Exchange and the Company must comply or explain against the provisions of the 2018 UK Corporate Governance Code (the "UK Code") and the Irish Corporate Governance Annex (the "Irish Annex"). A copy of the UK Code is available on the UK Financial Reporting Council's website www.frc.org.uk and the Irish Annex is available at www.euronext.com/en/markets/dublin.

Details of how the Group applied the main principles and supporting provisions of the UK Code are set out in this Corporate Governance Statement, the Business Model and Strategy section, the Risk Management section and in the Directors' Report on Remuneration. These also cover the disclosure requirements set out in the Irish Annex, which supplement the requirements of the UK Code with additional Corporate Governance provisions. The Board confirms that the Company has complied with the detailed provisions of the UK Code and Irish Annex during 2023, save as set out in the following paragraphs which at this time are classified as indefinite in nature.

Committee Independence

Provision 24 and 25 of the UK Code requires both the audit and risk committee (where established) to consist of Independent Non-Executive Directors. Paul Doddrell's membership of the Board Audit Committee ceased at the end of 2023 and this committee now consists entirely of independent non-executive directors. Paul Doddrell and Marian Corcoran are members of the Board Risk and Compliance committee which is chaired by and has a majority of independent non-executive directors within their membership. The Board believes it appropriate to ensure that the aforementioned committees consist of members with appropriate knowledge, experience and skills and, notwithstanding the basis of their appointment, can demonstrate effective contribution through an independent mind-set. The Board believes it is in the best interest of the Bank to utilise Mr Doddrell's and Ms Corcoran's considerable risk management experience on the Board Risk and Compliance Committee.

Remuneration

Provision 33 of the UK Code requires that the Remuneration Committee should have delegated responsibility for setting the remuneration for all executive directors and the Chairperson. However, under EBA guidelines on sound remuneration practices, the Remuneration Committee is designated as being responsible for the preparation of decisions to be taken by the Board regarding the remuneration for executive directors and other identified staff. The Board's view is that, from a regulatory perspective, the Group is compelled to comply with the EBA guidelines and therefore its remuneration policy reflects this position.

Provision 38 of the UK Code states that pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. Since 2019, the Board has approved certain enhancements to staff defined contribution pension schemes where, based on market benchmarking, the maximum employer contributions were increased up to 16% linked to increases in each employee's own contributions and subject to certain age-based eligibility criteria. In carrying out these reviews, the Remuneration Committee paid due cognisance to existing State Agreements relating to remuneration and the Group's ability to provide competitive reward arrangements to retain and motivate executive talent in an increasingly competitive marketplace. Given the particular challenges faced in attracting and recruiting the most senior talent, in 2022, the Board approved increases in the Executive Directors' maximum pension contribution to 16%, or 20% in the case of the CEO. Given the difficulties experienced in respect of senior talent acquisition, and aligned with the current approach for members of the Bank's Executive Committee, it was also agreed to exempt the Executive Directors, including the CEO, from the age-related eligibility criteria.

"How the Board ensures effective engagement with, and encourages participation from the Company's Stakeholders"

Stakeholder Engagement

A key role of the Nomination, Culture and Ethics Committee is to ensure there is effective engagement with and participation from the Bank's key stakeholders. Reputation management is an integral part of the corporate affairs strategy for the Bank.

Sustainability Materiality Assessment

The Bank takes a number of factors into consideration when assessing where to prioritise resources for its sustainability activity. These include, but are not limited to: the Bank's business model and strategy; principal risks; sector issues; public policy and regulation; and, the impact of the Bank's activities on wider society.

To understand the issues that are important to stakeholders, in 2021 the Bank engaged a sample of stakeholders to complete a comprehensive Materiality Assessment of the Bank's Sustainability programming.

The assessment offered insight into the relative importance of specific Environmental, Social and Governance (ESG) issues relevant to conducting business in a responsible way, and assisted the Bank in building out a Sustainability Strategy which was launched in November 2021. Central to the Bank's Sustainability Strategy is a focus on climate change and supporting the transition to a low carbon economy.

Reference to the Bank's stakeholders includes the Bank's customers (personal and small business), colleagues (Board, management, employees and unions), the Bank's investors, suppliers, society (community partners and industry influencers) and the Bank's regulators.

Outside of the materiality exercise, the Bank interacts with stakeholders at regular intervals during the year through the following:

- Customers – Voice of the Customer Programme, focus groups, surveys, in person through the branch network and through the Bank's online digital channels (website, App, customer contact centres etc.);
- Colleagues – Every Voice Counts employee engagement survey, regular micro-pulse surveys, team meetings, virtual and in person networking forums, internal intranet platform, a Bank-wide communications platform and app, in-house digital screens, four Employee Resources Groups, People Experience Council and other channels as appropriate;
- Investors – AGM and shareholder services, financial reporting, roadshows, industry conferences and other channels as appropriate;
- Suppliers – Regular supplier engagement processes and procedures, supplier on boarding and contracting and other channels as appropriate;
- Society – Community Partners, Media, Government Officials and industry influencers such as the BPFI and Irish Banking Culture Board; and
- Regulators – Regular engagement and regulatory reporting and other channels as appropriate.

Focus for 2024

During 2024, the Bank will complete an exercise in double materiality in line with Corporate Sustainability Reporting Directive (CSRD) Regulation. The exercise will assess both stakeholder impact and financial materiality of the issues that are critical to our business and will form an integral part of our stakeholder engagement strategy for the year.

In Addition the Bank is committed to building on the progress achieved and to continue to rollout a series of proactive engagements amongst key stakeholders that will allow the Bank to cultivate relationships, gain trust and build further the reputation of the Bank. The Bank's Corporate Development and HR Function will continue to ensure that feedback from colleagues, customers and communities is measured effectively in line with the Bank's Purpose and that key insights are brought to the Nomination, Culture and Ethics Committee on a regular basis.

Shareholder Engagement

Transparent and frequent communication with the Group's shareholders is a key priority. The Group has an Investor Relations team, headed by the CFO, and there is a comprehensive schedule of investor engagement which the CEO and CFO participate in on behalf of the Board, along with selected Senior Executives and representatives from the Investor Relations team. All engagements are structured in such a way as to ensure market sensitive information is not disclosed. The Group also has an active market engagement programme in place where it reports financial results live through a webcast twice a year (typically in March and July) and updates the market on trading twice a year typically in May and October. The Group publishes all results, including the webcasts to a dedicated Investor Relations section on its website. The Group also reports other relevant information to the market on a timely basis. Following the release of full-year results, the CEO and CFO facilitate a roadshow which provides an opportunity for institutional shareholders to provide feedback directly.

The Investor Relations team, together with the CEO and the CFO, provide regular updates to the Board on the types of activities mentioned above, along with market reactions, in order to ensure that the members of the Board are aware of the views of the investment community and are considered in their decision making. The CEO, CFO and Chairperson seek regular engagement with major shareholders. The Group's shareholder engagement strategy will continue to evolve as the level of free float increases, but will always apply best practice in this regard.

Workforce Engagement

The UK Corporate Governance Code places an obligation on boards to keep workforce engagement mechanisms under review so that they remain effective. Furthermore, the Code also states that where the Board chooses to implement alternative arrangements to those set out in the Code, it should explain in its Annual Report what alternative arrangements are in place and why it considers that they are effective.

There are currently a number of ways the Board engages with the Group's workforce and hears the employee 'Voice' on an on-going basis through alternative arrangements to those set out in the UK Code. A summary of these alternate arrangements are outlined in the below table:

Mechanism	Detail
Board and Committee Meetings	During 2023 the Board met in total on 18 occasions and this facilitated regular Board engagement with subject matter experts from across the Bank.
Nomination, Culture and Ethics Committee	Dedicated Board Committee with accountability for culture, behaviour, ethics and reputation management oversight in the Bank. Biannual review of employee 'Speak Freely' concerns raised through a Colleague Conduct Report.
Employee Events	Attendance at and participation in employee events on an on-going basis. Examples include the Employee Resource Group initiatives such as the Diversity, Equity and Inclusion 23 – 25 Strategy Launch, Gold Accreditation from the Irish Centre for Diversity Launch, Better Balance Webinars, Values in Practice Awards and Sustainability events. Board members also attended / participated in the bank's 'People Leader's conference' (in-person event attended by all people managers) and the 'All together now' summit event (in-person all-colleague event) which presented the Bank's business strategy and brand repositioning to colleagues.
Employee Representative Bodies	CFO and HR Director bi-annual engagements with Employee Representative Bodies to update them on the organisational trading position, the Bank's purpose and strategy together with opportunities and challenges being faced. Other Executive and Senior Leadership Team members meet the Employee Representative Bodies on an as needed basis depending on the agenda and business requirements.
Employee Surveys	The Employee collective voice is shared with the Board Nomination, Culture and Ethics through a variety of employee surveys that are run throughout the year. Examples include the Every Voice Counts annual survey, Every Voice Counts Micro-pulse surveys and the Irish Banking Culture Board (Éist).
Employee Engagement Group	The Company Secretary (Board Nominee) attends the People Experience Council (PEC) to support the Board and gain a greater understanding of culture / employee sentiment. Nomination Culture and Ethics Committee met with the Bank's People Experience Council in November 2023.

A People Experience Council was incepted in 2020 to support the embedding of culture with a mandate and a set of accountabilities. Their role is to lead out on Culture across the Bank, provide a collective voice (qualitative data) to the organisation and solicit People Experience Leads across their functions to champion organisational engagements. Leads are made up of colleagues from all areas of the business, representing a diverse group of employees at all levels. The Nomination Culture and Ethics committee identified an opportunity for the Board to engage with this group and to be updated on the employee sentiment and mood on the ground. As part of this group, the Board not only gains a deeper understanding of the drivers behind the employee engagement survey results (PTSB Every Voice Counts survey, IBCB Éist survey), they also gain diverse perspectives on what actions will address the areas for development and also any emerging areas of discontent from employees. It is intended that attendance by Non-Executive Directors will continue indefinitely.

All material organisational changes are discussed and consulted on in advance with employee representative bodies. It is important in the context of these discussions that colleagues understand the financial and strategic position of the Bank over its 5 year planning period and where appropriate, aligned to engagement protocols, provide member representations. During 2023, the CFO attended engagement sessions with Employee representative bodies to explain and provide context to the Bank's current and medium term outlook as part of negotiations on reward.

Having reviewed the series of employee engagement during 2023, the Nomination, Culture and Ethics Committee was satisfied that this engagement was effective and in compliance with the UK Code.

Board Decision Making

The Board has a clear understanding of the Bank's key stakeholders and how the operations of the Bank effect the environment and communities in which it operates. The Bank's Stakeholder Engagement Programmes facilitate a clear and unfettered information flow to and from the Board. This allows the Board to make informed decisions that are both in the best interest of the Company and facilitate a clear understanding of how decisions impact on the Bank's stakeholders, wider community and environment.

A key focus for the Nomination Culture and Ethics Committee is to ensure that directors are able to make a positive contribution to the long term sustainable success of the Company. Directors are more likely to make good decisions and maximise the opportunities for the Company's success if the right skillsets and breadth of perspectives are present on the Board. The Nomination Culture and Ethics Committee, aligned with the Bank's Purpose and Ambition, considers the appropriate skillsets and perspectives and sets them out in a Board approved Suitability Matrix. Appointments to the Board are recommended in accordance with the Suitability Matrix. The key skillsets and experience that each of the Directors bring to the Board are set out in the Board Biographies section.

Directors' Report

The Directors' Report and the Statement of Directors' Responsibilities forms part of the Corporate Governance Statement.

A key focus for the Board is to ensure that directors are able to make a positive contribution to the long term sustainable success of the Company. Directors are more likely to make good decisions and maximise the opportunities for the Company's success if the right skillsets and breadth of perspectives are present on the Board. The Nomination Culture and Ethics Committee, aligned to the Group's Purpose and Ambition, considers the optimal knowledge, experience and skills requirements of the Board and sets them out in a Board approved Suitability Matrix. Appointments to the Board are guided by the Board Assessment and Suitability Policy, Board Diversity Policy and Board Suitability Matrix. The key knowledge and experience that each of the Directors bring to the Board is set out in the Biographies below.

JULIE O'NEILL (68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
17 January 2023

Nationality:
Irish

Committee Membership:
Remuneration Committee, Nomination, Culture and Ethics Committee (Chair)

Principal External Appointments:
Director at XL Insurance Company SE and Architas Multi-Managers Europe.

Key Strengths, Skills and Experience

Julie is an accomplished business leader with extensive executive and board experience, having held a number of senior government positions, including Secretary General of both the Department of Transport and the Department of Marine and Natural Resources and previously held a number of other prominent Non-Executive Director roles, including: Chairperson of the Convention Centre Dublin and Non-Executive Director, AXA Life Europe and Ryanair Group plc.

Julie previously served a six-year term on the Permanent TSB Group Holdings plc Board (2014 to 2020) as an Independent Non-Executive Director, the latter 4 years as the Board's Senior Independent Director. During this period she played a significant role as a Board member in guiding positive transformation of the Bank. Julie's has extensive business and leadership experience and brings an in-depth knowledge of the Bank and wider banking/insurance industry to the Board.

- Certified Bank Director
- Bachelor of Commerce
- MSc Policy Analysis

EAMONN CROWLEY (54)

CHIEF EXECUTIVE OFFICER

Appointed to Board:
10 May 2017

Nationality:
Irish

Committee Membership:
None

Principal External Appointments:
PTSB nominee director of the Banking and Payments Federation Ireland (BPFI) and Irish Banking Culture Board (IBCB).

Key Strengths, Skills and Experience

Eamonn brings to the Board extensive international banking, accounting, corporate treasury and leadership experience with a significant customer focus which is reflected in the Bank's Purpose, Ambition and Strategy to build trust and grow a sustainable Bank for the longer-term.

Eamonn was appointed CEO in June 2020. Before joining PTSB as Chief Financial Officer in 2017, Eamonn worked as Chief Financial Officer at Bank Zachodni WBK S.A. ("BZ WBK"), Banco Santander's publicly listed Polish retail and commercial bank. (BZ WBK was formerly 70% owned by AIB. Banco Santander acquired that AIB stake in 2010.) During his period as CFO, Eamonn executed the merger of BZ WBK with Kredyt Bank to form Poland's number three bank, placed over 20% of the bank on the Warsaw Stock Exchange through a Euro 1.2bn secondary IPO and led the acquisition of a controlling stake in Poland's number one Consumer Bank. Prior to joining Santander, Eamonn worked for the AIB Group in a variety of different roles.

- MBA Smurfit Business School
- Certified Accountant (FCCA) and Member of Association of Corporate Treasurers

NICOLA O'BRIEN (53)
CHIEF FINANCIAL OFFICER

Appointed to Board:
4 August 2022

Nationality:
Irish

Committee Membership:
None

Principal External Appointments:
None

Key Strengths, Skills and Experience
Nicola is a qualified Chartered Global Management Accountant (CGMA) and finance professional with significant banking and leadership experience having worked in the Retail Banking sector in Ireland for more than 25 years. Nicola brings a wealth of commercial, strategic, financial, operational and regulatory knowledge to the Bank together with experience in delivering large complex programmes successfully.

Nicola was appointed CFO in August 2022, having spent more than 5 years with the Bank in a number of senior leadership positions, prior to joining PTSB her career spanned 18 years in the Irish Financial service sector (Bank of Ireland) holding senior finance leadership roles across Retail Ireland, Group Customer Operations and Group Finance.

- ACMA & CGMA
- Certificate in Company Direction (IOD)

RONAN O'NEILL (70)
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
26 July 2016

Nationality:
Irish

Committee Membership:
Audit Committee (Chair)
Nomination, Culture and Ethics Committee

Principal External Appointments:
None

Key Strengths, Skills and Experience
Ronan, a chartered accountant, brings to the Board extensive banking and leadership experience with a particular competency in finance, risk and treasury. His strong strategic and corporate development insights enable Ronan to provide challenge and support to the development of the Bank's organisational change programmes. His previous experience as a member of the Group Risk Committee at AIB is of particular benefit to the Board Audit Committee which Ronan chairs.

Prior to retiring from AIB in 2013, Ronan was Chief Executive Officer of AIB (UK) plc and a member of the AIB Group Leadership Team. Ronan had responsibility for SME Business in the UK and the retail banking business of First Trust in Northern Ireland. He put in place a strategic plan to revitalise AIB's UK and NI businesses and oversaw its implementation.

- Fellow Chartered Accountants Ireland
- Certified Bank Director
- Bachelor of Commerce from UCD
- Fellow, Institute of Bankers

RUTH WANDHÖFER, (48)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
30 October 2018

Nationality:
German/British

Committee Membership:
Audit Committee
Remuneration Committee

Principal External Appointments:
Director at: RTGS Global Ltd; Aquis Exchange Plc and Leximar Ltd (personal consultancy company).

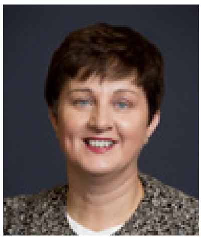
Key Strengths, Skills and Experience
Ruth has substantial banking and leadership experience with extensive knowledge of both regulatory and market strategy, and together with her insight on regulatory and financial technology innovation provides invaluable insight for the Board as it provides oversight for the Group's digital and payments transformation programmes.

Ruth was MD and Global Head of Regulatory and Market Strategy at Citi from 2007 to 2018 where she drove regulatory and industry dialogue in addition to developing product/market strategy in line with the evolving regulatory and innovation landscape. Prior to joining Citi, Ruth was Policy Advisor for Securities Services and Payments at the European Banking Federation.

- MA in Financial Economics (UK)
- MA in International Politics (FR)
- LLM in International Economic Law (UK)
- PhD Finance
- Certified Bank Director

MARIAN CORCORAN, (59)

NON-EXECUTIVE DIRECTOR



Appointed to Board:
24 September 2019

Nationality:
Irish

Committee Membership:
Risk and Compliance Committee
Nomination, Culture and Ethics Committee

Principal External Appointments:
Director HP International Bank DAC, Director of IDA Ireland, Chair DCU Educational Support Services DAC, and Director of MC2 Change Limited (personal consultancy company)

Key Strengths, Skills and Experience

Marian has broad experience in technology and business transformation, executive leadership and strategy development. Marian brings to the Board wide-ranging experience in advising and leading transformational programmes in multiple industries including banking. Marian's experience of risk management brings invaluable experience to the Board Risk and Compliance Committee. Marian's cross-industry skills in stakeholder management, risk management, corporate governance and technology-enabled transformation benefits the Board as the Group's strategy and change programmes evolves at an ever increasing pace. Marian has a strong track record in championing inclusion and diversity.

Marian is an experienced non-executive director and a former executive director and partner in Accenture Ireland. Marian has extensive experience in strategy delivery, delivery of technology-enabled change and business transformation both locally and internationally. During her career in Accenture Ireland she operated in a number of key senior executive positions including as Executive Director on the Board. Marian was also a member of the Irish Public Service Pay Commission.

- Chartered Director
- Certified Bank Director
- Professional Certificate in Leadership Coaching
- BSc Biotechnology

DONAL COURTNEY (59)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
3 October 2018

Nationality:
Irish

Committee Membership:
Audit Committee
Risk and Compliance Committee (Chair)

Principal External Appointments:
Director at Iput plc and Special Olympics Ireland

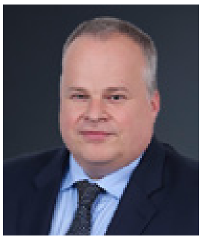
Key Strengths, Skills and Experience

Donal is highly experienced finance, accounting and risk professional across leasing, lending and property financing with a particular competence in financial reporting, governance and internal controls. Donal brings to the Board experience in asset financing and funding vehicle structures such as collateralised loans and securitisations. Donal has extensive risk and audit experience holding audit and risk committee chair positions at IPUT plc and formerly at Dell Bank International and Unicredit Bank Ireland plc.

Donal is a former SVP and CFO at Capmark Bank Europe, a licensed real estate financing bank with operations in UK, France and Germany. Prior to this, Donal held Executive Director roles with the Irish operations of Orix Corporation, Airbus Industrie and GMAC Commercial Mortgage where he gained extensive experience in the aircraft leasing, financing and commercial property sectors. Donal is a qualified Chartered Accountant and started his career with Arthur Andersen where he went on to become a practice manager in its financial services division working with a broad range of clients across the leasing and banking industries.

- Fellow of Chartered Accountants Ireland
- BBS Trinity College, Dublin
- Certified Bank Director
- Accredited Funds Professional, Institute of Bankers
- Certificate in Sustainability Strategy, Risk and Reporting from Chartered Accountants Ireland

PAUL DODDRELL (56)
NON-EXECUTIVE DIRECTOR



Appointed to Board:
26 November 2020

Nationality:
British

Committee Membership:
Nomination, Culture and Ethics Committee
Risk & Compliance Committee

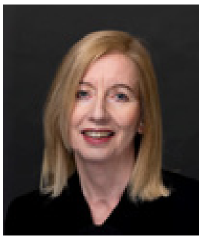
Principal External Appointments:
Director at Cabot Financial Ireland Ltd, Coastline Housing Limited and 3 to 48 Ltd (personal consultancy company)

Key Strengths, Skills and Experience
Paul has significant executive leadership experience spanning finance, asset servicing, lending, operations, sales with specific management expertise in business strategy development and execution; risk management and change management. Paul's strategic insights and experience particularly in the area of mortgage servicing and credit provide core skills which the Board requires.

Paul is a highly experienced financial services executive and Board member who has successfully operated at executive management level in a number of organisations globally. Paul served as Pepper Group's Managing Director for Shared Services, and led the successful establishment and growth of Pepper's financial services operations in Ireland. Previously Paul held a number of key executive roles at GE Capital. Paul is currently a Non-executive Director and chair of the Audit and Risk committees at Cabot Financial Ireland.

- Chartered Management Accountant – ACMA, CGMA
- Certified Six Sigma Master
- BA(Hons) Business Studies
- Certified Bank Director

CELINE FITZGERALD (61)
INDEPENDENT NON-EXECUTIVE DIRECTOR



Appointed to Board:
30th March 2021

Nationality:
Irish

Committee Membership:
Nomination, Culture and Ethics Committee
Remuneration Committee (Chair)

Principal External Appointments:
Director at: VHI Health And Wellbeing DAC; VHI Health And Wellbeing Holdings DAC; and; Chair, Pieta House CLG.

Key Strengths, Skills and Experience
Celine is a former Non-Executive Director at the commercial semi-state company Ervia and has previous senior executive experience in the telecommunications (senior executive at Vodafone 1999 – 2007) and the managed services (CEO of Rigney Dolphin 2007 - 2012) industries. Celine was a Non-Executive Director on the VHI Main Board between 2010 and 2020 and was General Manager at the charity Goal between 2016 and 2018. Celine has also contributed her time to many other charitable foundations and is the current Chair of the charity Pieta House.

Celine is an experienced senior executive and Independent Non-Executive Director and has led culture transformation in challenging environments. Celine has had practical experience of handling ethical challenges in the charity sector during her time as Managing Director of Goal. Celine has an in-depth understanding of strategic differentiation to deliver customer value. Celine's knowledge and experience will be of significant benefit for the Board in its role to lead on evolving an open ethical, risk aware and inclusive culture which is focussed on building trust with customers, colleagues and communities.

- BA Management
- Chartered Director
- Certified Bank Director

ANNE BRADLEY (64)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
30th March 2021

Nationality:
Irish

Committee Membership:
Audit Committee
Risk and Compliance Committee

Principal External Appointments:
Director at: Northern Trust International Fund Administration Services Ireland Ltd and Pieta House CLG.

Key Strengths, Skills and Experience
Anne's experience is centred on transformation and business change and her cross industry knowledge and experience will support the Board as the Group continues to implement its digital transformation strategy while maintaining resilient and reliable IT systems. Anne's has extensive experience in technology and has operated at senior levels, leading on IT resilience, emergency response, technology evaluation, crisis management, operational efficiency and IT infrastructure.

Anne worked with Aer Lingus/IAG Group until 2020 where, during a 40 year career she held a number of senior executive roles. Between 2015 and 2018 she was Director of IT with Aer Lingus and thereafter Head of Group IT Delivery/ Digital Development (2018 -2020) with IAG Group. Anne was an Independent Non-Executive Director at Bus Eireann from 2015 to 2018 and more recently joined the Board of Northern Trust International Fund Administration Services Ireland Ltd.

- Fellow of the BCS The Chartered Institute for IT
- Chartered Director
- Certified Bank Director

CATHERINE MORONEY (61)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
12th December 2023

Nationality:
Irish

Committee Membership:
Audit Committee
Risk and Compliance Committee

Principal External Appointments:
Council member Dublin Chamber of Commerce; Director at Cynergy Bank (UK) Limited, and Saburai Consulting Limited (personal consultancy company)

Key Strengths, Skills and Experience
Catherine brings extensive experience in business banking to the Board as the Bank further develops its business banking proposition. Catherine has also held a number of non-executive board positions and committee chair/member roles including audit, risk and remuneration committees where she has gained valuable skill and expertise in leading customer-facing businesses with a focus on strategic planning, business growth, innovation, transformation and sustainability programmes.

Catherine is an accomplished business leader who has spent a large portion of her career at senior executive level in the Irish financial services sector (AIB Bank).

RICK GILDEA (71)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board:
12th December 2023

Nationality:
USA and UK

Committee Membership:
Risk and Compliance Committee
Remuneration Committee

Principal External Appointments:
Trustee at The Shakespeare Globe Trust

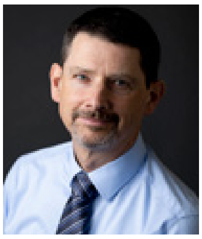
Key Strengths, Skills and Experience
Rick Gildea's background in corporate banking (JP Morgan Chase) brings deep experience of client coverage and risk management together with capital markets expertise to the Board.

Rick spent a large portion of his career at senior executive level in investment and corporate banking roles in London and New York, prior to pursuing a non-executive career. Most recently, Rick was an independent Non-Executive director at Alpha Bank (a domestic and international bank listed on the Stock Exchange in Athens) where he chaired the remuneration committee and was a member of the risk committee with a particular focus on non-performing loan risk management.

Corporate Governance Statement

Board of Directors (continued)

CONOR RYAN (52)
COMPANY SECRETARY



Conor was appointed Company Secretary in 2017. As Company Secretary and Head of Corporate Governance, Conor is responsible for advising the Board, through the Chairperson, on all governance matters. The role of Company Secretary is to align the interests of different parties around the boardroom table, facilitate dialogue, gather and assimilate relevant information, and support effective decision-making. Conor is a fellow and past president the Chartered Governance Institute in Ireland (ICSA) and a Certified Bank Director.

2023 Board Meeting Attendance and Directorships

Member	Appointed	Ceased	Number of Years on Board	2023 meetings	Number of Directorships held
Non-Executive Directors					
Julie O'Neill	17 Jan 2023	-	1.0	18/18	4/3
Ronan O'Neill	26 Jul 2016	-	7.5	18/18	2/1
Donal Courtney	03 Oct 2018	-	5.3	18/18	5/2
Ruth Wandhöfer	30 Oct 2018	-	5.3	17/18	7/3
Marian Corcoran	24 Sep 2019	-	4.4	18/18	6/3
Paul Doddrell	26 Nov 2020	-	3.1	16/18	7/2
Anne Bradley	30 Mar 2021	-	2.8	18/18	4/2
Celine Fitzgerald	30 Mar 2021	-	2.8	18/18	5/2
Rick Gildea	12 Dec 2023	-	0.0	1/1	4/1
Catherine Moroney	12 Dec 2023	-	0.0	1/1	4/2
Andrew Power	26 Sep 2016	19 May 2023	6.8	8/8	6/2
Robert Elliott	31 Mar 2017	30 Mar 2023	6.0	7/7	4/2
Ken Slattery	30 Aug 2013	12 Dec 2023	10.3	18/18	6/3
Executive Directors					
Eamonn Crowley	10 May 2017	-	6.7	18/18	9/1
Nicola O'Brien	04 Aug 2022	-	1.4	18/18	2/1

Notes:
PTSB is the sole direct subsidiary of PTSBGH. During 2023, the composition of the Boards of PTSBGH and PTSB were identical. Meetings of the Boards of PTSB and PTSBGH run concurrently. Concurrent Board meetings or consecutive Board meetings of PTSB or PTSBGH held on the same day are counted as a single attendance above.

Number of Directorships: the first number stated is the total number of directorships held and the second number is the number of directorships as counted under Article 91(3) and (4) of Directive 2013/36/EU (for the purposes of calculating these directorships, multiple directorships within a group are counted as a single directorship and directorships in organisations which do not predominantly pursue commercial objectives are also not included). Directorships are those held at 31 December 2023 or at time of cessation from the Board. A full listing of each Board member's external directorships are available in the Group's Pillar 3 Disclosures Report available at https://www.permanenttsbgroup.ie/investors/result-centre/year/2023.

Corporate Governance Statement
Leadership and Effectiveness

Division of Responsibilities
The roles and responsibilities of the Board collectively, the Executive and Non-Executive Directors, the Chairperson, Senior Independent Director and Company Secretary, are clearly laid out and documented in a Board Manual, which is reviewed and updated on a regular basis by the Board and at least annually.

The Chairperson
Julie O'Neill's responsibility as Board Chairperson is to ensure the efficient and effective working of the Board. Her role is to lead and manage the business of the Board, promoting the highest standards of corporate governance, ensuring accurate, timely and clear information for the Board, and to lead the process for the annual performance evaluation of the Board, its Committees and the Non-executive Directors. The Chair promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular, and ensuring constructive relations between Executive and Non-Executive Directors. The Chair has a strong working relationship with the CEO, Eamonn Crowley, and acts as a confidential sounding board for the Directors. Julie O'Neill is also Chair of the Nomination Culture and Ethics Committee.

The Senior Independent Director
Ronan O'Neill is the Board's Senior Independent Director and his primary role is to support the Chairperson on all governance related matters. In addition, he specifically leads the annual appraisal of the Chairperson's performance, acts as an intermediary for other Directors, and ensures that the views of the Non-Executive Directors are heard. He is available to shareholders, should they wish to raise any matter directly.

The CEO
The Board delegates executive responsibility to Eamonn Crowley, the CEO, for the Bank's operations, compliance and performance. The role of the CEO is to select and lead an effective team to manage the Bank. The executive management team is called the Executive Committee (ExCo), details of which are set out on pages 130 to 131. The CEO is responsible for the formulation of the Group's strategic, operating and financial plans, for review and presentation to the Board, and for the implementation of these plans. The CEO is also required to provide information and insight to the Board that is reliable, relevant, timely, clear and balanced, in order to assist the Board in monitoring the performance of the Group and in making well informed and sound decisions.

The Company Secretary
Conor Ryan, Company Secretary and Head of Corporate Governance, assists the Chairperson in promoting the highest standards of corporate governance. The Company Secretary supports the Chairperson in ensuring Directors receive timely and clear information so they are appropriately equipped for constructive debate and informed decision making. The Company Secretary is a central source of guidance and advice on Board policy, procedure and governance. All Directors have access to the advice and services of the Company Secretary and Head of Corporate Governance.

Executive Committee

EAMONN CROWLEY
CHIEF EXECUTIVE

NICOLA O'BRIEN
CHIEF FINANCIAL OFFICER

GER MITCHELL
CHRO & CORPORATE DEVELOPMENT DIRECTOR

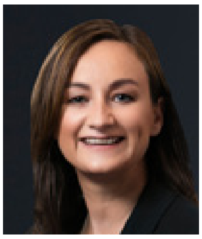
Ger has been a member of the Executive Committee since 2012. Ger is an experienced commercial leader who has held a number of senior retail, commercial and customer roles prior to his appointment as HR Director in 2017. In 2020 Ger's role was expanded to include 'Corporate Development' which brings the strategic disciplines of; marketing, brand, corporate affairs, customer experience, sustainability and communications together with organisation design, talent development, people experience and culture evolution. The HR and Corporate Development Function leads the embedding of the Bank's Purpose; to build trust by making a difference in the lives of customers, colleagues and communities, every day. HR and Corporate Development lead a number of strategic programmes focused on Brand, Culture and Reputation; Customer Strategy and Experience; Enterprise Transformation, including Hybrid Workplace; and Sustainability.

ANDREW WALSH
LEGAL COUNSEL

Andrew has extensive legal advisory experience, in both private practice and in-house roles. Andrew joined the Bank in 2014 and became a member of the Executive Committee in 2015. Prior to joining the Bank, Andrew was a partner in a leading corporate Irish law firm, where he worked for over 10 years. While in private practice, Andrew advised a number of Irish and international banks and financial services institutions.

In his role as Legal Counsel, Andrew leads the Bank's Legal function. The Legal function is responsible for overseeing all legal aspects of the Bank's business, as well as inputting into the Bank's strategic decisions and identified growth opportunities. The Legal function also provides support to ensure that the Bank's operations, products and service strategies are designed to consistently adhere to legislative/regulatory requirements and best practice.

CLAIRE HEELEY
HEAD OF INTERNAL AUDIT



Claire, a Chartered Accountant with over 20 years' experience, joined the Bank in 2021 as the Bank's Head of Group Internal Audit from KPMG, where her most recent role was Managing Director, Risk & Regulatory Consulting. In this role Claire led major risk transformation projects and the delivery of internal audit services to a portfolio of financial services clients for over six years. Prior to her role as Managing Director, Risk & Regulatory Consulting, Claire held a number of senior roles including: Retail Division Audit Partner in the Group Internal Audit division of Bank of Ireland and Deputy Group Secretary of Bank of Ireland.

Internal Audit provides independent assurance to the Board over the adequacy and effectiveness of the governance, risk management and control processes in operation across the Bank. Claire is a regular attendee at Group Executive Committee meetings but, in accordance with good governance practice, has no voting rights. Claire has a direct reporting line to the Chairperson of the Board Audit Committee.

BARRY D'ARCY
CHIEF RISK OFFICER

Barry D'Arcy was Chief Risk Officer of KBC Bank Ireland and a member of the KBC Ireland Executive Committee and Board of Directors. Barry had undertaken a number of roles in KBC Ireland including Head of the Finance function of the bank. Barry has accumulated extensive experience in his career across the financial services and technology industry. Barry holds a Bachelor of Business Studies from the University of Limerick and is a member of the Chartered Institute of Management Accountants.

Barry in his role of Chief Risk Officer is responsible for the risk, compliance and regulatory activity of PTSB

TOM HAYES
CHIEF TECHNOLOGY OFFICER

Tom is an experienced business transformation and technology leader with deep experience in leading Digital change and operational resilience. Tom joined the Bank in 2017 from AIB where he had most recently held the role of Head of Digital Transformation Delivery. Tom had held various senior technology leadership roles at AIB including: Head of Customer Engagement Technology, AIB Digital and Group Head of IT Infrastructure & Operations.

PTSB Group Technology has responsibility for the development and implementation of the Bank's Technology strategy, the implementation of the Digital Transformation roadmap and the full portfolio of IT Change Delivery. This involves close collaboration across the Bank and especially with the Retail Banking and Group Operations teams to design and deliver on the Bank's Digital Transformation. The Division also has responsibility for the day-to-day critical technology operations, resilience and protection of technology enabled customer services.

PATRICK FARRELL
RETAIL SALES DIRECTOR

Patrick has over 25 years' experience across the banking industry. Patrick joined the Bank in December 2018 as Retail Banking Director. Patrick has previously held senior management roles in Strategy, Product and Proposition Development, Marketing, Private Banking and, Retail Sales and Service Distribution.

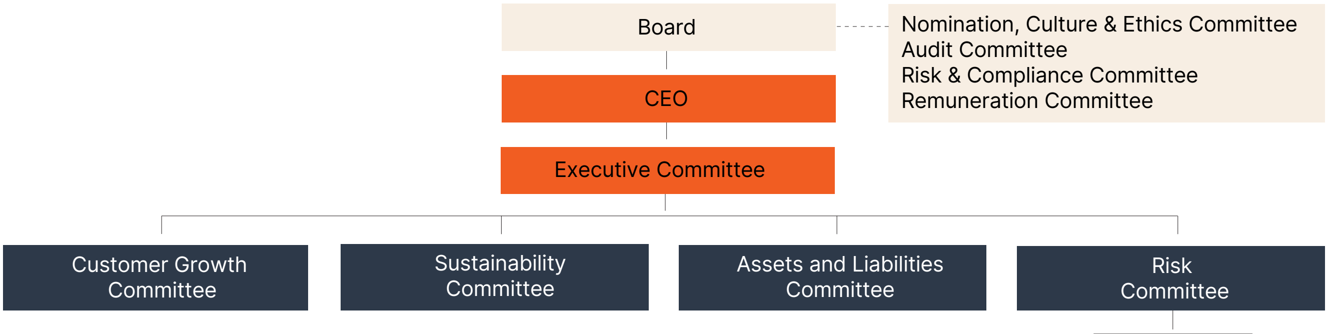
The Retail Banking Division is responsible for all sales and service channels and the Bank's product management strategy. The Function has multi-channel oversight across sales and service with a focus on improving customer experience, meeting customer needs and wants, enabling income growth and delivery. The division closely collaborates with the Corporate Development and HR Team on customer propositions and experience.

PETER VANCE
CHIEF OPERATING OFFICER

Peter joined the Bank as Chief Operating Officer (COO) in 2021 with 25 years' experience in Financial Services. As COO, Peter is responsible for Group Change & Transformation, Enterprise Service Delivery including Payments, Financial Crime, Collections & Recoveries as well as other key functions.

Prior to joining PTSB, Peter held senior positions as Head of Group Operations and Executive Head of Direct Sales & Service Channels in AIB. In this role, Peter was responsible for leading multiple activities in both Ireland and the UK including; Payments, Treasury services, Financial Crime, SME Lending and the Customer Service Centre.

Corporate Governance Statement
Governance Structure, Roles and Responsibilities



Board
The Board retains accountability for corporate governance within the Group at all times. The Board has reserved for itself a documented schedule of matters for its own approval. The Board delegates executive responsibility to the CEO for the Group's operations, compliance and performance. The CEO is the principal executive accountable to the Board for the day to day management of the Group. The CEO has established the Executive Committee whose terms of reference are approved by the Board.

Without prejudice to the powers delegated to it, the Board, directly or through its Committees, has exclusive powers regarding a number of matters including acting on behalf of the shareholders to oversee the day-to-day affairs of the business, ensuring the Group's sustainability by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders, customers, colleagues and other key stakeholders. In addition to business and financial issues, the Board will determine the business strategies and plans that underpin the corporate strategy, whilst ensuring that the Group's organisational structure and capability are appropriate for implementing the chosen strategies. The Board must deal with challenges and issues relating to corporate governance, sustainability and corporate ethics.

Board
- Sets and oversees performance against strategy.
- Ensures business activity aligns with the Company's stated Purpose, Ambition, Values and Culture.
- Set and oversees all risk, financial, compliance and performance standards.
- Demonstrates leadership (sets the tone from the top)

In line with its legal and regulatory obligations, the Board has established Audit, Risk, Remuneration and Nomination committees as described below. Being composed of the same members and in managing a common agenda, Board Committee meetings of the Company and PTSB run concurrently.

Nomination, Culture and Ethics Committee
Julie O'Neill (C)
Marian Corcoran
Celine Fitzgerald
Ronan O'Neill
Paul Doddrell

- Reviews structure, effectiveness and composition of the Board.
- Reviews all new Director and senior management appointments.
- Oversees succession planning and performance for directors and senior management.
- Review/monitors the design, implementation and effectiveness of the Company's Purpose, Ambition and Values.
- Oversees the Company's Culture, Ethics, Diversity, Workforce Engagement, and Responsible Business Programmes.

Audit Committee
Ronan O'Neill (C)
Donal Courtney
Anne Bradley
Ruth Wandhöfer
Catherine Moroney

- Oversees internal financial controls.
- Reviews full year and half-year financial statements.
- Oversees all relevant matters pertaining to the external auditors.
- Monitors the output of internal audit findings.
- Monitors the effectiveness of the Internal Audit Function.
- Reviews discoveries of fraud and violations of laws and regulations as raised by the head of GIA.

Risk and Compliance Committee
Donal Courtney (C)
Marian Corcoran
Paul Doddrell
Anne Bradley
Rick Gildea
Catherine Moroney

- Oversees financial and non-financial risks.
- Monitors and makes recommendations to the Board on the Company's appetite for risk.
- Oversees credit, funding and liquidity policies.
- Reviews the Company's regulatory obligations and treatment of customers.
- Review and provide guidance to the Board on the Company's capital and liquidity position for use in strategic decision making.
- Oversight and guidance to the Board on Recovery and Resolution Planning.
- To assess the impact of Climate and Environmental Risk on the Group's overall Risk Profile.

Remuneration Committee
Celine Fitzgerald (C)
Julie O'Neill
Ruth Wandhöfer
Rick Gildea

- Oversees remuneration and reward strategies.
- Ensures remuneration strategy is aligned with the Company's appetite for risk.
- Oversees senior management reward.
- Monitoring relevant external benchmarks for posts within the scope of Committee.

Catherine Moroney joined the Board Audit Committee and Board Risk Compliance Committee on her appointment on 12 December 2023.
Rick Gildea joined the Remuneration Committee and Board Risk and Compliance Committee on his appointment on 12 December 2023.
Ruth Wandhofer moved from Board Risk and Compliance Committee to Board Audit Committee on 31 December 2023.
Paul Doddrell moved from the Board Audit Committee to the Nomination, Culture and Ethics Committee on 31 December 2023.
Celine Fitzgerald assumed the Remuneration Committee Chair position on the 23 February 2024.

Executive Committee

The Executive Committee reports upward through the CEO to the Board, and where delegated, has the power to act on behalf of the Board. The Executive Committee advise the Board on matters ranging from business performance, strategy, planning, policy, people and culture, investment and risk. The Executive Committee is accountable for the operations, compliance and performance of the Group. It is responsible for delivery of all delegated governance commitments. The terms of reference of the Executive Committee are approved by the Board.

The Executive Committee has established a number of sub-committees made up of senior management with relevant expertise to address the delegated obligations of each sub-committee. The duties of these sub-committees are based on providing organisational direction on behalf of the Executive Committee. Each Executive Committee member provides relevant leadership to the sub-committees, making sure objectives are met. The relevant Executive Committee member ensures the Executive Committee is updated on all material matters considered by the sub-committees. The Group Risk Committee has responsibility for oversight of bank-wide risk management and internal control issues and all members of the Executive Committee are members of the Group Risk Committee.

Executive Committee

- Developing and implementing (as approved by the Board) the Group's Strategy, Strategic Direction and Operating Model
- Allocating, and re-allocating, the Group's resources (financial and people) to ensure that commitments are executed and delivered
- Accountable for the Group's operations, compliance and performance
- Oversees day-to-day management of the Group
- Forum for Group-wide functional issues

Risk Committee

- Oversight of Group wide Risk Management and internal control Issues
- Developing the structure and content of the Group's Risk Management Architecture
- Maintains, monitors and enforces adherence to risk policies and frameworks
- Recommends changes to risk appetite and internal capital and liquidity levels
- Measure and monitor the total risk position of the Group and to maintain a Risk Register of top risks facing the Group, together with an assessment of the probability and severity of those risks

Assets and Liabilities Committee

- Manages assets and liabilities, treasury investments, capital management and asset allocation
- Manages risks, hedging and ALM systems
- Refresh and recommend to Risk and Compliance Committee for approval a number of Treasury and Liquidity related Policies
- Reviews the ongoing capital adequacy for the Group
- Reviews the output from internal capital stress testing programmes
- Oversees the Capital Risk related activities and supporting Policies

Credit Committee

- Recommends relevant Portfolio Credit Risk elements of the Group's RAS for approval by the Board
- Monitors adherence to the Group's Credit Policy and Framework
- Monitors the portfolio Credit risks to which the Group is exposed
- Escalation point for customer lending decisions
- Maintains and assesses the portfolio Credit Risk profile against set limits and approves (within governance) remediation plans to restore Risk Appetite where required
- Reports any breaches of approved limits in accordance with agreed protocol

Operational Risk Management Committee

- Monitors the Operational and IT risks to which the Company is exposed
- Oversees risk mitigation, performance and prioritisation related to the management and control of risk
- Reviews and discusses the outputs and results of control testing
- Creates awareness of commonly experienced operational & IT risk matters, to share learnings and enhance the control environment across the Company
- Review and monitor KRIs and the operational and IT Risk Appetite Statement
- Review emerging risks and other relevant operational and IT risk metrics

Customer Committee

- Prioritise opportunities, resources and capabilities to deliver sustainable commercial growth
- Oversight of significant business propositions and strategies that have a material customer impact
- Approval body for product governance arrangements
- Review body for all high impact customer events, issues and complaints
- Monitor and report on customer performance indicators aligned to the Group's strategic pillars
- Monitor and report on conduct risk indicators against the Board approved risk appetite and conduct risk principles
- Serve as the central oversight body for all significant customer matters ensuring fair treatment of customers

Sustainability Committee

- Oversight of development and implementation of the Group's Sustainability Strategy and related KPIs
- Monitor and report progress against Sustainability objectives
- Oversees the Sustainability related activities and provide support and guidance into sustainability activities across the Group

Resilience Committee

- Monitor and report on Operational Resilience, Digital Operational Resilience and Third Party resilience activities and risk profile
- Oversees the development and implementation of the Bank's Resilience strategy and Digital Operational Resilience Strategy and related activities
- Oversight of Group third party and outsourcing relationships, including performance, issues management and risks

“The Board has overall governance responsibility for the operations of the Group”

Board Role and Responsibilities

The Board as a whole is collectively responsible for the leadership, strategic direction and policy, operational performance, financial matters, risk management and compliance of the Bank. The Board exercises leadership, integrity and judgement in directing the Bank, based on transparency, accountability and responsibility. The Board is also the focal point for the implementation of best practice corporate governance within the Bank. All Directors must take decisions objectively in the interests of the Bank. The key responsibilities of the Board as a whole are to:

Key Responsibilities of the Board	
Customers	Ensure the Bank’s culture, systems and practices build trust and promotes the fair and transparent treatment of customers, both existing and new.
	Deliver a positive customer-focused culture that is both embedded through adherence to the Bank’s purpose, ambition and values and can be effectively demonstrated through regular updates from Management.
Culture and Diversity	Setting the Bank’s purpose, ambition and values, and monitoring culture and alignment to the Bank’s purpose and values.
	Embedding the Bank’s Organisational Culture and Diversity, Equity and Inclusion Programmes.
Strategy	Question, challenge, assist in the development of, and approve the strategic and operating plans proposed for the Bank by Management. Ensure that an appropriate level of balance exists between its strategic contribution and that of its monitoring and policing activity.
	Identifying the ESG factors considered material to the business and ensuring they are monitored and managed as part of the Bank’s strategic formulation.
Stakeholders	Ensuring regular engagement and effective communication with stakeholders in order to understand their views on governance and performance against strategy.
Shareholders	Ensuring directors develop a clear understanding on the views of shareholders.
Risk Appetite and Risk Management	Define the strategy for the ongoing management of material risks and ensure that the Board is sufficiently briefed on major risk factors (both current and emerging) by ensuring there is a robust and effective internal control framework that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.
	Provide leadership for the Bank within a framework of prudent, ethical and effective controls which enable risk and compliance to be assessed and managed.
Capital Structure	Set and oversee the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Bank.
	Be accountable, particularly to those who provide the Bank’s capital.
People and Reward Strategy	Ensure that there is a remuneration framework that is in line with the risk strategies of the Bank.
	Ensure that there is a robust and transparent organisational structure with effective communication and reporting channels.
	Ensure that Management create and develop a performance culture that drives sustainable value creation and not expose the Bank to excessive risk of value destruction.
	Ensure that workforce policies and practices are consistent with the Company’s values and support its long-term sustainable success and that the workforce is able to raise any matters of concern.
Oversight	Make well informed and high quality decisions based on a clear line of sight into the business.
	Ensure that the Bank has a robust finance function responsible for accounting and financial data.
Governance Arrangements	Review regularly the appropriateness of its own governance arrangements and conduct internal as well as external evaluation of the Board’s effectiveness.
	Review corporate governance matters such as Group Frameworks, terms of reference and succession plans.

Directors must act in a way they consider, in good faith, would promote the success of the Bank for the benefit of shareholders as a whole and, in doing so, have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster the Bank's business relationships with customers, suppliers and others; interests of the Bank's employees; impact of the Bank's operations on the community, environment and tax payer; and desirability of the Bank maintaining a reputation for high standards of business conduct.

Board Decisions

There is an effective Board to lead and control the Bank with members who have diverse expertise in various aspects of the Bank's business. The Board has reserved to itself for decision, a formal schedule of matters pertaining to the Bank and its future direction, such as the Bank's commercial strategy, major acquisitions and disposals, Board membership, the appointment and removal of senior executives, executive remuneration, trading and capital budgets, risk management and compliance frameworks. This schedule is updated on a regular basis and at least annually. On an annual basis, the Board approves a Risk Appetite Statement (RAS) together with its strategic, operating and financial plans. The RAS is a description of the level and types of risk the Bank is willing to accept or to avoid, in order to achieve its business objectives.

The Board delegates day-to-day management of the Bank to the CEO. The Board relies on the Risk Appetite and the delivery of strategic, operating and financial plans to be implemented by the CEO, the Bank's Executive Management Committee and their Management sub-committees. All strategic decisions are referred to the Board. Documented rules on management authority levels and on matters to be notified to the Board are in place, supported by an organisational structure with clearly defined authority levels and reporting responsibilities.

Board Focus Areas and Priorities

As in previous years, the Board adopted a set of objectives closely aligned to the Bank's purpose, ambition and strategic objectives. A key focus for the Board during 2023 was providing enhanced oversight on the execution of the remaining elements (circa. €1.5bn of a mortgage book and an Asset Finance business, and new colleagues) of the transaction announced at the end of 2021 to acquire certain elements of the Ulster Bank Retail and SME franchise. The Board ensured that the Bank's human and financial resource allocation was being prioritised to ensure safe execution of the transaction with Ulster Bank while also maintaining secure and resilient systems to support customers. This included providing oversight on the execution of the Bank's digital banking programme which is transforming front end and back end systems to support customers and colleagues, improve the Bank's competitiveness and deliver value to shareholders. The Board focused on maturing the Bank's SME Strategy to complement the acquisition of the Lombard and Ulster asset finance business which will be supported through digital enablement and personal customer service. The Board continued to focus on the execution the Bank's sustainability strategy and preparing for new ESG disclosure requirements.

In 2023 following the completion of the acquisition of substantial parts of the business of Ulster Bank, the Group launched its new brand repositioning and business strategy to better reflect the enhanced position of the Bank in the Irish market. In repositioning the Bank for the future, the Bank was rebranded from Permanent TSB to PTSB. The new brand promise, 'Altogether More Human', underpins the Group's brand position and delivery of a better banking experience for customers. Aligned to the new brand and business strategy, the Board evolved the Bank's Purpose 'Working together to build trust with our customer and communities', and its Ambition 'To become Ireland's best personal and business Bank through exceptional customer experiences'.

As set out in the Chairperson's introduction to governance on page 118, following the completion of the Ulster Bank business asset acquisition, the Board led a thorough review of the Bank's governance, strategy and operations in recognition of PTSB's increased importance in the Irish retail banking landscape and the associated regulatory, shareholder, economic and societal expectations on it. A comprehensive forward-looking plan was developed and approved by the Board. The plan is constructed to drive organisational improvement across the Bank through 10 interrelated themes, with 30 actions to be delivered over an 18 month period. The Board believes execution of the Plan will deliver a more sustainable business, with strengthened core capabilities and enablers to support success and meet stakeholder expectations.

A key focus in 2024 will be the execution of the aforementioned Board plan. Through these and other actions, the Board aims to deliver a sustainable business model strongly underpinned by its financial, technology, human resources capabilities and effective risk management. The Board will also ensure it has considered the strategic assumptions it is reliant upon and the risks to and from the strategy, to enable it to build resilience against future shocks. Furthermore, the Board is ensuring the Bank is taking a longer-term view on its investments in people and technology, seeking to anticipate future change, both expected (e.g., technological, climate) and unexpected (e.g., through building resilience and improving agility).

"The Board is responsible for setting, approving and overseeing the implementation of the overall business strategy taking into account the Bank's long-term financial interests and sustainability"

Strategy Development
The Board has responsibility for developing the Bank's purpose, ambition, values and strategy, ensuring these are the drivers of the Bank's evolving culture.

The Bank's strategy is reviewed and refreshed annually. In December 2023, the Board approved a refreshed Strategic Direction for the Bank. Throughout 2023, this Strategic Direction was developed and refined with significant input from the Board. This includes a refreshed Purpose, Ambition and Brand Promise for the Bank, as well as a clearly defined 10-year direction of travel to deliver on its Ambition. The Bank's four approved strategic priorities (Connected Customer Experience; Sustainable Business Growth; Secure and Resilient Foundations; and, Cultural evolution) remain the primary communication mechanism for the Bank's Strategy, both internally and externally. When aligned to the Bank's Purpose and Ambition, the strategic priorities will frame and drive delivery of the Bank's strategy in the medium-term.

The annual strategy refresh is undertaken as part of the Bank's Strategic Planning Process, which links Strategic, Financial, Resource and Change Delivery plans to the Bank's Risk Appetite Statement, ICAAP, ILAAP, Recovery Plan and Resolution Plan.

The role of the Non-Executive Directors is to help Management: develop, constructively challenge and critically review proposals on strategy; oversee and monitor strategy implementation; and, address any weaknesses identified regarding its implementation. While there is a formalised strategy development and approval process as set out below, there is also regular and ongoing discussion and challenge of strategy development and execution at Board meetings. The effectiveness of the strategy development process is a key element of the annual Board review where feedback is sought on the process' effectiveness during the year in review.

3 Stage Annual Strategy Development Process
Strategy Session 1 (October 2023)
This is a standalone strategy meeting which addresses key strategic themes in the external market and internal environment in which the Bank operates. The session is structured around presentations from management and external partners. For example, in 2023, the meeting included interactive presentations on: the regulatory environment in which the Bank is operating; shareholders' views on PTSB; and, domestic macro-economics and the evolving global financial context. The first strategy session outlines the point of departure for the Bank, as well as key risks and challenges facing the Bank over the planning period. The Board discusses and debates the key areas of strategic focus for the Bank over the coming years and discusses the relevant priorities of the Bank, reflecting on the alternative viewpoints provided from external partners during the session. This is a key opportunity for Non-Executive Directors to provide feedback and input to the Bank's Strategic Plan before the first advanced draft is presented to Board at Strategy Session 2 (alongside the related draft Financial and Change Delivery plans).

Strategy Session 2 (Late November 2023)
At the second Board Strategy meeting, advanced drafts of the Bank's Strategic Plan (including Strategic Direction, Financial Plan and Change Delivery plan) are presented to the Board for further discussion, input and iteration. The Bank's Executive Management team sets out how Board feedback from Strategy Sessions 1 has been addressed and incorporated into each respective plan. This session provides an important governance checkpoint for the Board has to provide input and challenge to the plans in advance of formal approval of each respective plan by year end. This session also provides an opportunity for the Second Line of Defence to present their challenge and assessment of the proposed plans. Similarly to the first Strategy Session, this meeting includes deep-dives into key strategic programmes or themes.

Final Sign-Off (Mid-December 2023)
Following completion of the second strategy session, and through continued engagement with the Bank's Management Team, the final draft Strategic, Financial, Resource and Change Delivery plans are presented to Board for formal Approval. This takes place in mid-December as part of the agenda for the standing monthly Board meeting.

The Board is responsible for overseeing the implementation of the overall business strategy. On an ongoing basis throughout the year, the Board receives management updates on key strategic programmes of work as well as on agreed KPIs and reporting metrics.

Independence
The independence status of each Director on appointment is considered by the Board. In addition, the independence status of each Director is reviewed on an annual basis to ensure that the determination regarding independence remains appropriate. In determining independence, the Board will consider guidance on independence provided within the UK Code.

The Board has carried out its annual evaluation of the independence of each of its Non-Executive Directors, taking account of the relevant provisions of the UK Code, namely whether the Directors are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect the Directors' judgment.

With the exception of Marian Corcoran and Paul Doddrell, who were each nominated for appointment to the Board under the terms of a Relationship Framework with the Minister for Finance of Ireland, the Board is satisfied that each of the current Non-Executive Directors fulfil the independence requirements of the UK Code. The Chairperson meets the UK Code requirement to be independent on appointment.

Each of the Chairperson and all of the Non-Executive Directors bring independent challenge and judgement to the deliberations of the Board through their character, objectivity and integrity.

Board Size and Composition
The composition of the Board and its Committees is reviewed by the Nomination, Culture and Ethics Committee and the Board annually to ensure there is an appropriate mix of knowledge, experience and skills. This detailed assessment considers tenure, succession planning, Board diversity and assessment of the continued collective suitability of the Board. The Board has a target size of 12 Directors. In addition to having Directors with a broad range of knowledge, experience and skills, a principal consideration used to determine the size of the Board is the ability to resource all of the Board's Committees with at least four Non-Executive Directors and without need for over reliance on any one Director or small group of Directors.

Save where a Director is nominated for appointment by the Minister for Finance under the Relationship Framework, the Board requires that all Non-Executive Directors are Independent Non-Executive Directors. The Board believes there is an appropriate combination of Executive and Non-Executive Directors such there is sufficient independent challenge and oversight of management and that no individual or small group of individuals can dominate Board decision making.

At 31 December 2023, the Board comprised twelve Directors: the Chairperson, who was independent on appointment, the CEO, the CFO and ten Non-Executive Directors, eight of whom have been determined by the Board to be independent Non-Executive Directors. Changes to the Board during 2023 included the appointment of Ms Catherine Moroney and Mr Rick Gildea as Independent Non-Executive Directors on 12 December 2023. Biographies of each of the Directors are set out in the Board of Directors section on pages 123 to 128. The wide range of knowledge, experience and skills encapsulated in the biographies are harnessed to the maximum possible effect in the deliberations of the Board. Having Directors with diverse backgrounds in areas such as risk management, banking, change management, digital/IT, strategy, finance, culture evolution, change management and auditing provides both subject matter expertise and facilitates a broad spectrum of review and challenge at Board meetings, particularly when addressing major issues affecting the Bank.

Decisions on Board membership are taken by the Board or by shareholders with recommendations coming from the Nomination, Culture and Ethics Committee.

Term of Office

The term of office of Non-Executive Directors is three years, (with an option for a further three years) and is subject to satisfactory performance that is reviewed annually. In accordance with the UK Code, all Directors are required to seek re-appointment by election at the AGM. Non-Executive Directors will automatically retire from the Board after six years. It is always at the discretion of the Board to invite a Non-Executive Director to continue for a further 3 year period and any term beyond this will only be exercised in exceptional circumstances.

The Chair is proposed for re-appointment by the Directors on an annual basis. The term of office of the Chair is six years. Julie O'Neill who joined the Board on 17 January 2023 succeeded Robert Elliott as Chair when he stepped down from the Board on the 31 March 2023. All members of the Board will stand for re-election at the 2024 AGM.

Executive Directors' service contracts are reviewed by the Remuneration Committee and approved by the Board. Existing Executive Directors' contracts provide for a rolling 6 month notice period for all Executive Director Board appointments from 2020. Holders of Executive office in the Company will vacate the office of Director on ceasing to hold Executive office. Directors who hold any directorship in a subsidiary of the Company will vacate said directorship on ceasing to be a Director of the Company and no Director will receive compensation for loss of office as a Director of a subsidiary of the Company.

2023 Board Performance Evaluation

The Board seeks to improve its performance and the effectiveness of its activities on an ongoing basis. Board and committee assessments are a critical part of driving continuous improvement in Board performance. A well-executed assessment can help the Board provide real insights into how it operates and how directors work with one another.

The Board has a formal and rigorous performance evaluation process to assess the effectiveness of the Board, its Committees, the Chairperson and individual Directors. The performance evaluation is conducted internally on an annual basis, and externally facilitated every three years. An externally facilitated evaluation of performance last took place in 2021 and will take place again in 2024; the 2023 approach was internally coordinated by the Office of the Company Secretary under instruction and guidance from the Chairperson.

The evaluation of the Board and its Committees considers the balance of skills, experience, independence and knowledge of the Board, its diversity, including gender balance, how the Board works together as a unit, and other factors relevant to its effectiveness. In addition, the evaluation ensures that Board committees have the requisite expertise to properly discharge their duties.

A revised approach to the 2023 internal evaluation was discussed and agreed by the Chairperson, some of the changes for 2023 included the following:

- New Board and Board Committee questionnaires with questions focused on key areas of Board effectiveness including Board Composition; Succession; Training; Induction; Engagement with Management; Meetings; Board Information; Board Oversight; Strategy; Culture; and Risks. The development of questions was based on peer reviews, desktop industry research, regulatory notices/ speeches and feedback from the Board and Committee Chairpersons.
- Each Board Committee discussed the findings of their individual Committee questionnaire in January 2024; the outputs of these discussions were included in the Board Evaluation Report presented to the Nominations, Culture and Ethics Committee and the Board in February 2024.
- The Chairperson reviewed the survey results and discussed with each Director their own responses as part of their regular engagement and as part of Directors annual performance review. Feedback from these meeting's also informed the final version of the Board training plan for 2024.

Year 1 – External
Externally facilitated Board evaluation

→

Year 2 – Internal
Internal Board Performance evaluation facilitated by Governance & Secretariat Team facilitated Board

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Year 3 – Internal
Internal Board Performance evaluation facilitated by Governance & Secretariat Team Board

2023 Board Performance Process

Stage 1. Agree the approach with the Chairperson.	• Review the existing board evaluation process (qualitative and quantitative) and propose amendments to the Chairperson. • After discussion and agreement by the Chairperson to the final process, engage with individuals and teams to set out the evaluation process.
Stage 2. Gather information and insights from questionnaires and interviews.	• Issue a self-assessment governance questionnaire to the Board/Board Committees and a more focussed questionnaire to ExCo (on ExCo perception of Board Governance). • Arrange 1 to 1 performance meetings in between the Chairperson and Non-Executive Directors. These meetings also assessed the training requirements for individual directors and collectively for the Board. • The Senior Independent Director (SID) engaged with Directors to seek feedback on the Chairperson's Performance. • The Chairperson completed the annual performance evaluation of the CEO and reported on same to Nomination, Culture and Ethics Committee.
Stage 3. Individual Board Committees reviewed the results of their Committee questionnaire.	• During January 2024, each Board Committee held a meeting and discussed the results of the individual committee assessments. Feedback and actions from these meetings informed the overall Board Evaluation and actions to improve Board and Board Committee effectiveness.
Stage 4. At the February 2024 Nomination, Culture and Ethics Committee and Board meetings, outputs from all the internal assessments were considered.	• Considered feedback from the Board, Board Committee and ExCo Questionnaires. • Considered a suite of governance obligations including but not limited to Director Independence; a Board and Committee tenure report; an attendance schedule for 2023 Board and Board Committee meetings; an assessment of external directorships and time commitments; a review of conflicts of interest and, certification of director fitness and probity requirments. • Considered the Performance evaluation of the Chairperson, Non-Executive Directors, Executive Directors and CEO. • Reviewed and closed the 2022 Board Action Plan. • Reviewed and recommend approval of 2023 evaluation findings to Board and to subsequently approve an action plan to address the findings.

Outcomes and Actions of 2023 Board Performance Evaluation

During a meeting held on 20 February 2024, the Nomination Culture and Ethics Committee received a report from the Company Secretary on the performance evaluation of the Board for 2023. The Committee was satisfied the Chairperson, the Non-Executive Directors, and the Executive Directors contributed effectively to Board debate and discussion and demonstrated a knowledge and understanding of the business, its risks and material activities. The performance of the Chairperson was evaluated by the Senior Independent Director based on feedback gathered as part of the Board questionnaire and individual feedback from non-Executive and Executive Directors. The review confirmed that Ms Julie O'Neil had made a strong start to her role as Chairperson of PTSB, leveraging her previous experience with the Bank, developing effective internal and external stakeholder relationships, and evolving the operating rhythm of the Board. The feedback noted Ms O'Neill as an effective Chairperson with a measured approach guiding the Board into a new phase post the acquisition of parts of the Ulster Bank of Ireland's business. The Board confirmed its continued support for Julie O'Neill in the role of Chairperson and her proposed re-election at the 2024 Annual General Meeting (AGM).

Areas discussed by the Committee included Board composition, Board succession planning, Board induction, Board oversight of the business and its risks, culture, Board meetings and information flows to the Board. The Board noted the improvements that had been made in these areas over the previous 12 months. The Committee carried out a detailed assessment of individual and collective Board strength taking into account the longer term strategic direction of the Bank and its evolving risk profile. Arising from this, the committee considered and made a number of recommendations concerning Board training/development and the future knowledge, experience and skills requirements of the Board.

As set out in the Chairperson's introduction to governance on page 118, following the completion of the Ulster Bank business asset acquisition, the Board led a thorough review of the Bank's governance, strategy and operations and this included reflection upon the Board's own governance arrangements. The Board believes there is further room to improve the effectiveness of its own operations and will continue to monitor and assess its own performance in that regard. Key focus areas in 2024 will include.

2024 Board Performance Themes and Focus Areas

Theme	2024 Actions and Outcomes
Risk	Continue to prioritise oversight on the effectiveness of the Bank's risk management framework with focus on ensuring the effective utilisation of the three lines of defence model. The Board recognise that mind-set and behaviour is a critical ingredient to driving an effective risk management and internal control environment and has requested Board Risk and Compliance Committee support to ensure it is setting the right tone on risk culture expectations for the Bank.
Culture	Enhanced focus on developing, maintaining and monitoring the desired culture of the Bank now that it has become a larger organisation through the Ulster Bank transaction.
Strategy	Ensuring strategy execution is a core focus on the Board agenda with simple and clear KPIs (business performance and capability) to support Board oversight and challenge. Ensuring the Bank's Strategic Planning process continues to evolve and that it is fully resourced to do so.
Board Reporting	The Board should continue to encourage the timely delivery of management reporting to the Board with a focus on ensuring the right level of strategic insight is provided to support effective decision making.
Sustainability	Ensuring that the Bank's Sustainability agenda is getting the right level of management and Board oversight and the Bank continues to moving at pace to fully integrate sustainability within its strategy planning process.
Succession Planning	Ensuring the future knowledge, experience and skills for both Board and the Executive Committee (aligned to strategic direction and risk profile) are understood and there are effective succession plans in place.
Board Operating Rhythm	Meetings of the Board and its committees are optimised to ensure both Board and Management time is used effectively.

Director Induction and On-Going Business Awareness

On appointment to the Board or to any Board Committee, all Directors receive a comprehensive induction training schedule tailored to their individual requirements. The induction, which is designed and arranged by the Company Secretary in consultation with the Chairperson (and approved by the Board Nomination, Culture and Ethics Committee), will include meetings with Directors, Senior Management and key external advisors, to assist Directors in building a detailed understanding of the Group's operations, management and governance structures, including the functioning of the Board and the role of Board Committees and key issues facing the Group. Directors will also be encouraged, where appropriate, to make site visits to see the Group's operations first hand. Where appropriate, additional business awareness briefing sessions and updates on particular issues identified in consultation with the Chairperson and Non-Executive Directors will be arranged by the Company Secretary. These will be held regularly to ensure that Non-Executive Directors have the knowledge and understanding of the business to enable them to contribute effectively at Board meetings. The business awareness and development needs of each Non-Executive Director will be reviewed annually as part of the performance evaluation process.

2023 Board Training and On-Going Business Awareness

Board Training Sessions
A number of Board training sessions were facilitated during 2023 to support on-going business awareness and Director development. Topics for Board training sessions are recommended by the Board Nomination, Culture and Ethics Committee and include a balance of technical, governance and professional development. Training delivered during 2023 included: Cyber Security; ESG Regulations and Disclosures; Carbon Emissions Deep Dive; Asset Finance Marketplace; Operational Resilience; Individual Accountability Framework including SEAR; and AML/CTF training.

Board Briefings
In addition to formal Board training sessions, a number of Board briefings were presented to the Board during 2023. The purpose of these briefings is to ensure Directors have the knowledge and understanding of the business to enable them to contribute effectively to meetings, by providing insight into impending changes which may impact on the Board's responsibilities, the Bank's progress in implementing such changes, or to present industry updates. Board briefings presented during 2023 included: macro-economic outlook; capital and liquidity planning; recovery planning simulation exercise; market abuse update; legal and regulatory developments; geopolitical developments; Department of Finance Retail Banking Review, Brand and Marketing deep dives; Investor/Shareholder perspectives; and, Technology developments.

Individual Director Development
An individual training plan is developed for each Director on appointment and reviewed annually by the Chairperson. The purpose of individual training plans is to support individual Director development. Each Director is required to undertake the Institute of Bankers Certified Bank Director programme. Directors are also offered the option of attending suitable external educational courses, events or conferences designed to provide an overview of current issues of relevance to their work on the Board. Led by the Chairperson, the Non-Executive Directors met without the Executive Directors present.

Board Meetings

The table on page 128 shows Board membership and directors' meeting attendance during 2023. There were 11 scheduled Board meetings for 2023 (including 2 strategy sessions). All scheduled Board meetings were held in-person. In addition to scheduled meetings, additional meetings of the Board, and some of its Committees (detailed in each Committee report) were held throughout the year to receive updates and deal with time-critical matters. There were 7 additional Board meetings held in 2023.

Agendas and papers are circulated to Directors electronically via a secure online Board portal in sufficient time to facilitate review by the Directors.

At each of the scheduled Board meetings the directors received reports from the Chairperson, Board Committee Chairpersons, the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer and other members of the executive management team, as appropriate. Other senior executives attended Board meetings throughout the year to present reports to the Board. This provided the Board with an opportunity to engage directly with management on key issues. The Board is particularly focussed on strategy, customer experience, commercial/financial performance and risk/compliance matters at each of its meetings. The minutes of Board committees are made available to all Directors through a designated reading room in the Board portal. The Board portal also contains an extensive document repository and is the primary method of communication with Directors.

The Board, Board Committees and the Bank's Executive Committee operating rhythm supports a proactive and focused agenda planning and paper preparation process. This process includes pre-meetings of the Board between the Chairperson, CEO and Company Secretary to ensure the Board and Executive Management are aligned on Board agendas.

Board Committees

The Board has established four permanent Committees to assist in the execution of its responsibilities. These Committees are:

- Audit
- Risk & Compliance
- Nomination, Culture & Ethics
- Remuneration

Other Committees are formed from time to time to deal with specific matters. During 2021, the Board established a committee of the Board to provide support on the corporate transaction to acquire certain elements of the Ulster Bank business in Ireland. This committee operated until September 2023 when it was closed post the migration of the final element of the Ulster Bank business. The committee operated within a Board approved terms of reference and consisted of the following members: Julie O'Neill (Chairperson), Eamonn Crowley, Marian Corcoran, Anne Bradley, Paul Doddrell, Ronan O'Neill and Donal Courtney; Robert Elliot ceased to be a member on 31 March 2023 when he retired from the Bank.

At the end of 2023, the Board Audit, Remuneration and Nomination Culture & Ethics committees were composed of Independent Non-Executive Directors and the Board Risk and Compliance Committee was composed of a majority of Independent Non-Executive Directors. The Membership and the Chairpersonship of each committee are reviewed annually.

Each of the Board Committees has a Terms of Reference, under which authority is delegated by the Board, and which are reviewed annually. The Terms of Reference of each Committee are available on the Bank's website https://www.permanenttsbgroup.ie/document-centre. The Board Committee Chairpersons are expected to attend the AGM and be available to answer questions from shareholders.

Corporate Governance Statement

Risk Management and Internal Control

Board responsibilities

The Board has overall responsibility for maintaining a system of risk management and internal control which provides reasonable assurance of effective and efficient operations, internal financial and operational control, and compliance with laws and regulations.

The Group's business involves the acceptance and management of a range of risks, consistent with its corporate purpose. The Group's system of risk management and internal control is designed to ensure the delegation of responsibility for risk oversight and management is appropriate to the nature and type of risk faced by the Group.

Provision 29 of the UK Code requires the Board to review annually the effectiveness of the Group's system of risk management and internal control. This requires a review to cover all material controls including financial, operational and compliance controls. Monitoring of risk management and internal control is an ongoing part of the governance process at Board Audit and Board Risk and Compliance Committee meetings. The Board Audit Committee reviews a control environment report on a regular basis which provides a holistic perspective of the control environment within the Group. The Board Audit Committee also receives reporting at each meeting from the Head of Group Internal Audit (GIA) on the effectiveness of the control environment through reporting on findings that arise from internal audit activity. On a bi-annual basis, the Board Audit Committee reviews the interim and final Audit Opinion prepared by the Head of GIA. The Audit Opinion considers the adequacy and effectiveness of the governance, risk and control environment within the Group and specifically how they relate to individual business areas, it also takes into account the strategies, objectives and risks of the organisation. The Board Audit Committee reviews the internal controls in place over financial reporting in order to provide reasonable assurance the half-year and full-year accounts materially presents a true and fair view of the Group's financial position and performance. The Board Risk and Compliance Committee receive updates at each meeting from the Bank's Chief Risk Officer and Head of Compliance concerning the Bank's operational and compliance controls.

The Chairs of the Board Audit Committee and Board Risk and Compliance Committee report on all material risk and control related matters to the Board at each scheduled meeting, as does the Chief Risk Officer who attends a material portion of each Board meeting.

The Board has a particular focus on ensuring that appropriate governance structures are in place to address issues raised through internal review and by feedback from stakeholders, including regulators. There was no significant failure of the Group's system of risk management and internal control during 2023 leading to a material financial loss.

Internal Control Procedures

The Group's internal control procedures are designed to safeguard the Group's net assets, support effective management of the Group's resources, and provide reliable and timely financial and operational reporting both internally, to Management and those charged with governance, and externally to other stakeholders. They include the following:

- An organisational structure with formally defined lines of responsibility and delegation of authority;
- As set out in the Risk Management Section a 'Three Lines of Defence' model has been adopted by the Group for the effective oversight and management of risks across the Group, with GIA being the Third Line of Defence;
- A corporate governance structure has been defined showing the key governance and decision making bodies of the Group; each governance body has a terms of references that sets out its key areas of responsibility;
- The preparation and issue of financial reports, including the consolidated Annual Report, is managed by the Group Finance department with oversight from the Board Audit Committee. The Group's financial reporting process is controlled using documented accounting policies and reporting formats issued by the Group Finance department to all reporting entities (including subsidiaries) within the Group in advance of each reporting period end. The Group Finance department supports all reporting entities in the preparation of financial information. Its quality is underpinned by arrangements for segregation of duties to facilitate independent checks on the integrity of financial data. The financial information for each entity is subject to review at reporting entity and Group level by Senior Management. In addition to reviewing and approving the full year Annual Report, the Interim and Annual Report are also reviewed by the Board Audit Committee in advance of being presented to the Board for their review and approval;
- Comprehensive budgeting systems are in place, with annual financial budgets and a five year medium term financial plan prepared and considered by the Board. Actual results are monitored and there is monthly consideration by the Board of progress against budgets and forecasts;
- There are clearly defined capital investment control guidelines and procedures set by the Board;
- Responsibilities for the management of credit, investment and treasury activities are delegated within limits to line management. In addition, Group and divisional Management have been given responsibility to set operational procedures and standards in the areas of finance, tax, legal and regulatory compliance, human resources and information technology systems and operations;
- GIA's responsibility for the independent assessment of the Group's corporate governance, risk management and internal control processes. The Head of GIA reports directly to the Chairperson of the BAC;
- The reviews by the Board Audit Committee on the scope, nature and independence of the work of undertaken by GIA;
- The reviews by the Board Audit Committee of progress with the internal audit programme of work. The Head of GIA reports regularly to the BAC in private session. The BAC also reviews the Interim and Annual Report and the nature and extent of the external audit. There are formal procedures in place for the external auditors to report findings and recommendations to the Audit Committee. Any significant findings or identified risks are examined so that appropriate action can be taken;
- Under the Group's Internal Control Framework, there are divisional control frameworks in place within each business unit under which Executive Management reviews and monitors, on an on-going basis, the controls in place,

both financial and non-financial, to manage the risks facing that business;

- The monitoring of regulatory compliance within the Group by the Head of Regulatory Compliance who reports to the CRO and who also provides regular updates to the Board Risk and Compliance Committee; and,
- Established systems and procedures to identify, control and report on key risks. Exposure to these risks is monitored at Board level by the Board Risk and Compliance Committee. As a standing item on both Board Risk and Compliance Committee and Board agendas, the CRO regularly reports on all material issues related to activity within the Group's risk and control environment. The CRO is a member of ExCo, Chairs the Group Risk Committee and has reporting lines to the CEO and Chairperson of Board Risk and Compliance Committee.

The Board Risk and Compliance Committee reviews the compliance and risk management programmes and monitors the risk profile of the Group. The Board Risk and Compliance Committee supports the Board in carrying out its responsibilities for ensuring that risks are properly identified, reported, assessed and controlled, and that the Group's strategy is consistent with the Group's Risk Appetite.

The Remuneration Committee is responsible for oversight of the Group's remuneration and reward strategies. It ensures the remuneration strategy is aligned with the Group's appetite for risk, business strategy, values, culture and ambitions, and oversees Senior Management reward.

The Nomination, Culture and Ethics Committee is responsible for the culture, behaviour, ethics and reputation management oversight in the Group.

The Board is committed to nurturing a Speak Freely culture where it is safe and acceptable for all to raise any concerns that they may have about practices, processes or behaviours that do not meet these standards or align with the Group's Ambition, Purpose and Values. The Group's Speak Freely Procedure protects colleagues who wish to raise a concern, or to make a protected disclosure, relating to an actual or potential wrongdoing in the workplace. Speak Freely focuses on encouraging colleagues to raise a concern via a number of different channels by creating a psychologically safe environment in which to do so. In addition, the Group also has in place a Colleague Conduct Policy, which outlines the standards of responsibility and ethical behaviour to be observed by all the Group's employees. The Board Nomination, Culture and Ethics Committee receives regulator reporting on key themes and issues reported through the Speak Freely process.

Internal Control over Financial Reporting

The Group operates a Financial Control Framework (a divisional framework of the Group's Internal Control Framework) over financial reporting to support the preparation of the consolidated financial statements. The effectiveness of the Group's systems of control over financial reporting are reported on to the Board Audit Committee on an annual basis. The main features are as follows:

- A comprehensive set of accounting policies are in place relating to the preparation of the interim and annual financial statements in line with IFRS, as adopted by the EU;
- A control process is followed as part of the interim and annual financial statements preparation, involving the appropriate level of Management review of the significant account line items, and where judgments and estimates are made, they are independently reviewed to ensure that they are reasonable and appropriate. This ensures that the consolidated financial information required for the interim and annual financial statements is presented fairly and disclosed appropriately;
- The Interim and Annual Report are subject to detailed review and approval through a process involving Senior and Executive finance personnel;
- Summary and detailed papers are prepared for review and approval by the BAC covering all significant judgmental and technical accounting issues together with any significant presentation and disclosure matters; and
- A GIA function with responsibility for providing independent, reasonable assurance to key internal committees and Senior Management, and to external stakeholders (regulators and external auditors), on the effectiveness of the Group's risk management and Internal Control Framework.

Corporate Governance Statement
Board Diversity Report

PTSB recognises the benefits of having a diverse Board and sees diversity at Board level as an important element in delivering on the Bank's stated Purpose and Ambition.

Diversity
A diverse and inclusive culture is essential to the long-term success of PTSB and enables the Group to respond to diverse customer and wider stakeholder needs. The Group embraces diversity at all levels of the organisation and appreciates the different perspectives and unique value each Board member and employee brings to the role and the value that creates for the business, colleagues, community and wider stakeholders. Further details on the Group's Organisational Culture, Diversity and Inclusion Programmes are set out on page 37

Board Diversity Policy
The Board has a Diversity Policy which is reviewed annually. The Board Diversity Policy sets the target for gender diversity and also sets guidance on the appropriate mix of financial versus non-financial knowledge and experience on the Board as well as the geographic location/ background of Directors. The Policy also describes how the Board will consider other key metrics when carrying out succession planning activities or Board recruitment/refreshment. The Board Diversity policy is published on the Group's website: https://www.permanenttsbgroup.ie/document-centre.

The Group recognises the benefits of having a diverse Board whose members reflect a wide range of knowledge, skills and experience with differences in educational and professional background, ethnicity, gender, age, cognitive and personal strengths, and other qualities, in order for the Board to be able to discharge its duties and responsibilities effectively, in addition to having a diverse senior leadership and executive management succession pipeline. The Group sees diversity at Board level as an important element in delivering on the Bank's stated Purpose and Ambition.

The Board also recognises how diversity of thought is necessary to provide the range of perspective, insight and challenge which enhances collective decision-making and reflects positive behaviour, conduct and culture of the Board and the wider Group. A diverse Board includes and makes good use of differences in the knowledge, experience and skills (in particular those identified as relevant to the business and culture of PTSB) as set out in the Board Suitability Matrix, including regional and industry experience, education and professional experience, together with other diversity aspects of Directors. These differences are considered in determining the optimum composition of the Board, and where possible, balanced appropriately.

In December 2023, the Board Diversity Policy was reviewed and updated setting the following target and guidance principles for 2024:

<table>
<tr><th>Area of Diversity</th><th>Rationale</th><th colspan="2">Guidance or Target</th></tr>
<tr><td>Knowledge Experience and Skills</td><td>The Board aims to engage a broad set of qualities and competencies when recruiting Board members to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board.</td><td colspan="2">Target:
A majority of Non-Executive Directors, the Board Chairperson together with the Chairpersons of the Audit and Risk and Compliance Committee should have core relevant banking and/or financial services knowledge and experience (obtained working for a financial institution or through the provision of services to a financial institution).</td></tr>
<tr><td>Board Suitability Matrix</td><td>The Board regularly reviews the knowledge, experience and skills of the Board to ensure they are aligned with the current, emerging and future needs of the Bank.

Note:
Knowledge examines achievement in education, training and practice.

Experience looks at the practical and professional experience gained.

Skills focus on personal attributes, how the person is capable of behaving and acting.</td><td>Knowledge and Experience:
• Retail Personal and/or Business Banking
• Culture and Ethics
• Sustainability
• Customer Advocacy/Experience
• Accounting/Auditing and Model Governance
• Risk Management
• Governance and Oversight
• Technology (including Cyber/ Resilience/Artificial Intelligence/ Digital Evolution/Fintech)
• Organisational Change
• Strategy Development/Execution
• Legal and Regulatory (Ireland and EU)
• Capital Markets/Treasury/Investor Relations
• ESG/Sustainability/Climate
• Data and Analytics
• Workforce capability and strategy</td><td>Skills:
• Authenticity
• Decisiveness
• Communication
• Judgement
• Customer and Quality Orientated
• Leadership
• Loyalty
• External Awareness
• Persuasive
• Teamwork
• Sense of Responsibility
• Integrity
• Independence of Mind
• Innovative
• Neurodiversity</td></tr>
</table>

Area of Diversity	Rationale	Guidance or Target
Gender	The Board understands that gender is an essential component of Board diversity facilitating a more independent mindset at Board bringing together richer more informed debate and challenge. Cognisant of its role model ambitions for the rest of the Bank, the Board ensures that gender diversity is extended to Senior Board positions within the Bank.	**Target 1:** The Board will be gender balanced (50% between Directors identifying as male or as female). Where the Board (or Board Committee) has an uneven number of Directors, a rounding down of the majority gender is deemed to have achieved balance. **Target 2:** At least one of the Chairperson, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) positions will be held by a female (including those self-identifying as a female).
Geographic Location	The Board should be comprised of directors who understand the social, economic, business and cultural environment in which the Group operates. However, the Board also understands the benefit of having an 'external' perspective, to draw learnings and insights from other jurisdictions and cultures to support independent and effective decision making.	**Target:** Between 20% - 30% of the Non-Executive Directors should be in a position to draw on current or recent knowledge and experience obtained from having lived or worked outside of Ireland.
Age and Ethnicity	The Board recognises that in addition to tenure of knowledge and experience, value should also be placed on the timing of when knowledge and experience is acquired. This is ever more relevant where rapidly evolving developments in technology, innovation and customer behaviour will play an ever greater role in delivering the Group's Ambition. The Board also recognises the importance that diversity on the Board brings particularly given the diverse age and ethnic profile of the Group's customer and colleague base.	**Guidance:** For each Director appointment, the Board will consider age, ethnicity and other demographics of the Group's customer and colleague base together with relevant Board composition benchmarking data to inform the design of any role profiles. In doing so, the Board will have regard to the requirements under the FCA Listing Rules and the Parker Review in respect of non-white ethnic minority representation on the Board. Consideration will also include latest Irish census data on non-white ethnic minorities.

The Board recognises the challenges in setting diversity targets that it may not be in a position to achieve in the medium term. Therefore, at this time, in the interests of ensuring the Board has the appropriate balance of knowledge, experience and skills to deliver the Group's stated purpose and ambition, and having regard to the latest benchmarking data on non-white ethnic minorities in Ireland being the geographical provenance of the Group's customer and colleague base, the Board has not set a target for having at least one member of the Board from a non-white ethnic minority background in its Diversity Policy. Notwithstanding this, when considering Board appointments, the Board will have regard to the requirements under the UK FCA Listing Rules and the Parker Review in respect of non-white ethnic minority representation on the Board. The Group is committed to having a diverse Board, to achieving the targets and guidance set out in its Diversity Policy and to ensuring an open and fair recruitment and selection process that reflects relevant metrics of diversity for each Director appointment in the best interests of the Group and its stakeholders.

Objective of Board Diversity Policy

The Board is mindful of its commitment to having a diverse Board and recognises the importance of age, ethnicity and other demographics of the Group's customer and colleague base which inform the design of the role profile for each Director appointment, in addition to gender, knowledge, experience and skills. All Board appointments are made on merit, in the context of the aggregate knowledge, experience and skills that the Board as a whole requires to be effective. The Nomination, Culture and Ethics Committee discuss and agree annually all measurable objectives for achieving diversity on the Board and recommends them to the Board for adoption. When setting diversity objectives, the Nomination, Culture and Ethics Committee considers relevant Board diversity benchmarking data published by competent authorities including the Central Bank of Ireland and the European Banking Authority, national census data and other relevant international bodies and organisations. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

How the Board Diversity Policy was implemented during 2023

All Board appointments are made on merit, in the context of the knowledge, experience and skills that the Board as a whole requires to be effective and having regard to the Diversity Policy. The balance and mix of appropriate knowledge, experience and skills of Non-Executive Directors are taken into account when considering a proposed appointment and is reviewed annually by the Board.

The Board Nomination Culture and Ethics Committee carries out an evaluation of Board performance annually. A part of that review considers the succession planning, composition and diversity needs of the Board. In November 2023, the Committee carried out a detailed analysis of Board and Committee composition, Board Independence levels, Board diversity analysis, review of the Board Suitability Matrix (desired mix of knowledge, experience and skills) and potential retirements over the following two year period. This comprehensive assessment allows the Board to plan for knowledge, experience, skills and other diversity needs of the enlarged Group for the future in line with its strategic priorities and evolving risk profile.

The behaviours likely to be demonstrated by potential Non-Executive Directors are also considered when interviewing for new appointments to ensure an environment in which a range of perspective, insight and challenge which enhances collective decision-making and reflects positive conduct and culture of the Board is expected, achieved and maintained in the Boardroom. In reviewing Board composition, the Nomination, Culture and Ethics Committee considers the benefits of diversity, including gender, and looks to ensure there is appropriate representation from other industry sectors. In addition to core financial services knowledge and experience, the Board also can draw from expertise in technology, change and risk management, customer advocacy, aviation, healthcare, ESG/sustainability and climate risk, capital markets, workforce planning and remuneration, communications and charities sector strategy development and governance.

The Board considers the skills, experience and expertise, including education and professional background, in areas relevant to the operation of the Board. All candidates for appointment need to demonstrate the financial literacy required for a proper understanding of the Group's activities and associated risks. The Nomination, Culture and Ethics Committee seeks to ensure a proportion of the Board has a deep understanding of financial products and has established guidelines to ensure Board candidates are selected on merit, based on their skills, competencies, qualifications and ability to commit sufficient time to the role, and in line with the Board Diversity Policy.

2023 Board Diversity Progress

At 31 December 2023 the Board female/ male stood at 58:42 (60:40 for Non-Executive Directors) against a gender diversity target of 50:50.This exceeds the new UK FCA Listing Rules target to have at least 40% female representation on the Board.

The Board has also met and exceeded its diversity target of having at least one senior board position held by a female with both the Chairperson and Chief Financial Officer positions held by females during the year, exceeding the UK FCA Listing Rules and is also in line with the role model ambitions of the Board in increasing diversity and inclusion across the rest of the Group.

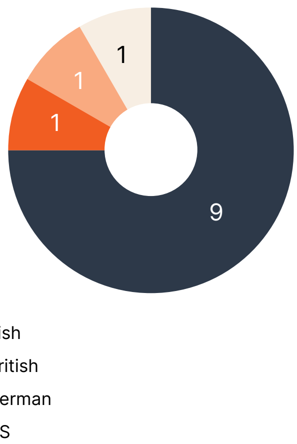
The Board broadly achieved gender balance with regard to its Committee composition and has regard to wider diversity aspects among the members of the Board Committees.

The Board continues to review and monitor progress on diversity of the Executive Committee the senior leadership team and throughout the wider Group as part of its commitment to improve gender diversity and other wider diversity aspects of the workforce.

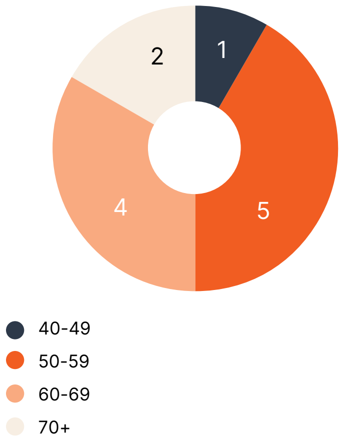
The Board has not set a target for having at least one member of the Board from a non-white ethnic minority background in its Diversity Policy as now required under the UK FCA Listing Rules as the Board recognises the challenges in setting diversity targets that it may not be in a position to achieve in the medium term.

The Board exceeded its objective of requiring a majority of Non-Executive Directors, the Board Chairperson together with the Chairpersons of the Audit and Risk and Compliance Committees to have relevant banking and/or financial experience and is satisfied that all Directors have attained the required financial literacy threshold. The Board diversity ratio of Non-Executive Directors with experience gained from living or working outside of Ireland to bring an external perspective and insights from other jurisdictions and cultures stood at 30% in line with its target range of between 20-30%. The other diversity aspects including age, nationality and independence are displayed in line with the guidance for Board appointments as set out in the Board Diversity Policy.

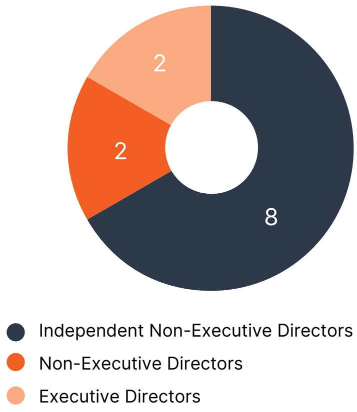
Nationality



Age Profile



Independence



2023 Board Diversity Measures

This section outlines the key diversity and inclusion metrics for Board and Executive Management at 31 December 2023, being the chosen reference date within the accounting period as required by the Listing Rules LR9.8.6 (9)-(11). This section also includes detail of tenure, age, skills and experience. All information on the Board and Executive management gender identity and ethnic background was manually gathered

Gender Identity

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	5	42%	2	8	80%
Women	7	58%	2	2	20%
Other categories	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Note: Executive Directors are counted in both Board and Executive Management disclosures. Company Secretary included in Executive Management disclosure.

Ethnic Background

	Number of board members	% of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British/Irish or other White (including minority-white groups)	12	100%	4	10	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British/Irish	-	-	-	-	-
Black/African/Caribbean/Black British/Irish	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/ prefer not to say	-	-	-	-	-

Note: Executive Directors are counted in both Board and Executive Management disclosures. Company Secretary included in Executive Management disclosure.

2024 Board Diversity Priorities

Area of Diversity	Board Objective	2024Board Action
Gender	The Board remains committed to maintaining gender diversity on the Board.	• Board Gender Diversity Target maintained at least 50% female; and, • Encourage initiatives that promote broader inclusive gender diversity across the Group, in line with the Organisational Culture, Diversity and Inclusion Programmes.
Alignment to customer and colleague base	The Board acknowledges the Group has a diverse customer and colleague base and should take account of same in considering the diversity requirements of the Board.	• The Board Diversity Policy recognises the importance of ensuring the Board has a clear line of sight on the diverse makeup of the Group's colleague and customer base when considering appointments to the Board; • Customer diversity metrics such as age, ethnicity and gender will influence how the Board thinks about its own construct; and, • Receive reports on actions taken by the Bank to foster a more inclusive, equitable and diverse organisation including colleague surveys and customer experiences.
Board Diversity Policy	The Board recognises there are many aspects of diversity such as age, social and ethnic backgrounds, gender, cognitive and personal strength, skills and experience, and the importance of ensuring wider diversity is considered for Board appointments.	• Consider the aspects of diversity relevant to the operation of the Group, such as gender, age, cognitive, social/ethnic background, personal strengths, education and professional background; • Ongoing review of the Board Diversity Policy to ensure all relevant aspects of diversity are included in the Policy; • Ongoing review the Board Suitability Matrix to ensure that the diverse range of knowledge, skills and experience required by the Group is represented at Board level; and • Encourage initiatives that promote broader inclusive gender diversity at Board level, in addition to ensuring a diverse senior leadership and executive management succession pipeline.
Board Recruitment and Selection and Suitability	The Board remains committed to having a diverse range of knowledge, experience and skills, including education and professional background, in areas relevant to the operation of the Board, while ensuring that the recruitment and selection process for members of the Board is an open and fair process.	• Maintain a majority of Non-Executive Directors, including the Board Chairperson, together with the Chairpersons of the Audit and Risk Committees, to have banking and/or financial experience and this will also be taken into account when recommending appointments; • Between 20% - 30% of the Non-Executive Directors should be in a position to draw on current or recent knowledge and experience obtained from having lived or worked outside of Ireland given the Bank's strategic priorities and evolving risk profile; • Retain the requirement that all candidates for appointment need to demonstrate the financial literacy required for a proper understanding of the Group's activities and associated risks; • Ensure that a proportion of the Board has a deep understanding of financial products; • Review Board recruitment and selection procedures, to ensure Board candidates are selected on merit, based on their knowledge, experience and skills, and have the ability to commit sufficient time to the role, with due regard to relevant aspects of diversity; and • Undertake an assessment of individual and collective suitability, taking into account relevant aspects of diversity to determine the continued individual and collective suitability of members of the Board.
Board Succession Planning	The Board is responsible for overseeing succession plans for the Board and Senior Executives.	• Review Succession Plans of the Board and Senior Executives ensuring they are sufficiently robust; that talent management and development plans are in place with live talent maps to ensure a diverse pipeline of successors at senior leadership team level; • Ensure the Group pipeline of successors takes account of the Group's diversity measures and ambitions; and, • Ensure Board succession planning reflects the requisite time for the selection, recruitment and appointment process.

The Audit Committee ensures that the financial and internal control policies, practices and decisions of the Group are carried out appropriately, and are properly aligned to strategy and the interests of its Shareholders.

Dear Reader,

I am pleased to present my report as Chairperson of the Board Audit Committee (the "Committee" or "BAC"). The Committee, as defined in its Terms of Reference primarily ensures the proper implementation of the Group's financial and internal control policies, practices and decisions. It aims to align these with Group strategies and shareholder interests, while operating within applicable regulatory and legal requirements.

2023 was a key year for the Group in the context of the completion of the Ulster Bank transaction, migration of the Lombard asset finance business and launch of 'PTSB Asset Finance'. In this context it was important for the Committee to ensure the control environment within the acquired businesses, particularly controls that supported financial reporting were robustly challenged for the purposes of ensuring this Annual Report represented a true and fair view of the Group's financial position and performance.

At the Group's AGM in May 2023, KPMG were appointed as External Auditor's following a competitive tendering process in 2022. Both I as Chair and the Audit Committee have worked closely with KPMG through the preparation of the financial statements to understand the issues being raised through the audit process and ensuring the audit process and external auditors were effective in that regard. I have been very pleased with the level of detailed work and challenge carried out by the external auditors who, in their first audit, have the opportunity to examine the Bank's control environment with fresh perspective.

A key area of focus for the Committee during 2023 was to fully integrate preparations for a series of sustainability related reporting obligations that would (or have) come into effect over the short to medium term. This included understanding and defining an integrated approach to disclosures relating to Pillar 3 (ESG disclosures), EU Taxonomy, TCFD, NFRD and CSRD. It was pleasing to see how the Bank's Sustainability Committee was leading an integrated and coordinated approach to sustainability within the Bank with external reporting a key pillar within the Bank's Sustainability Programme. It is clear that a key challenge for the Bank will be ensuring that data is ready to support the necessary disclosures and I am pleased with the progress we have made to date in this regard.

Through the year I have continued to work closely with both the Head of Group Internal Audit and Chief Financial Officer who are both key accountable executives to the Board Audit Committee. I am pleased with the progress the Bank has made over the last 12 months, but there is more to be done to reflect the fact that, post the acquisition of the Ulster Bank businesses, PTSB is a larger and more systemically important bank that with appropriate balance sheet growth will revert to ECB supervision. This will require focus to ensure the Bank's systems of risk management and internal control continue to adapt to both the internal and external environment and this evolution of the Bank's systems and mindset will be a key focus for both the Audit and Risk and Compliance Committees in 2024.

As the Committee now focusses on 2024 and beyond, particular attention will be given to working closely with the Board Risk and Compliance Committee on assessing the impact of interest rates and cost of living challenges on customers and the subsequent risk to loan impairment that may arise therefrom.

Ronan O'Neill
Chairperson, Board Audit Committee

Composition and Operation

The Board Audit Committee ('BAC') consists of five Non-Executive Directors. The biographical details of each member are set out on pages 123 to 128. Neither the Board Chairperson nor the CEO is a member of the Committee. The Board requires the Chairperson of the BAC to have recent and relevant financial experience. The Chairperson of the Committee is responsible for leadership of the Committee and for ensuring its effectiveness. Together the members of the Committee bring a broad and diverse range of relevant knowledge and experience contributing to effective governance.

The members of the BAC meet together at the start of each scheduled meeting in private session. The head of GIA is then invited to join the meeting so the Committee can review and discuss internal audit activity without senior management present. Subsequent attendance by senior management, the external auditors and others is by invitation only and managed to ensure the ongoing independence of the Committee. The Board requires that a minimum of one member is common to the BAC and the Board Risk and Compliance Committee. Donal Courtney and Anne Bradley are members of both Committees.

2023 Committee Meeting Attendance

Member	Appointed	Ceased	Number of Years on the Committee	2023 Meeting Attendance
Ronan O'Neill*	02 Nov 2021	-	2.2	9/9
Donal Courtney	03 Oct 2018	-	5.3	9/9
Anne Bradley	30 Mar 2021	-	2.9	8/9
Ruth Wandhöfer**	31 Dec 2023	-	0	0/0
Catherine Moroney	12 Dec 2023	-	0	0/0
Paul Doddrell	26 Nov 2020	31 Dec 2023	3.1	9/9
Andrew Power	26 Sep 2016	19 May 2023	6.8	4/4

* Chairperson

** Appointed to Committee after last meeting of the year had been held

Role and Responsibilities

The BAC monitors the effectiveness and adequacy of internal control, internal audit and IT systems and reviews the effectiveness of risk management procedures, in addition to reviewing the integrity of the Company's internal financial controls. The BAC monitors and reviews the effectiveness of the Group's Internal Audit (GIA) function and also considers the external auditor's independence and objectivity and the effectiveness of the audit process. The BAC also reviews discoveries of fraud and violations of laws and regulations as raised by the head of GIA.

The BAC monitors the integrity of the Financial Statements of the Company, reviewing significant financial reporting judgements contained therein, to ensure that they give a "true and fair view" of the financial status of the Group and to recommend to the Board whether to approve the Annual and Interim Reports and also to recommend to the Board that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

In considering whether the Annual Report is fair, balanced and understandable, the Committee reviewed the Annual Report and considered whether the Financial Statements were consistent with the financial review elsewhere herein. The Committee also reviewed governance and approval processes in place within the Group as they were relevant to the Financial Statements. These included the completion by Management of disclosure checklists to ensure all required disclosures required by applicable company law, listing requirements and accounting standards are included in the draft Annual Report which was reviewed by various Executives and Management of the Group.

The Committee also had regard to the significant judgements relating to the Financial Statements that are set out in this report. Each of these significant issues were addressed in papers received by the Committee from Management and in the report received by the Committee from the external auditors and were discussed in the Committee's meeting with the external auditors.

The BAC also had regard to the assessment of internal control over financial reporting, details of which are outlined in the Risk Management and Internal Control section of the Corporate Governance Statement.

Matters considered by the Committee in 2023

During 2023, the Committee spent a significant amount of time considering those issues set out in the Significant Financial Reporting Judgments and Disclosures and, recommending for approval to the Board, the Annual Report and Interim Report.

During 2023, the Committee also:

- Reviewed GIA activity throughout the year, including a review of performance against the 2023 internal audit plan;
- Reviewed the Group's Pillar 3 policy and disclosures;
- Approved the GIA Charter, resourcing model and considered the effectiveness of the function;
- Reviewed External Auditor independence and effectiveness;
- Approved the new Task Force on Climate-Related Financial Disclosures Report;
- Reviewed the continued recognition of a Deferred Tax Asset (DTA) on tax losses carried forward;
- Approved changes in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS);
- Reviewed impairment provisions;
- Reviewed control environment reports
- Reviewed the effectiveness of internal control over financial reporting;
- Approved the Internal Audit Plan for 2024;

- Reviewed the governance and approval arrangements underlying the fair, balanced and understandable assessment of the Annual Report;
- Assessed the Longer Term Viability and Going Concern Statements;
- Reviewed the disclosures on compliance with the UK Corporate Governance Code;
- Reviewed non-impairment provisions including legacy, legal and compliance liabilities; and
- Reviewed the basis, background and level of Non-Audit fees paid to PwC and KPMG.

Financial Reporting and Significant Financial Judgments and Disclosures

During the year, the BAC reviewed the External Auditors' findings, and the following significant financial judgments made, the related disclosures for the 2023 Financial Statements as set out on the current and the following page.

Expected Credit Loss Provisions
The Committee considered the Group's methodology including assumptions and parameters for generating the Group's allowance for Expected Credit Loss (ECL) for its secured portfolios. The Committee discussed with Management in detail any changes and revisions made to the Group's IFRS 9 ECL models, macro-economic scenarios, significant increase in credit risk, and post model adjustments.

Multiple scenarios
The Committee reviewed and approved the macro-economic scenarios for use in IFRS 9 ECL estimation, which included the central scenario used for financial planning purposes, a more favourable scenario, and an adverse scenario.

Expert credit judgements
At 31 December 2023, the impairment provisions included €135 million of Management's adjustments to modelled outcomes. A key focus of the Committee during the year was an assessment of the level and rationale for such adjustments.

The Committee concluded that a robust governance framework existed to monitor provisioning adequacy and that the assumptions and judgements applied by Management were appropriate. The Committee was satisfied that the provision and related disclosures in the financial statements were appropriate.

Recognition and Recoverability of Deferred Tax Assets
The Committee considered the extent of DTAs recognised by the Group in respect of unutilised tax losses, and in particular, the future profits of PTSB against which losses may be utilised in future years. The Committee noted that the Group's performance and strategic outlook has improved, as outlined in more detail under "Going Concern" and "Longer Term Viability" below.

Accordingly, in line with the requirements of IAS 12 "Income Taxes," Management have formed the view that the carried forward tax losses within PTSB could be utilised against future profits which will be generated by PTSB. This requires significant judgments to be made about the projection of long-term profitability because of the period over which recovery extends.

Having considered the above, the Committee agreed with Management's assessment that it was probable that the level of DTAs recognised in the financial statements at 31 December 2023 would be recovered. The Committee noted that IFRS does not allow for the DTA recognised to be discounted notwithstanding that it will likely take a significant number of years to be fully recovered.

Impairment review of the Group's subsidiary undertaking
The Company carries its investment in its subsidiary undertaking at cost less impairment and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value in use (VIU). An impairment charge arises if the carrying value exceeds the recoverable amount.

Management provided the Committee with a paper that detailed the recoverable amount of the investment. The Committee reviewed the paper and calculations and is satisfied with the recoverable value of the subsidiary and that no impairment was required.

IT Access
Certain matters in relation to IT access controls have been communicated to the BAC through the external audit process. The Committee is however satisfied there are sufficient mitigating controls in place from a financial reporting perspective.

Going Concern

Note 1 of the financial statements includes details of the going concern of the Group and Company, which outlines the Directors' view that the Group will continue as a going concern for a period of 12 months following the signing of this report.

In making the judgment, the Committee was provided with detailed papers containing Management's considerations of the risks and uncertainties as they may pertain to going concern. The Committee reviewed these judgments, and agree with Management's view that the Group continues on a going concern basis and that there are no material uncertainties.

Longer Term Viability

In accordance with the requirements of the UK Corporate Governance Code, the Directors are required to issue a viability statement of the prospects of the Groups taking in account Group's current and projected financial position taking in account the principal risks facing the Group.

The period over which we consider longer-term viability
The Directors have assessed the viability of the Group over the three year term which falls within the time horizons considered for the Group's strategic planning and the regulatory stress testing frameworks employed by the Group. The Directors are satisfied that this is an appropriate period of assessment.

Assessing the governance and prospects of the Company and Group
In making this assessment, the Directors have assessed the key factors that are likely to affect the Group's business model and medium term plan which have been stress tested and sensitised for a downside scenario to reflect the challenges that the Group is facing, primarily on the Group's capital, solvency and liquidity position while taking into account other principal and emerging risks.

The Board has reviewed the Medium Term Plan (MTP) and the outputs from stress testing of capital and liquidity positions both pre and post management actions. The Directors have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The stress testing is designed to explore the resilience of the Group to the potential impact of principal risks set out in the Annual Report, including in particular funding and liquidity, capital adequacy, the economic environment, regulatory risks and or a combination of these risks. A description of the Group and Company's principal risks together with the approach to risk identification and control are set out in the Risk Management section.

The Medium Term Plan is reviewed annually and with increased frequency when necessitated by significant changes in the external environment and is approved by the Board each year.

The Medium Term Plan closely aligns to Group's Risk Appetite Statement and Risk Management Framework and details the Group's future profitability, cash flow projections, capital requirements and the Group's key performance measures. Management's performance against the medium term plan is reviewed on an ongoing basis by the Board.

The Group made a profit for the 2023 financial year. While the Group remains strongly capitalised and has significant liquidity at the year-end, the future projections in the medium term plan which were sensitised for a downside scenario indicate no breaches in either regulatory capital and liquidity positions in the viability period of assessment to December 2026.

The assumptions underpinning the stress testing to determine the resilience of the Group's balance sheet, profitability and robustness of the business model were significantly conservative. While, the downside scenario marginally pushes out profitability, there were no breaches of regulatory requirements with a marginal recourse to internal buffers in the viability period.

There are certain key assumptions that are critical to the viability of the Group and these are outlined below:

Funding & Liquidity
The Group continued to have sufficient liquidity throughout 2023, and its liquidity position remains strong at 31 December 2023 with the Group holding a significant liquidity buffer. The Group has no reliance on ECB funding and is 90% deposit funded with plans to diversify its funding profile over the horizon of the next three years.

A key assumption in determining the longer-term viability is that the Group will continue to be able to access the required liquidity and funding across all channels during the period of assessment.

The Group continues to undertake a number of initiatives to improve its liquidity position in the areas of deposits, collateral optimisation, and wholesale markets activity.

The Directors and Management are aware that the Group's ability to monetise its contingent counterbalancing capacity is dependent on the underlying collateral remaining eligible.

Our funding plans assume, based on our interaction with wholesale markets and deposit trends that the required liquidity and funding will be available to the Group over the medium term.

Capital Adequacy
Capital Adequacy:
The Group made a profit for the year ended 31 December 2023. Directors and Management have reviewed the MTP and based on this, the Directors and Management are satisfied that the Group is well positioned to continue to deliver profits in future years.

Directors and Management have considered the forecast sufficiency of this capital base, and its ability to withstand additional stress scenarios such as the economic environment in Ireland deteriorating. At present, we do not have full certainty as to how our minimum regulatory capital requirements will evolve over the period to 2026; however, we expect to be in a position to meet those requirements in the medium term.

Reasonable Expectation of longer-term viability
Based upon the above assessment, the Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment to 31 December 2026.

Provisions for Liabilities
The Committee considered the provisions made in the Financial Statements in order to assess the appropriateness of the underlying liabilities.

Management presented a paper outlining the requirements of IAS 37 and the basis of the provisions proposed. The Committee is satisfied that the provisions represent the best estimate of the potential liabilities at 31 December 2023.

Relationship with External Auditors
The Group's External Auditors are KPMG who were appointed by shareholders in 2023. Due to the mandatory firm rotation requirements, the outgoing External Auditors, PwC resigned in 2023 following the completion of the 2022 audit. The BAC provides a link between the Board and the external auditors, independent of the Company's Management. The external auditors regularly attend BAC meetings and the Committee meets with the external auditors at least once a year without Management present to discuss their remit and any issues arising from the audit.

The BAC reviewed the external audit plan prior to the commencement of the 2023 audit. The BAC met with the external auditor to review the findings from the audit of the Group financial statements. The BAC has an approved policy on the provision on non-audit services by the external auditor. The policy seeks to ensure that processes are in place to make sure that the independence and objectivity of the external audit process is not compromised. This includes monitoring the nature and extent of the services provided by the external auditor through its quarterly review of fees paid to the external auditor for audit and non-audit work, seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgment, they are independent of the Group.

The BAC reviews all fee arrangements with the external auditor. Fees paid in respect of audit, other assurance services, tax advisory services and non-audit services are outlined in note 8 to the financial statements.

Other assurance services are services carried out by the auditors by virtue of their role as auditors and include assurance related work, reporting to the regulator and other assurance services. In line with best practice, the auditors do not provide services such as system design and valuation work which could be considered inconsistent with the audit role.

The amount of fees payable to external auditors for their audit services for the year 2023 was €1.8m (excluding VAT) payable to KPMG Ireland. €1.6m (excluding VAT) was paid in respect of non-audit services, which relate to various assurance works. The Company's external auditor generally performs these services. The Committee note that additional fees were paid to KPMG during 2023 before they were appointed as external auditors.

The external auditor is required to rotate audit partner every five years. The current audit partner is Frank Gannon who was appointed in 2023. The Committee also reviews the effectiveness, independence, and objectivity of the external auditor. The Committee also considered a paper by Management regarding auditor's efficiency and effectiveness.

The BAC reviews the effectiveness of the external auditor through discussion and assessment of its performance. The BAC has concluded that it was satisfied with the external auditor's performance.

Review of Group Internal Audit

The BAC approves the annual work programme for the GIA function and ensures that it is adequately resourced and has appropriate standing within the Group. The Head of Internal Audit has a direct reporting line to the Chairperson of the BAC and the BAC meets with the Head of Internal Audit on a regular basis without the presence of Management. The BAC receives regular reports from GIA, which include summaries of the key findings of each audit in the period. The BAC ensures co-ordination between GIA and the external auditor.

As set out in the Risk Management Section a 'Three Lines of Defence' model has been adopted by the Group for the effective oversight and management of risks across the Group, with GIA being the Third Line of Defence.

In line with the Institute of Internal Auditors (IIA) Standards (1300), the Head of GIA is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity. An internal quality assessment must be completed on an annual basis with an independent external assessment undertaken every five years to evaluate the Internal Audit Function's conformance with IIA Code of Ethics and Standards. The Group's Internal Audit function was reviewed by the Chartered Institute of Internal Auditors (IIA) in 2021 and an action plan has been approved by the BAC to address the findings of the IIA Report and the BAC is kept apprised with updates on same. The Audit Committee was satisfied that during 2023, GIA demonstrated flexibility and responsiveness to enable the function to focus on current and emerging risks, inclusive of audit requirements driven by both legislation and regulation, auditable processes within the Group and alignment with IIA Standards. A comprehensive assessment of the current GIA resource model and skills was also completed in 2023 aligned with the strategic plans and priorities of the Group, with an emphasis on ensuring adequate resources and skills in place to provide assurance in relation to the current and emerging risk profile of the Group. Through these measures the Audit Committee has assessed the effectiveness of internal audit function and is satisfied that the quality, experience and expertise of the function is appropriate to the needs of the Group.

Corporate Governance Statement
Nomination, Culture and Ethics Committee

The Board Nomination, Culture and Ethics Committee evaluate the skills and characteristics required of Board members and to ensure the tone on culture and leadership is set from the top.

Dear Reader,

As Chairperson of the Board Nomination, Culture and Ethics Committee (The "Committee"), I am pleased to present the report of the Committee for the year ended 31 December 2023. This report has been prepared by the Committee and approved by the Board. The report provides further context and insight into the role and responsibilities of the Committee together with a description of the work undertaken during 2023 as set out below.

On 30 March 2023, Robert Elliott retired as Chairperson of the Board and the Nomination, Culture and Ethics Committee, and I took over as Chairperson on 31 March 2023. In May 2023, Andrew Power stepped down from the Board at the conclusion of the Annual General Meeting (AGM). In December 2023, Ken Slattery retired from the Board and the Nomination, Culture and Ethics Committee having completed his term of office, and Paul Doddrell was appointed a member of the Committee. PTSB benefited greatly from Robert, Andrew and Ken's experience, diligence and exceptional commitment over their tenure and, on behalf of the Board, I thank them sincerely for their contribution to the Group.

Arising from the planned departures, the Committee oversaw the recruitment and selection of two new independent Non-Executive Directors; Catherine Moroney and Richard (Rick) Gildea who were appointed to the Board in December 2023. The Committee also oversaw the appointment of the Group's new Chief Risk Officer, Barry D'Arcy who joined in October 2023. I would like to acknowledge David Curtis who held the position of Interim CRO during the appointment process and thank him for his commitment during the period and throughout his long career with PTSB.

The Committee continues to engage in a meaningful way to shape and support evolution of the Group's espoused culture which is to have a customer-centric, open, inclusive, risk integrated, growth culture characterised by integrity, innovation and accountability. In this regard the Committee has heard from many of the Group's colleagues and held discussion and debate on matters such as the execution of the Group's sustainability strategy, risk culture and integration to ensure good customer outcomes, continuing to review and embed a psychologically safe environment for colleagues to 'speak freely' and moving towards the next stage of the Group's Diversity and Culture maturity journey. The Committee has also actively engaged in understanding and supporting colleague wellbeing through attendance at People Experience Council (representative group on culture evolution and colleague wellbeing) discussing feedback from management on the outcome of the Group's Every Voice Counts colleague surveys and visiting colleagues in their work locations.

A key focus for the Committee in 2023 following the successful completion of the transaction with Ulster Bank was reflecting upon the Bank's Culture and evolution over the last number of years. Listening to feedback from colleagues across the enlarged organisation with a focus on building upon culture of accountability, trust with customers and communities, and sharing in the success of PTSB, the Bank has evolved its Purpose and Ambition which are the anchors of the Bank's refreshed business strategy and new PTSB brand.

During 2023, the Board and Executive Committee undertook a period of reflection with a view to identifying actions to strengthen the Group's core capabilities; to deliver on its strategic ambition while ensuring the resilience existed to effectively manage both known and unknown/emerging risks and to ensure the Bank remained safe and secure. One of the target outcomes was to enhance the effectiveness of Board and Executive Committee operations. The Committee has been actively involved in oversight on a series of actions underway and planned to strengthen Board and Executive Committee capabilities taking into account the enlarged Bank, refreshed strategy and evolving risk profile. This included a robust assessment of the knowledge, skills and experience of the Board and Executive Committee to support its strategy for growth into the future, enhancing induction, training and development plans and succession planning. The Committee will continue to provide oversight in the delivery of those actions through enhancements to the Board and Executive Committee selection and recruitment process and, in strengthening the governance process for assessment of suitability of Senior Executives within the Bank In 2023 the Committee amended its Terms of Reference to review and recommend to Board all Executive Committee and all pre-approved control function (PCF) appointments.

Another key areas of focus for the Committee was the oversight on implementation of the Central Bank (Individual Accountability Framework) Act 2023 (IAF) which the Group sees as a positive development in supporting the building of trust with customers and colleagues through enhanced governance, performance and accountability and which reflects the culture, purpose and values of the Group. The Committee oversaw the development and implementation to date of the IAF through an extensive programme of work as it prepared for the introduction of new Conduct Standards at end December 2023 and the Senior Executive Accountability Regime in 2024 and beyond. The Committee approved a new Conduct Standards Policy and reviewed and approved updates to the Fitness and Probity Policy, Colleague Conduct Policies, and endorsed the updates to the Executive sub-committee 'Colleague Conduct Committee' to provide oversight of all conduct related matters. The implementation and embedding of IAF within the Group will remain a key area of focus for the Committee in2024 with oversight of elements of the Senior Executive Accountability Regime which comes into effect from 1 July 2024.

The Committee reviewed the Diversity, Equity & Inclusion (DE&I) strategy 2023-2025 and the programme of work which resulted in the Group receiving Gold Accreditation from the Irish Centre for Diversity during the year; a significant achievement which the Committee commends.

In 2023, the Committee oversaw the annual performance evaluation of the Board, its Committees and individual Directors, to understand how effectively they were performing while providing assurance to the regulatory authorities, stakeholders and investors of our commitment to the highest standards of governance and probity. The Committee also carried out a detailed assessment of Board and Senior Management succession plans, a review of the Board Collective Suitability Assessment including the Composition of the Board, Committee structure and composition with a view to aligning the Board skills with the strategic direction and risk profile of the Group, The Committee also approved enhancements to Board Training and Development plans having regard to the future requirements of the Board and, a more holistic approach to performance evaluation/reflection with a focus on enhanced Board effectiveness The Committee approved a revised Board Diversity policy that takes account the importance of all diversity metrics in assessing the suitability of members of the Board to deliver the Group's Purpose and Ambition.

Julie O'Neill
Chairperson, Board Nomination, Culture and Ethics Committee

Composition and Operation

The Committee is composed of a majority of Independent Non-Executive Directors. The Board requires that the Board Chairperson and the Senior Independent Director (SID) are members of the Committee.

2023 Committee Meeting Attendance

Member	Appointed	Ceased	Number of Years on the Committee	2023 Meeting Attendance
Julie O'Neill*	17 Jan 2023	-	0.9	6/6
Ronan O'Neill	26 Jul 2016	-	7.6	6/6
Marian Corcoran	30 Mar 2021	-	2.7	6/6
Celine Fitzgerald	30 Mar 2021	-	2.7	6/6
Paul Doddrell**	31 Dec 2023	-	0	0/0
Robert Elliott***	31 Mar 2017	30 Mar 2023	6	2/6
Ken Slattery	28 Sep 2020	12 Dec 2023	3.3	6/6

* Chairperson from 31 March 2023
** Appointed to Committee after last meeting of the year had been held
*** Resigned as Chairperson on 30 March 2023

Responsibilities of the Committee

The Board Nomination, Culture and Ethics Committee is responsible for bringing recommendations to the Board regarding the appointment of new Directors and of a new Board Chairperson. The Board Chairperson does not attend the Committee when it is dealing with the appointment of a successor to the Board Chairperson. Decisions on Board appointments are taken by the full Board. All Directors are subject to re-appointment by election by the shareholders at the first opportunity after their appointment. The Committee keeps under review the leadership needs of the Group, both Executive and Non-Executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace. The Committee is also responsible for reviewing the effectiveness of the Board's operations, including the Chairperson and composition of Board Committees. The Committee also has responsibilities for supporting the Board on oversight on culture, ethics, and reputation management and employee engagement.

Executive Committee Appointments

Chief Risk Officer

The Committee oversaw the appointment of Barry D'Arcy as Chief Risk Officer (CRO) and member of the Executive Committee in October 2023. A comprehensive induction, training and development plan for Mr D'Arcy was approved by the Committee who will provide oversight of the implementation thereof. In his new role, Barry is responsible for leading, managing and overseeing all Risk and Compliance related matters of the Group and strengthening the Company's risk management and compliance functions reflecting the emphasis the Group places on how it manages risk and complies with regulations. The CRO reports on all material risks to which the Group is or may become exposed and provides support and challenge to the by the First Line of Defence in executing their responsibilities under the Bank's Enterprise Risk Management Framework.

Succession Planning

The Committee undertakes regular reviews of both Board and Board Committee composition and ensures there is a comprehensive approach to ensuring regular and planned refreshment of Board and Board Committee membership. Arising from succession planning reviews in 2021 and 2022 the Committee agreed the need to identify replacements for Non-Executive Directors Andrew Power and Ken Slattery resulting in the appointments of Rick Gildea and Catherine Moroney in December 2023. Full details of the appointment process for these positions are set out below.

In January 2023, Julie O'Neill was appointed as an Independent Non-Executive Director and Chairperson designate pending the planned retirement of Robert Elliott on 30 March 2023.

The Committee maintained its focus on the Executive Committee (ExCo) talent pipeline and senior management succession plans reflecting the Board's responsibility to ensure appropriate plans are in place. The Committee oversaw the progress with development of robust talent management and succession planning for ExCo members which included the development of a diverse pipeline of successors at senior leadership team level in line with the talent management, development and succession planning programmes within the Group and which reflect the DE&I ambitions of the Group. This included talent mapping to identify strengths, development needs and future potential of identified successors internally and talent maps for potential external successors identified for certain ExCo roles.

Director Appointments

A key function of the Committee is succession planning for the Board. There were a number of new appointments to the Board during the year including the Board Chairperson on 31 March 2023 and two new Independent Non-Executive Directors; Catherine Moroney and RickGildea appointed on 12 December 2023. Catherine Moroney was appointed a member of the Board Audit Committee and the Board Risk and Compliance Committee. Rick Gildea was appointed a member of the Board Risk and Compliance Committee and the Board Remuneration Committee. Further details on the appointment process is set out below.

Board Chairperson

Following regulatory approval and endorsement by the Board, Ms Julie O'Neill was appointed as Independent Non-Executive Director on the Board on the 17 January 2023 and took over as Board Chairperson on the 31 March 2023, following the conclusion of Mr Robert Elliott's term of office as Chairperson. A full description of the recruitment and selection process for the appointment of Julie O'Neill as Chairperson is set out on pages 131-132 of the 2022 Annual Report.

Independent Non-Executive Directors

Following a Board succession planning process conducted in 2022, a preferred candidate was identified to replace to replace Ken Slattery. Mr Slattery was due to retire at the conclusion of the Group's 2023 Annual General Meeting (AGM) along with Andrew Power each director having concluded their respective terms of office. A preferred candidate was identified who met requirements of the role profile following a comprehensive recruitment and selection process supported by executive search firm Odgers Bernston. The candidate was then endorsed by the Board but sadly passed away in January 2023 before their appointment could be completed.

In February 2023, recruitment specialists Odgers Berndston (Odgers) were re-engaged to support the candidate identification process to replace Ken Slattery and Andrew Power on the Board. Note: Neither the Company nor any of the Directors have any commercial relationship with Odgers outside of recruitment services that are provided from time to time to fill designated Board and Senior Management positions.

The Nomination Culture and Ethics Committee carried out a collective suitability assessment to understand the knowledge and experience gaps on the Board taking into account planned departure of Ken Slattery and Andrew Power from the Board. Having reviewed the Board Suitability Matrix (the desired mix of knowledge, experience and skills on the Board) and identifying the desired mix of knowledge, experience and skills on the Board, and being mindful of the Bank's business model expansion following the acquisition of certain aspects of the Ulster Bank business, it was agreed that the strength of the Board should be enhanced through the addition of knowledge and experience in the area of core financial services with a focus on business banking together with governance, regulatory, remuneration frameworks/policies, and capital markets. In addition, considering the future strategic direction of the Bank in light of its balance sheet trajectory which could over time bring it back under ECB supervision, it was agreed the Board could be strengthened through knowledge and experience in the areas of Single Supervisory Mechanism (SSM) and ECB requirements in the broader sense, with a preference for a candidate who could bring a European perspective and diversity of experience gained from living or working outside of Ireland.

Arising from the recruitment and selection process, two candidates were identified to fill the board vacancies. Following detailed assessment of the two candidates, recommendations were brought to the Committee who agreed that Catherine Moroney and Rick Gildea met the requirements of the role profiles for the vacancies on the Board. This position was then endorsed by the Board, and following regulatory approval by the Central Bank of Ireland, they were each appointed to the Board on 12 December 2023.

Committee Composition
During 2023 the Committee undertook a review of Committee composition in light of changes to the Board and the need to refresh the knowledge and experience of the Board's Committees following the planned departures of Andrew Power and Ken Slattery at the end of their respective terms of office together with the appointment of Rick Gildea and Catherine Moroney to the Board in December 2023. The Committee also reviewed committee composition in light of the UK Code requirement for the Audit Committee to consist of Independent Non-Executive Directors (as described on page 97 of the 2022 Annual Report). Arising from this review, Catherine Moroney and Rick Gildea joined the Risk and Compliance Committee. Ruth Wandhofer moved from the Board Risk and Compliance Committee to the Audit Committee, joined there by Catherine Moroney. Rick Gildea joined the Board Remuneration Committee. Paul Doddrell moved from the Audit Committee to the Board Nomination, Culture and Ethics Committee. No Director is a member of more than two Board standing Committees. Celine Fitzgerald succeeded Ken Slattery as Chairperson of the Remuneration Committee on the 23 February 2024 following receipt of regulatory approval.

Induction, Training and Professional Development
The Board recognises the high calibre and the varied level of knowledge, skills and experience of the Board. The Committee reviewed and enhanced the approach to induction, training and professional development of the Board members with a view to aligning the Board skills with the strategic direction and risk profile of the Group thereby enhancing the collective knowledge of the Board. It aims to achieve this by prioritising training topics around the risks and opportunities from emerging themes, tailoring individual training and development plans for Board members to enhance the core skills identified following the Collective Suitability Assessment by building on the education and professional development opportunities through externally facilitated professional programmes. It will also seek to deepen the Board's knowledge of the business through increased exposure to subject-matter experts both internally and externally through the Board approved training programme. The Committee also oversee the comprehensive induction, training and development plans for new Board members and Executive Committee appointments, in addition to induction and handover arrangements for transition of Committee chair roles to existing Board members.

Board Performance Evaluations
In 2023, led by the Chairperson, the Committee oversaw the annual performance evaluation of the Board and its Committees and individual Directors. Enhancements have been made to the process undertaken for the 2023 annual Board performance evaluation reflecting actions identified to enhance Board and Board Committee effectiveness and the resulting recommendations are set out in page 137 of this report.

As required under the UK Corporate Governance Code, an externally facilitated Board performance evaluation will take place every three years. The last externally facilitated evaluation of performance took place in 2021; and the next scheduled external Board evaluation will be conducted on 2024 performance.

Matters considered by the Committee in 2023
- Review of the work undertaken to identify actions required to strengthen the foundations, capabilities and build resilience within the enlarged Group following the acquisition of certain parts of the Ulster Bank businesses with particular focus on enhancing the Board and Executive Committee effectiveness through reflection, dynamics, innovation and strategic thinking/maturity.
- Review of the succession plans for Board and Senior Management positions across the Group;
- Review of Talent Acquisition, Management, Development and Succession Planning programmes within the Group;
- Review of its own Terms of Reference;
- Provided oversight to the Sustainability Committee, as a sub-committee of the Executive Committee, on reporting to the Nomination, Culture and Ethics Committee on Responsible and Sustainable Business matters from time to time including the approval of the Sustainability Strategy 2023-2025 and Sustainability Programme of Work;
- Assessed planned vacancies on the Board and approved role profiles for new Board members and Board Committee Chair roles, supporting the recruitment and selection process;
- Reviewed the Report on benchmarking of diversity practices and gender pay gap at Board and Management level across the EU relative to the Group;
- Approval of the recruitment process and appointment for a number of Senior Management positions;
- Reflection of the evolution of the Group's culture over recent years which culminated in a simplified Culture Charter;
- Review on reports concerning the Group's Brand and Reputation including the launch a new PTSB Brand identity;
- Review and approval of Board Policies (Diversity, Conflict of Interest, Assessment and Suitability, Induction, Training and Professional Development, Succession Planning);
- Review and approval of the Group's Fitness and Probity Policy;
- Review of updates to the Group's Speak Freely Policy and Procedure, Dignity and respect Code, Protected Disclosure Code and Equality through Diversity, Equity and Inclusion, and Grievance Procedures;
- Review and approval of updates to the Group Colleague Policies and Procedures incorporating requirements under the IAF including the Code of Ethics Policy; Colleague Conduct Policy, Conflict of Interest Policy, Colleague Disciplinary Procedures, and the introduction of a new IAF Conduct Standards Policy;

- Review of Colleague Conduct related activity within the Group;
- Review and approval of the Resourcing and Selection Policy for the Group;
- Review of the effectiveness of the Directors, the Board and that of its Committees;
- Approval of the 2022 Board Evaluation action plan together with regular updates thereon, and approval of the 2023 Board Evaluation approach;
- Review of the size and composition of the Board and that of its Committees together with a review of the Succession Planning requirements for the next two years;
- Consideration of workforce engagement mechanisms under the UK Code;
- Review of the Annual Report Disclosures relating to the Nomination, Culture and Ethics Committee;
- Review of Diversity, Equity and Inclusion, Learning and Talent, and Employee Survey updates;
- Reviewed progress on the Group's Diversity, Equity and Inclusion and Organisation Culture programmes of work including the DEI Strategy for the period 2023-2025, gender gap and gender pay gap strategy which focused on the areas of leadership development, SMART Working Framework, HR Policy and Procedural enhancements and Better Balance Employee Representative Group, and enhancements following the Irish Centre for Diversity Gold Accreditation;
- Review of Corporate Affairs, Reputation Management and Communication (including Stakeholder Engagement) updates;
- Review of the Corporate Sponsorship programmes;
- Reviewed progress on the Group's Sustainability Strategy
- Consideration of the IBCB DECiDE Framework and ethical decision making
- Review of the Board Collective Suitability Assessment including the Board Effectiveness and Board Suitability Matrix; and
- Oversight of the Group's programme for implementing the Central Bank (Individual Accountability Framework) Act.

The Committee supports the Board in ensuring risks are properly identified, reported, assessed, and controlled, and that the Bank's strategy is consistent with risk appetite.

Dear Reader,

As Chairperson of the Board Risk and Compliance Committee (the "Committee" or "BRCC"), I am pleased to report on the Committee's activities for the year ended 31 December 2023.

A number of key achievements for the Group, which were transformational for PTSB's future growth, were overseen by the Committee during 2023 requiring proactive risk management to ensure safe delivery. The transaction with Natwest to acquire certain parts of the Ulster Bank business was completed during 2023, bringing with it a significant uplift in customers, colleagues and Branch footprint, as well as introducing a new asset class to PTSB through the acquisition of the Ulster Bank Asset Finance business. The Committee supported the Board in overseeing the risks associated with these migrations (mortgage, SME and Branches) and with the acquisition of the Asset Finance business, ensuring there was appropriate consideration of the risks with controls and mitigating actions in place. Cross committee membership between the Committee and Board Sun Committee (established in May 2021 to provide guidance and support to the Board on the Ulster Bank transaction, ceased in September 2023) ensured a robust governance framework with proactive oversight. Areas of focus for the Committee included the impact of the Ulster Bank transaction on capital levels over the Group's five year planning period, IRRBB, CTF and AML risk, material outsourcing, resourcing and organisational capacity (for the end state Bank), enterprise-wide planning, dependency management and prioritisation. The Committee played a central role in assessing the programme risks and how these would be mitigated and received regular updates on risk assessments, customer impact assessments, business readiness assessments and inflight reviews carried out by the Three Lines of Defence. A key priority for the Committee was ensuring any risks that remained post migration were appropriately transferred into business as usual activity or to standalone workstreams and monitored to closure.

Another key development for the Group was the launch of a new PTSB Brand and Visual Identity in October 2023 with the stated ambition to be a full-service personal and business bank focussed on meeting customer needs with an "altogether more human" approach. The Committee supported the Board in monitoring the Group's business readiness for Brand launch and ensuring the commitment to customers (both existing customers and new) could be delivered. The Committee provided both support and challenge to Management on customer service levels, customer impacting errors, wait times for customer assistance and management of customer complaints.

Advising and supporting the Board in ensuring there is effective risk management and risk governance across the Group is a key priority for the Committee. During 2023 the Board and Executive Committee undertook a period of reflection with a view to identifying actions to strengthen the Group's core capabilities; to deliver on its strategic ambition while ensuring the resilience exists to effectively manage both known and unknown/emerging risks and to ensure the Bank remains safe and secure. One of the target outcomes is to develop a further enhanced approach to risk management across the three lines of defence supported by a robust approach to the identification, assessment, management, monitoring and reporting of risk and the embedded and connected supporting processes and technology. BRCC has been proactively involved in the process and is supportive of the actions identified and will continue to regularly engage with Management to oversee delivery. In addition, BRCC was proactively involved in monitoring how the Group delivers its Climate Risk Strategy, ensuring it is underpinned by a robust Data Strategy which is a key dependency. A continuing focus in 2023 will be the implementation of Central Bank Guidelines on Operational Resilience and Outsourcing together with preparation for the implementation of the Digital Operational Resilience Act (DORA) and the Group's implementation of the Individual Accountability Framework and Senior Accountable Executives Regime.

In October 2023, the Group's new CRO Barry D'Arcy joined the Group and is already providing valuable insights and advice to the Committee and Board. I look forward to working closely with Barry over the coming years. I would like to thank David Curtis who held the position of interim CRO during the appointment process for his hard work and commitment during this period and throughout his long career with PTSB.

Donal Courtney
Chairperson, Board Risk & Compliance Committee

Composition and Operation

The BRCC is composed of a majority of Independent Non-Executive Directors. Neither the Board Chairperson nor the CEO is a member of the BRCC. The Board ensures that the Chairperson of the Committee has relevant risk management and/or compliance experience. The Board requires that at least one member of the Committee is common to each of the Board Audit (Donal Courtney, Anne Bradley, Catherine Moroney) and the Board Remuneration Committees (Rick Gildea). The Committee holds a member only session at the start of each meeting following which the Committee invites the CRO for a private session with the Committee if required. Thereafter other members of Senior Management are invited to attend, as required.

2023 Committee Meeting Attendance

Member	Appointed	Ceased	Number of Years on the Committee	2023 Meeting Attendance
Donal Courtney*	3 Oct 2018	-	5.3	12/12
Catherine Moroney	12 Dec 2023	-	0	0/0
Rick Gildea	12 Dec 2023	-	0	0/0
Marian Corcoran	29 Oct 2019	-	4.3	11/12
Paul Doddrell	26 Nov 2020	-	3.1	12/12
Anne Bradley	30 Mar 2021	-	2.8	11/12
Ruth Wandhöfer	30 Oct 2018	-	5.2	11/12

*Chairperson

Responsibilities of the Committee

The Committee is responsible for monitoring adherence to the Group Risk Appetite Statement (RAS). Where exposures exceed levels established in the RAS, the Committee is responsible for ensuring that appropriate remediation plans are developed. This is facilitated by the periodic review of a key risk indicators report calibrated to the RAS.

The Committee is responsible for monitoring compliance with relevant laws, regulatory obligations and codes of conduct. This is facilitated by regular reporting on compliance risks to the Committee. The Committee reviews the regulatory agenda and receives updates on activities to implement new and updated regulation together with monitoring engagement with the Group's Regulators.

The Committee is responsible for oversight and advice to the Board on risk governance, current risk exposures, future risk strategy, including strategy for capital and liquidity management, setting of compliance policies and principles and the embedding of a supportive culture in relation to the management of risk and compliance. The BRCC supports the Board in carrying out its responsibilities for ensuring risks are properly identified, reported, assessed and controlled, and that the Group's strategy is consistent with the Group's Risk Appetite. The Committee seeks to review key aspects of the Group's risk profile and provide appropriate challenge on the adequacy of their management. The Committee continues to focus on the operational resilience of the Group, the incidence and management of material risk events and the importance of having automated processes, where practical and of effective controls.

The Committee independently monitors the extent to which the Group complies with relevant rules and procedures. This includes raising and maintaining awareness of, for example, financial regulations, compliance procedures and fraud and anti-corruption measures. The Company has internal policies, rules and procedures which provide assurance that Management complies with relevant laws and regulations regarding customers and business partners. The Committee remain focused with on its oversight responsibilities for Anti-Money Laundering and Counter-Terrorist Finance activities.

In addition to meeting legal requirements, the Committee reviews its own Terms of Reference annually and its own effectiveness, recommending any changes considered necessary to the Board.

Matters considered by the Committee in 2023

During 2023, the Committee continued to focus considerable attention on the Group's systems of risk management and internal control and supported work undertaken by the Three Lines of Defence to further embed the Group's Internal Control Framework. The Committee undertook regular reviews of the Group's systems of risk management and internal control during the year. In addition to the monthly reporting from the CRO, Head of Regulatory Compliance and Head of GIA, the Committee also considered a wide range of risk related frameworks and reports. Among the matters considered by the Committee during 2023 were:

- Ulster Bank transaction Risk and Capital Assessments;
- Monitoring of conduct risk and vulnerable customers;
- Reviews of the Group's Resolution Planning capabilities and documentation;
- Oversight for the remediation of SREP related Risk Mitigation Plans;
- Monitoring of technology and change risk,
- Health and Safety update;
- AML Risk including Project Sun (Ulster Bank business acquisition) related risks;
- MLRO Reports;
- Monitoring of upstream Regulatory developments;
- Risk Appetite reviews;
- Oversight and approval of the Group's Non-Performing Asset Strategy;
- Recovery Planning Preparedness and Scenario Planning;
- Spotlights on Technology, Cyber Security and IT resilience;
- Climate and Environment Risk Management;
- Review of Funding Plans and Deposit Strategies;
- Monthly Monitoring of top risks and quarterly reviews thereto;
- Complaints management progress reports;
- Reviews on Material Risk Events and Customer Impacting Errors;
- Payments Strategy;
- ICAAP and ILAAP design and approval;
- ICAAP and ILAAP utilisation in decision making;
- A review of the Group's provision models and expected credit loss outcomes;
- Updates on embedding of the Group's Risk and Control Self-Assessment process;
- Risk Appetite breaches and remediation plans;
- Operational and IT Risk Monitoring Reports;
- Data Protection Officer's Report;
- Reviews of obligations and activity under the CBI Code on Lending to Related Parties;
- Approval of a Climate Risk Framework; and,
- Approval of a Credit Risk Framework and consideration on a number of SME credit propositions.

Governance in Action: Ulster Bank Transaction

Throughout 2023, the Committee supported the Board in assessing the Bank's readiness to take on business from Ulster Bank; the Committee reviewed and recommended detailed risk assessments and customer impact assessments relating to the migration of Mortgage customers, SME loans, Branches and the Asset Finance business ensuring adequate controls and mitigating actions were in place to address any risks. In considering Management's assessments, the Committee considered whether there were any risks or customer impacts that would prevent the migrations from taking place in advance of the Board being asked to approve a decision to proceed. The Committee challenged and supported Management to ensure there were adequate contingency plans in place. In supporting Management's recommendations to procced to the Board, the Committee ensured the Group was adequately prepared which contributed significantly to the successful completion of the transaction in Q3 2023.

Corporate Governance Statement

Remuneration Committee

The Board Remuneration Committee ensures that PTSB's remuneration policies, practices and decisions serve to align the interests of its employees with those of its shareholders; operate within the applicable regulatory and legal requirements; and, are free from any form of bias relating to gender, age, social or ethnic background.

Dear Reader,

As Chairperson of the Board Remuneration Committee (the "Committee" or "RemCo"), I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023 which has been prepared by the Committee and approved by the Board.

The Committee's report contains certain regulatory information required under the applicable legislation in respect of the Bank's status as a listed company and credit institution, as well as under the EBA Guidelines on Internal Governance, the amended EU Directive on the encouragement of long-term shareholder engagement, as transposed in Ireland (the "Shareholder Rights Directive", or the "Directive") and the UK Corporate Governance Code.

The Directors' Remuneration Report also provides further detail on the composition of the Committee and its role and responsibilities and a description of the work undertaken by the Committee during the year. Also included are details of the Remuneration Policy criteria and the components of the Bank's reward offering, with a focus on the Bank's Directors (Executive and Non-Executive).

In 2023, the Committee continued to oversee the way in which the Bank's Remuneration policy, and its implementation, serves to reward individual performance (what our colleagues achieve but also the manner in which they achieve their objectives). As a Committee, we also reviewed how our approach to pay and benefits contributes to the strengthening of Bank culture, including risk culture. The Committee also considered the manner in which the Bank reward the delivery of the long-term sustainability of its business and aligns remuneration with the long-term interests of shareholders, investors and other interested parties, and with the public interest, as well ensuring fulfilment of regulatory obligations.

In line with its responsibilities under the terms of the Shareholder Rights Directive, the Bank publishes its Directors' Remuneration Policy (the "Policy"), as applicable to the Board of Directors. The Policy is published in full on the Bank's website: www.permanenttsbgroup.ie. During 2023, our Directors' remuneration was implemented in accordance with the approved Policy, and no derogations from the Policy were availed of during the year.

2023 was another year of considerable change and opportunity for PTSB. During the year, the Bank completed the acquisition of certain parts of the Ulster Bank's Retail, SME and Asset Finance business. The Remuneration Committee was closely involved in the oversight of that transaction including the implementation of a comprehensive suite of 'measures' designed to replicate the reward and benefit entitlements of employees of Ulster Bank. This significant piece of work enabled PTSB to satisfy its obligations under TUPE {Transfer of Undertakings (Protection of Employment)} Regulations, but also helped engage and motivate our new colleagues as they made the decision to join PTSB. I want to thank colleagues for their significant contribution to this transformational programme of work, and also welcome our new colleagues to PTSB.

2023 represented the second and final year of our previous Pay Agreement which was designed around an average pay pot of 6.5% and individual awards of up to 8% per annum over the term of the agreement. Alongside the base pay increases included in the Agreement, the Bank also introduced significant enhancements to our broader pay and benefits package, via the expansion of maternity leave arrangements, and improvements in the supports available to colleagues experiencing periods of illness. As part of the 2023 review of pay arrangements, the CEO's salary remained unchanged in order to comply with State Agreements on remuneration, while the CFO received a 12.7% base pay increase, with the size of that increase influenced by the results of a comprehensive market benchmarking exercise and influenced by the continuing impact of restrictions on variable pay which restrict the competitiveness of total remuneration as a whole. Full details of Directors remuneration arrangements are provided over the following pages.

In any conversation on pay, it is important to acknowledge that economic factors, beyond the Bank's control, contributed to a significant inflationary environment in 2023. In the second half of the year, some moderation has emerged in respect of cost of living increases. However, in recognition of the extent of the pressures which our colleagues faced in 2023, and in addition to the pay agreement mentioned above and previous special 'cost of living' gestures extended in 2022, the Bank took the decision to process a special, once-off support payment equivalent to 2% annual salary. This payment was extended to eligible colleagues up to and including our less senior managers but excluded our middle and senior management teams, all Material Risk Takers and the Executive Directors. The payment was accompanied by a further gesture in the form of a €750 gift voucher issued in November 2023 and which was extended to include our middle management team also.

In 2023, the Remuneration Committee oversaw the closure of the project which delivered significant changes to the administration arrangements in place in respect of our Defined Contribution Pension schemes. In 2023, two existing schemes were merged into a new, single consolidated Defined Contribution scheme. The changed structure ensures that our colleagues' pensions remain subject to the highest standards of oversight and governance, but also provides colleagues with significantly enhanced investment proposition as they plan and save for their retirement.

As set out in the Director's Remuneration Policy which was voted upon by shareholders on an advisory basis at the 2023 AGM, the Bank implemented amendments to the Executive Directors' Pension entitlements designed to align the arrangements with those of the wider Executive Committee, and – in the case of the Chief Executive Officer's entitlements - to align same with equivalent arrangements available across the market. Full details of the entitlements are provided in the Directors' Remuneration Policy.

Finally, the Committee also continued to oversee options to redesign the Bank's remuneration framework. In that regard, the Committee approved a number of updates to the Bank's Remuneration Policy. These updates form part of the Bank's plans for the introduction of a new variable remuneration scheme at an appropriate future date. That scheme, when launched, is intended to apply to all colleagues, including Executive Directors and Executive Committee members. The scheme design will take account of the need to comply fully with all appropriate regulation and legislation and State Agreements on remuneration, and will support us in improving the linkages between remuneration and the sustainability of our business. .

The new scheme is intended to offer colleagues a cash award, or where practical, an award in the form of shares, or a combination of both. With that in mind, the Bank is exploring options relating to an Approved Profit Share Scheme ("APSS").

At this point, I would like to thank our former Remuneration Committee Chairperson, Ken Slattery, for his positive advice and guidance prior to his departure; and also express my gratitude to my fellow Board and Committee members; our colleagues across the Bank; and our shareholders for their support.

Cel Fitzgerald

Celine Fitzgerald
Chairperson

Remuneration Committee Composition and Operation

The members of the Board Remuneration Committee are experienced in the management and oversight of large organisations where the remuneration and motivation of staff and executives is of crucial importance.

The Committee had seven meetings during 2023.

2023 Committee Meeting Attendance

Member	Appointed	Ceased	Number of Years on the Committee	2023 Meeting Attendance (of which eligible to attend)
Celine Fitzgerald* (Chairperson)	30 Mar 2021	-	2.8	7/7
Ken Slattery**	28 Jan 2014	12 Dec 2023	9.9	7/7
Julie O'Neill	17 Jan 2023	-	1	6/6
Robert Elliott	31 Mar 2017	30 Mar 2023	6	2/2
Andrew Power	26 Sep 2016	19 May 2023	6.6	3/3
Ruth Wandhofer	01 Feb 2019	-	4.9	5/7
Rick Gildea	12 Dec 2023	-	-	0/0

* Chairperson since 16 February 2024
** Chairperson until 12 December 2023

Remuneration Committee Role and Responsibilities

The purpose, duties and membership of the Committee are set out in the Committee's Terms of Reference, which can be found on the Bank's website www.permanenttsbgroup.ie. The Terms of Reference are reviewed by the Committee on an annual basis. No material changes were enacted following a review of the Committee's Terms of Reference in 2023.

The main roles and responsibilities of the Committee include:

- Recommending the Bank's remuneration policies, including that applicable to the Board of Directors, to the Board for approval on an annual basis and ensuring they comply with applicable regulatory and legal requirements and remain free from any form of bias relating to gender, age or social or ethnic background.
- Supporting the Board in overseeing remuneration policies, practices and processes and compliance with the Bank's Remuneration Policy (both as applicable to the Directors and the wider population);
- Ensuring the remuneration policies and procedures do not promote excessive risk taking and are aligned with the Company's overall corporate governance framework, corporate culture, risk culture and attitude to and appetite for risk and related governance processes, and takes into account the need to maintain all capital and liquidity ratios including buffer requirements;
- Recommending the design, eligibility and performance measures for any incentive schemes to the Board for approval;
- Setting and assessing performance targets for any incentive schemes;
- Recommending remuneration proposals (including joining and termination arrangements) in respect of the Chairperson, CEO, Executive Directors, Company Secretary, Executive Committee, Group Treasurer, Chief Credit Officer, and Heads of Control Functions for approval by the Board;
- Overseeing remuneration proposals in respect of any other identified staff (Material Risk Takers) as defined under the fifth Capital Requirements Directive (CRD V); and,
- Overseeing the annual review of the implementation of the Remuneration Policy applicable across the Bank.

Remuneration Committee Advisers

During 2023, the Committee used the services of its external consultant, Deloitte LLP, for advice on remuneration trends in the external market and for perspective on remuneration regulatory compliance matters. During the year, Deloitte also provided support to the Bank in relation to PSD2 and other risk related matters.

The Committee also utilised the services of Willis Towers Watson who provided market benchmarking data and remuneration trend analysis, and consultancy services in relation to the design and ongoing maintenance of the Bank's Employee Value Proposition.

In addition to the use of external advice, in designing its approach to remuneration the Committee also takes account of appropriate input from the Bank's HR, Risk, Compliance, Finance and Internal Audit functions to ensure that the decision making process is aligned with the Bank's financial performance, risk appetite, regulatory guidelines and stakeholder interests.

Matters considered by the Committee in 2023

The Committee performed an annual review of its own Terms of Reference, as well as reviewing its own effectiveness, and recommended the output of that review to the Board.

During 2023, and within the terms of State agreements, the Remuneration Committee kept the impact of the Bank's Remuneration Policy (including that applicable to the Directors), and movements in the external market, under review. As part of this process, the Committee reviewed the Bank's Remuneration Policy and strategy to assess the appropriateness of the approach to reward and the competitiveness of current arrangements, and future direction, to take account of market developments including amongst the Bank's peer group.

The Committee also considered whether the Directors' Remuneration Policy operated as intended in terms of company performance and quantum. The Committee also kept under review all aspects of remuneration for the Board Chairperson, CEO, Executive Directors, members of the Executive Committee and the wider employee population.

In determining remuneration arrangements for Executive Directors, the Committee takes account of the pay and employment conditions of the wider workforce to ensure consistency. Wider workforce engagement on pay arrangements at the Bank took place with the Bank's Staff Representative Bodies during 2023.

It remains the policy of the Bank to reward colleagues appropriately as work is undertaken to build a valuable and sustainable business, operating within the Bank's Risk Appetite and underpinned by a strong culture which manifests itself in responsible and accountable behaviours in day-to-day interactions and decision making with customers and across the Bank's teams. To this end, the Policy has been designed based upon a number of principles including the linking of pay levels against median base pay available across market peer groups, and to ensure that the Bank's offering is sufficiently competitive so as to attract and retain the required talent and skills to deliver the return of value to the Company's shareholders.

In 2023, the Committee reviewed the Bank's approach to remuneration from the perspective of ensuring that all employees, regardless of gender, age or social or ethnic background are remunerated fairly. In that regard, it is of note that 2023 was the fourth year in which the Bank published details of its gender pay gap; albeit 2023 was the second year in which the Bank reported in line with recently published Irish legislation. The Bank's gender pay gap stood at 16.3% at our chosen snapshot date of 30th June 2023 which represented a narrowing the gap of 17.5% reporting in 2022. Further details of the gap and our commitment to reducing same are provided in the separate section of the Bank's Annual Report which details the Bank's Diversity and Inclusion strategy.

2023 represented the second and final year of our two-year pay agreement. That agreement provided certainty to colleagues and incorporated a 6.5% pay pot which was allocated at an individual level based on individual staff members' performance and their salary position versus the relevant market median. Alongside increases in base pay, the pay agreement also provided for significant enhancements to Maternity Leave arrangements and to our Illness Leave Policies which serve to emphasise our commitment to supporting our colleagues at all stages of their careers with PTSB.

In recognition of the extent of the pressures which our colleagues faced in 2023, and in addition to the pay agreement mentioned above and previous special 'cost of living' gestures extended in 2022, the Bank took the decision to process a special, once-off support payment equivalent to 2% annual salary. This payment was extended to eligible colleagues up to and including our less senior managers but excluding our middle and senior management teams, all Material Risk Takers and the Executive Directors. The payment was accompanied by a further gesture in the form of a €750 gift voucher issued in November 2023 and which was extended to our middle management team also.

As set out in the Director's Remuneration Policy which was voted upon by shareholders on an advisory basis at the 2023 AGM, the Bank implemented certain amendments to this Policy whereby the Executive Directors' maximum employer pension contribution rates were brought into line with those of the wider Executive Committee; and, the CEO's pension entitlements were aligned with equivalent arrangements in place across our peers. Details of the Executive Directors' entitlements are provided in the Policy which forms part of these statements.

Throughout 2023, the Committee contributed to the oversight of the completion of Project 'Sun', the programme of work underpinning the acquisition of elements of the Ulster Bank's Retail, SME and Asset Finance business. In particular, the Committee reviewed the implementation of certain 'measures' designed to satisfy TUPE {Transfer of Undertakings (Protection of Employment)} Regulations attaching to the transfer. The implementation of these measures was a key factor in the successful engagement of our new colleagues as they exercised their right to join PTSB.

During the year, the Committee also maintained significant oversight to ensure compliance with the UK Corporate Governance Code, CRD V related regulations and guidelines, including focussing on reviewing the remuneration arrangements in place for Material Risk Takers. The Committee re-approved the process and approach for the identification of Material Risk Takers in line with these requirements.

During the year, the Committee also reviewed the Bank's established variable commission scheme, as well as principles and practices to ensure full alignment with regulatory requirements. In particular, the Committee considered the requirements of CRD V, the EBA's Guidelines on sound remuneration policies and practices related to the sale and provision of retail banking products and services, the Central Bank of Ireland's Guidelines on Variable Remuneration Arrangements for Sales Staff, and relevant market practice.

The Committee also reviewed the Bank's established variable commission scheme: the 'Branch Based Commission Scheme', as well as principles and practices to ensure full alignment with regulatory requirements. In particular, the Committee considered the requirements of CRD V, the EBA's Guidelines on sound remuneration policies and practices related to the sale and provision of retail banking products and services, the Central Bank of Ireland's Guidelines on Variable Remuneration Arrangements for Sales Staff, and relevant market practice. On the basis of this review, it was agreed to extend the operation of the scheme for a further year, subject to management maintaining strong control over customer and conduct management and robust governance of scheme-related performance data.

The Remuneration Committee, supported by management, continued to monitor closely ongoing engagements with key stakeholders including shareholders and employee representative bodies and the insights gained were used to inform decision-making relating to remuneration throughout 2023.

As mentioned above, the Bank's Directors' Remuneration Policy was voted upon and approved by shareholders on an advisory basis at the 2023 AGM. The Committee is satisfied that in 2023 the Bank has continued to operate within its Remuneration Policy (both as applicable to the Directors and the wider population) and in line with the remuneration requirements of the framework agreement between the Minister for Finance and the Bank, and that the Directors' Remuneration Policy operated as intended in terms of company performance and quantum. Other than as set out in the Chairpersons Introduction to Governance on page 119 of the Annual Report, the Committee is satisfied that the Bank is in compliance with the provisions of the Companies Act, the UK Corporate Governance Code and the Shareholder Rights Directive. With specific reference to the UK Code, the table on page 164 sets out how the Remuneration Committee has addressed the principles set out in the Code. Additional regulatory disclosures in relation to Remuneration Policy and strategy are set out in the Bank's Pillar 3 Report.

The following section sets out how the Remuneration Committee addresses the principles set out in the UK Corporate Governance Code in respect of the Directors' Remuneration Policy.

Provision	Approach
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee regularly engages and consults with key stakeholders to take feedback into account and to ensure that our approach to Executive Remuneration is as transparent, simple and clear as is possible. Employees are informed about the Bank's approach to remuneration. The Bank's Remuneration Policy, applicable throughout the organisation and which includes details of the approach to Director remuneration, is published internally for all staff to view and the Directors' Remuneration Policy is published in full on the Bank's website www.permanenttsbgroup.ie.
Simplicity and predictability Remuneration structures should avoid complexity and their rationale and operation should be easy to understand. The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	Due to certain agreements and commitments in place with the Irish State, the Bank only operates fixed remuneration among Executive Directors, consisting of basic salary, pension and benefits. As a result, the Committee's ability to apply discretion with respect to outcomes for this population was limited. However, the simplicity of our approach enhances its predictability. The Bank's approach to variable remuneration will involve a review of Executive Director remuneration arrangements from the perspective of ensuring the approach continues to avoid complexity, and is predictable in its nature, as well as providing the Remuneration Committee with discretion over remuneration outcomes.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Remuneration arrangements are designed to align pay with the Bank's risk culture, attitude to and appetite for risk and the Bank's governance and regulatory framework. The design of future variable remuneration schemes will factor in robust linkages between pay and performance with controls to be put in place to ensure variable pay outcomes are appropriate, including the use risk adjustments as appropriate. The Committee will be assigned the discretion to adjust formulaic outcomes for Executive Directors and members of the Executive Committee to ensure appropriate consideration of risk factors when determining variable pay outcomes.

Provision	Approach
Proportionality and alignment to culture The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance. Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	While the Bank currently only operates fixed remuneration among the Executive Directors, it is committed to ensuring the ongoing alignment of remuneration with strategy and long-term sustainable performance and the recognition of positive behaviours. In future years, where variable remuneration forms a component of the Bank's reward proposition, the Committee will have the ability to adjust formulaic outcomes to ensure they remain proportionate in the context of the Bank's achievement of its financial or non-financial performance objectives and to promote the achievement of long-term strategic ambitions while driving behaviours consistent with the Bank's purpose, values and strategy including commitment to its Sustainability agenda.

Director's Remuneration Policy

In this section, we set out our Directors' Remuneration Policy ("Policy") for our Executive Directors and Non-Executive Directors as reviewed by the Remuneration Committee and approved by the Board of Directors, subject to advisory shareholder approval at the 2024 AGM.

The Directors' Remuneration Policy was most recently approved by our shareholders at the 2023 AGM and incorporated certain amendments to the Policy to allow for enhanced pension arrangements for our Executive Directors designed to bring the Executive Directors' maximum contribution rates in line with the wider Executive Committee; or in the case of the CEO's entitlement; to align same with equivalent arrangements in place across our peers.

The Committee undertook a further review of our remuneration policy for colleagues during 2023 in the context of certain restrictions on variable pay. As a result, the Committee approved a number of policy amendments designed to support the launch of a new Variable Pay scheme at an appropriate future date.

The Policy has been designed, to the extent possible given the remuneration restrictions in place as a result of the agreements and commitments in place with the Irish State, to ensure alignment between the Bank's approach to reward and its business strategy and to promote long-term sustainable success. The policy criteria are intended to ensure that the Bank rewards colleagues appropriately in order to build a valuable and sustainable business, underpinned by a strong culture which manifests itself in responsible and accountable day-to-day behaviours and interactions.

Specifically, the Remuneration Policy has been updated to provide for:

- The introduction of a short-term variable remuneration scheme for all colleagues, including Executive Directors and members of the Bank's Executive Committee.
- Variable Pay scheme criteria that support compliance with all appropriate regulation and legislation and the terms of State Agreements on remuneration, including the restriction on maximum individual payouts to €20,000 per colleague, per year.
- The payment of awards in the form of cash, or, where feasible, in shares or a combination of both.

The amended Policy is presented below and is intended to apply to the period up to the Group's AGM in 2027. However, the Board may seek shareholder approval for a new Policy during the period depending on regulatory developments, changes to strategy or competitive pressures.

The Policy is published in full on the Bank's website: www.permanenttsbgroup.ie and is set out below/overleaf.

The Policy, in alignment with the Remuneration Policy applicable across the Bank, is based on a set of agreed basic principles which are applied to all employees:

- Aligning remuneration with the Bank's risk appetite, approaches and governance framework;
- Ensuring the Bank's approach is in compliance with all applicable regulatory requirements;
- Aligning remuneration with the Bank's business strategy, objectives, purpose and values, and promoting the achievement of long-term Bank and stakeholder objectives and interests;
- Focusing on the attraction, engagement and retention of key talent of the calibre required;
- Ensuring that the Bank's Policy and each element of Directors' remuneration is as transparent, simple and clear as is possible.

Remuneration Components

The following are the key components of the Bank's reward proposition as it relates to the Executive Directors:

Remuneration Component	Remuneration Policy
Basic Salary	Basic salaries are set so as to attract and retain key talent of the calibre required to develop, lead and deliver the Bank's long-term strategy. Basic salaries are normally reviewed by the Remuneration Committee annually, taking into consideration: • the individual's skills, responsibilities and experience; • the scope of the role; • pay and conditions elsewhere in the Group; • overall business performance and affordability; and • market competitiveness by reference to relevant comparator groups. Increases to basic salary may not necessarily be provided at each review. Whilst there is no maximum base salary (other than that specified by the terms of State Agreements), any increases for Executive Directors will normally be in line with the range of increases for other employees in the wider Group.
Benefits	Benefits are provided to ensure the overall package is competitive and in accordance with local market practice. The Committee's policy is to provide Executive Directors with a market competitive level of benefits, taking into consideration benefits offered to other employees in the Group, the individual's circumstances and market practice at similar companies. Benefits may include, but are not limited to, the provision of a car (or cash allowance in lieu) and subsidised house purchase loans provided on the same terms and conditions as loans to other eligible PTSB employees. Taxable or other expenses incurred in performing the role may also be reimbursed, as well as any related tax cost on such reimbursement.
Pensions	Pension arrangements are intended to provide competitive post-retirement benefits aligned with market practice. Executive Directors are eligible to participate in the PTSB Defined Contribution Pension Scheme. Executive Directors may receive a maximum allowance of 16% of basic salary, or 20% of basic salary in the case of the Chief Executive Officer. Maximum contribution rates are generally consistent across the Bank. However, in recognition of the remuneration restrictions remaining in place as a result of the agreements and commitments in place with the Irish State, in order to ensure a competitive overall package, Executive Directors are not subject to certain age-related eligible criteria which apply to the availability of the maximum contribution rate for the wider workforce
Short Term Incentive Plans	In 2023, the Remuneration Committee approved changes to the Remuneration Policy which will support the introduction of variable remuneration at an appropriate future date. Variable Pay subject to the criteria included in the Remuneration Policy will help support the further development of PTSB's high performance culture and will do so in way that promotes sustainable outcomes for our stakeholders. The scheme criteria will support full compliance with applicable regulatory requirements and State Agreements on remuneration. A maximum limit of €20,000 per annum on any award or combination of awards per individual colleague will apply. For Executive Directors, awards will be based on a performance period of one financial year. Awards will be assessed with reference to a suite of financial and non-financial performance metrics and will be paid in cash, shares (where practical) or a combination of both.

Remuneration Component	Remuneration Policy
	Variable pay awards will be subject to malus and clawback (i.e. repayment or recoupment of paid/vested awards) for a period of three years from the date of award. Malus and clawback may be applied in circumstances including: • Evidence of misconduct or serious error by the individual (e.g. breach of conduct standards and other internal rules, especially concerning risks); • Whether PTSB and/or the business unit subsequently suffers a significant downturn in its financial performance; • Whether PTSB and/or the business unit in which the identified staff member works suffers a significant failure of risk management; • Significant increases in PTSB's or the business unit's economic or regulatory capital base; or • Any regulatory sanctions where the conduct of the individual contributed to the sanction. Also if the individual: i. Participated in or was responsible for conduct which resulted in significant losses to PTSB; or ii. Failed to meet appropriate standards of fitness and propriety; PTSB intends to implement an APSS to facilitate payments under the scheme.

Recruitment approach for new Executive Directors

In determining the remuneration arrangements of a new Executive Director recruited or appointed to the Board, the Remuneration Committee's approach is to pay no more than is necessary to attract the best candidates to the role, and the following principles will be applied:

- The Remuneration Committee will take into account all relevant factors including the calibre of the individual and local market practice;
- Remuneration packages must meet any applicable local regulatory requirements;
- Remuneration arrangements for new recruits will be appropriately competitive and aligned with the remuneration policy table set out above;
- In the case of an internal appointment, any existing commitments will be honoured; and
- The Policy does not, other than by exception, allow for buy-out of remuneration terms forfeited by new recruits on leaving a previous employer. Any such award would be structured in line with applicable regulatory requirements, be subject to the terms of agreements in place with the Minister for Finance and will be structured in order that the terms and amount of any replacement award will not be more generous than the award forfeited on departure from the former employer. Any such buy-outs will be minimised wherever possible.

Non-Executive Director Remuneration

Non-Executive members of the Board of Directors receive a base fee. Additional fees may be paid for those individuals that perform additional duties; including, but not limited to, the role of Senior Independent Director and for chairing or being a member of specific Board Committees. The Chairperson receives an inclusive fee for the role.

Taxable or other expenses incurred in performing the role may also be reimbursed, as well as any related tax cost on such reimbursement.

The Chairperson's and Non-Executive Directors' fees are reviewed regularly to ensure they are consistent with market practice and are market competitive, reflective of the time commitment and responsibilities of the role (subject to any limits set by the Bank's shareholders).

The Remuneration Committee recommends the Chairperson's fee to the Board for approval. In respect of the review of remuneration decisions relating to Non-Executive Directors, a forum consisting of the Chairperson, Company Secretary and CEO has been authorised by the Board to review Non-Executive Director remuneration and to approve any changes thereto. No individual is involved in decisions in respect of their own remuneration. There were no proposed changes to the Non-Executive Director remuneration for 2023.

Newly appointed Non-Executive Directors are remunerated in line with the principles above, on a time-apportioned basis in the first year as necessary.

For the avoidance of doubt, Non-Executive Board members are not eligible to participate in variable remuneration schemes or receive any pension benefits. Buy-out awards are not offered to Non-Executive Board members.

Relative proportion of fixed and variable remuneration

PTSB does not currently operate any variable remuneration arrangements for its Executive Directors. Remuneration for this population is therefore presently entirely fixed in nature.

In line with the amendments to the State Agreement, the Committee has decided to introduce the ability to pay bonuses to our Executive Directors to enable us to provide an element of pay for performance within our overall reward framework, albeit on a very limited basis. Any awards paid will be in line with the framework agreement between the Minister for Finance and the Bank, which currently permits annual bonuses in any 12-month period not exceeding €20,000 in the aggregate per individual.

Service contracts and letters of appointment and payments for loss of office

Executive Directors

Executive Directors' service contracts are reviewed by the Remuneration Committee and approved by the Board.

Executive Directors' contracts provide for a rolling 6 month notice period for all Executive Director Board appointments since 2020. The contractual arrangements in place with Executive Directors do not typically contain a predetermined contract end date, other than that date as set with reference to the Bank's retirement policy age criteria (i.e. age 65). The Bank reserves the right to require an Executive Director to take any remaining leave entitlement they may have during notice period.

Executive Directors may be required to work during the notice period, take a period of 'garden leave' or may be provided with pay in lieu of notice if not required to work the full notice period.

Executive Director contracts will not normally contain any provisions for predetermined compensation on termination which exceeds basic salary, pension and benefits payable in respect of the applicable notice period. Accrued but untaken holiday entitlement may also be paid. Any statutory requirements will be observed.

If an Executive Director ceases employment due to ill-health, retirement or death, the individual or his/her estate may be eligible for a payment under the scheme. The HR Director may approve any payments pro-rated for the period worked by the individual, provided it is aligned with performance during that time and subject RemCo oversight. Any payment made in these circumstances will only be paid on the date on which a payment becomes due under the rules of the scheme, apart from the death of the employee when a payment to the estate of the deceased employee may be made earlier, subject to the assessment of performance.

If an Executive Director ceases employment for any other reason, the default position is that the individual is not eligible for a payment under the scheme. However, in exceptional circumstances, the HR Director may approve a payment pro-rated for the period worked by the individual, provided it is aligned with performance during that time and subject to RemCo oversight. Any payment made in these circumstances will only be paid on the date on which a payment ordinarily becomes due under the rules of the scheme.

Any payments in relation to termination of employment are made in accordance with the provisions of all applicable regulatory requirements and Irish legislation and will reflect performance achieved over time and will not reward failure or misconduct.

Non-Executive Directors

The term of appointment of Non-Executive Directors is three years and is subject to satisfactory performance that is reviewed annually. Non-executive Directors do not have service contracts, but are bound by letters of appointment.

All Directors are required to seek reappointment by election at the Annual General Meeting. Non-Executive Directors will automatically retire from the Board after six years. It is always at the discretion of the Board to invite a Non-Executive Director to continue for a further period but this discretion will only be exercised in exceptional circumstances.

The Chairperson is proposed for reappointment by the Directors on an annual basis. The term of office of the Chairperson is normally six years.

The Non-Executive Directors letter of appointment specify a one-month notice period. There are no additional obligations in the Non-Executive Directors' letters of appointment that could give rise to remuneration payments or payments for loss of office.

Statement of consideration of employment conditions elsewhere in the Bank

The Committee takes account of the pay and employment conditions of the wider PTSB employee base when it considers the remuneration of the Executive Directors. As stated above, the Policy is in alignment with the Remuneration Policy applicable across the Group, and is made available to all staff members on the Group's internal communications website and is based on a set of agreed basic principles which are applied to all employees.

In determining remuneration arrangements for the Executive Directors, the Committee is presented with information in relation to the remuneration of the wider workforce, including aggregate pay outcomes in order to ensure decisions are made in the context of a detailed understanding of remuneration for the wider employee base and to ensure consistency throughout the Group.

Decision making process for Policy determination, review and implementation

The Board of Directors is responsible for (i) designing the Directors' Remuneration Policy and proposing the Policy for shareholder approval at the Annual General Meeting; and (ii) implementing and evaluating the adopted Policy, including determining the remuneration and other terms and conditions of appointment of the Executive Directors.

The Remuneration Committee is responsible for annually reviewing the Policy and submitting a clear and understandable proposal to the Board concerning the Policy. In the performance of this task the Remuneration Committee receives input and support from the other Board committees and control functions as appropriate.

Non-Executive members of the Board act independently of the Executive Directors, and therefore no conflicts of interest should arise. No Director is involved in deciding their own remuneration outcome.

Derogation

Minor changes

The Board may make minor amendments to the Directors' Remuneration Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment. In the performance of this task the Committee may receive input and support from the other Board committees.

Exceptional circumstances

In exceptional circumstances, and to facilitate recruitment and termination, the Committee may, with approval from the Board, award minor additional benefits as appropriate. Any such award would be structured in line with applicable regulatory requirements, and be subject to the terms of agreements in place with the Minister for Finance. Any such awards will be minimised wherever possible.

Grandfathering

Executive Directors may be eligible to receive any payments from any remuneration arrangements in effect prior to the approval of this Remuneration Policy. Details of any such payments will be set out in the applicable annual remuneration report as they arise.

Director's Report on Remuneration

Executive Directors' Remuneration and Pension Benefits

Directors' remuneration for 2023 was implemented in accordance with the Bank's Directors' Remuneration Policy, as approved by shareholders at the 2023 AGM. No derogations from the Policy were availed of during the year. The Policy was designed, to the extent possible given the remuneration restrictions in place as a result of the agreements and commitments in place with the Irish State, to ensure alignment between the Bank's approach to reward and business strategy and to promote long-term sustainable success.

In line with certain agreements and commitments in place with the Irish State, during 2023 all Bank employees were subject to a salary cap of €500,000 per annum. In addition, the Bank did not operate any variable remuneration arrangements for its Executive Directors. No bonus payments and long term incentive arrangements were made to Executive Directors during 2022 or 2023.

In December 2022, the aforementioned State Agreements were amended such that bonuses are now no longer prohibited, subject to the amount of any such remuneration not exceeding €20,000 in the aggregate in a single tax year. It is the policy of the Bank that any future bonus schemes and future long term incentives plans, for which the Executive Directors may prove eligible, will adhere to the terms of the State Agreements, relevant regulatory requirements on variable pay and applicable Irish legislation, and will be subject to approval by shareholders. However, there were no such payments relating to the 2023 financial year.

Executive Directors' Remuneration and Pension Benefits – Audited

2023 remuneration for Executive Directors who held office for any part of the 2023 financial year was entirely fixed in nature, consisting of basic salary, certain benefits and defined contribution pension entitlements as follows:

		2023								
		1. Fixed Remuneration			2. Variable Remuneration					
Name of Executive Director, Position	Note	Base Salary	Fees	Fringe Benefits	One-year variable	Multi-year variable	3. Extraordinary items	4. Pension Expense	5. Total Remuneration	6. Proportion of Fixed and Variable Remuneration
Eamonn Crowley, CEO	1	€480,000	€0	€20,000	€0	€0	€0	€96,000	€596,000	100% fixed
Nicola O'Brien, CFO	2	€400,000	€0	€20,892	€0	€0	€0	€61,667	€482,559	100% fixed

Notes:
1. Fringe Benefits consist of Car Allowance Benefit.
2. Fringe Benefits consist of Car Allowance Benefit and professional body subscriptions

For comparison, 2022 Remuneration for Executive Directors who held office for any part of the 2022 financial year was entirely fixed in nature, consisting of basic salary, certain benefits and defined contribution pension entitlements as follows:

		2022								
		1. Fixed Remuneration			2. Variable Remuneration					
Name of Executive Director, Position	Note	Base Salary	Fees	Fringe Benefits	One-year variable	Multi-year variable	3. Extraordinary items	4. Pension Expense	5. Total Remuneration	6. Proportion of Fixed and Variable Remuneration
Eamonn Crowley, CEO	1	€480,000	€0	€20,000	€0	€0	€0	€72,000	€572,000	100% Fixed
Nicola O'Brien, CFO	2	€145,054	€0	€8,172	€0	€0	€0	€21,758	€174,984	100% Fixed
Michael Frawley, CRO	3	€83,944	€0	€5,000	€0	€0	€0	€12,592	€101,535	100% Fixed

Notes:
1. Fringe Benefits consist of Car Allowance Benefit.
2. Fringe Benefits consist of Car Allowance Benefit. Appointed as an Executive Director on 4 August 2022.
3. Ceased as an Executive Director on resigned 31 March 2022.

Aggregate Executive Director Compensation stood at €1,078,559 in 2023 compared to €848,519 in 2022.

No Executive Director was in receipt of any remuneration from any undertaking within the Group other than PTSB Group Holdings plc.

Components of Executive Director Remuneration - 2023

Basic salary

As in previous years, pay increases to eligible staff were based on each individual staff member's performance and salary position versus the relevant market median. The increases ranged from 0% up to 8% with an average increase of 3% and all increases were effective from 1 January 2023. As part of the 2023 review of pay arrangements, the CEO's salary remained unchanged in order to comply with State Agreements on remuneration, while the CFO received a 12.7% base pay increase, with the size of that increase influenced by the results of a comprehensive market benchmarking exercise and influenced by the continuing impact of restrictions on variable pay which restrict the competitiveness of total remuneration as a whole. The 2024 salary review for Executive Directors has not yet concluded and further details of any increases granted will be included within next year's report.

Pensions

The current Executive Directors are members of the PTSB Defined Contribution Pension Scheme. During 2022, the Bank contributed up to 20% of basic salary in the case of the CEO and 16% in the case of the other Executive Director.

Other than basic salary, there are no other elements of Executive Director's remuneration which are pensionable.

Benefits

During 2023, Executive Directors received benefits in line with Policy. This included an allowance of €20,000 in lieu of a company car and eligibility for subsidised house purchase loans provided on the same terms and conditions as loans to other eligible PTSB employees.

Bonus and Long-term Incentive Plans

In line with the terms of certain agreements in place with the State during 2023, the Remuneration Policy did not provide for the payment of variable remuneration to Executive Directors. No bonus payments were made to Executive Directors during 2023 or 2022. Neither were there any long term incentive arrangements in place for Executive Directors in 2023 or 2022.

During 2023, the Remuneration Committee approved certain amendments to the Remuneration Policy which will allow for the introduction of a new variable pay scheme at an appropriate time. All variable remuneration arrangements will be designed in a way that promotes the interests of stakeholders and fully complies with applicable regulatory requirements and State Agreements on remuneration. Variable remuneration schemes will be based on company and individual performance. For Executive Directors, future awards will be based on a performance period of one financial year. Awards will be assessed with reference to both financial and non-financial performance metrics. Awards will be payable in cash or, where practical, in shares or a combination of shares and cash. The Remuneration Committee will hold the discretion to review the level of awards to take account of risk adjustments where appropriate. Variable Pay awards will be subject to the malus and clawback (where applicable).

Further information on our future approach to variable pay will be provided in the 2024 annual report and accounts.

Share option schemes - Audited

No share options were granted in 2023 or 2022. There were no share options or share option schemes in existence at the end of the period.

PTSB is reviewing options to implement an APSS as part of its plans to implement a new Variable Pay scheme.

Loss of Office Payments

The Remuneration Policy requires that any payments on termination of employment are made in accordance with the provisions of CRD V and applicable Irish legislation. Any payments in relation to termination reflect performance achieved over time and will not reward failure or misconduct. Leavers will receive any payments required under the terms of their contract.

No payments for loss of office were made to Executive Directors during 2023 (2022: None).

Payments to Former Directors

No such payments were made to former Executive Directors during 2023 (2022: None).

Directors' Fees from another Company

The Bank operates established polices, practices and procedures that are designed to identify, document and manage conflicts of interest. It is the policy of the Bank that where an Executive Director of the Bank is remunerated for service as a Non-Executive Director of a non-Bank company and retains such remuneration, the amount of this remuneration is disclosed. No Executive Director was in receipt of fees from external appointments during the period.

Non-Executive Director Remuneration - Audited

The level of fees paid to the Chairperson and Non-Executive Directors in 2023 is outlined in the table below.
Aggregate fees paid to Non-Executive Directors increased from €1,046,218 (2022) to €1,061,840 (2023) as a consequence of the changes to the fee structure.

		2023									
		1. Fixed Remuneration				2. Variable Remuneration					
Name of Director, Position	Note	Base Salary	Basic Fees	Fees Paid	Fringe Benefits	One-year variable	Multi-year variable	3. Extraordinary items	4. Pension Expense	5. Total Remuneration	6. Proportion of Fixed and Variable Remuneration
Julie O'Neill	1	€0	€320,000	€256,275	€11	€0	€0	€0	€0	€256,286	100% Fixed
Robert Elliott	2	€0	€320,000	€80,000	€0	€0	€0	€0	€0	€80,000	100% Fixed
Ken Slattery	3	€0	€60,000	€72,593	€375	€0	€0	€0	€0	€72,968	100% Fixed
Andrew Power	4	€0	€60,000	€28,350	€0	€0	€0	€0	€0	€28,350	100% Fixed
Ronan O'Neil	5	€0	€60,000	€121,187	€375	€0	€0	€0	€0	€121,562	100% Fixed
Donal Courtney	6	€0	€60,000	€101,938	€90	€0	€0	€0	€0	€102,028	100% Fixed
Ruth Wandhofer	7	€0	€60,000	€73,750	€445	€0	€0	€0	€0	€74,195	100% Fixed
Marian Corcoran	8	€0	€60,000	€79,937	€445	€0	€0	€0	€0	€80,382	100% Fixed
Paul Doddrell	9	€0	€60,000	€82,688	€445	€0	€0	€0	€0	€83,133	100% Fixed
Celine Fitzgerald	10	€0	€60,000	€71,281	€445	€0	€0	€0	€0	€71,726	100% Fixed
Anne Bradley	11	€0	€60,000	€82,688	€445	€0	€0	€0	€0	€83,133	100% Fixed
Catherine Moroney	12	€0	€60,000	€4,113	€0	€0	€0	€0	€0	€4,113	100% Fixed
Rick Gildea	13	€0	€60,000	€3,965	€0	€0	€0	€0	€0	€3,965	100% Fixed

1. Ms O'Neill was appointed as a member of the Board on 17 January 2023 and on the 1 February became a member of the Remuneration Committee, Board Nomination, Culture and Ethics Committee and Project Sun (Ulster Bank transaction) Oversight Committee. Ms O'Neill was appointed as Board Chairperson on 31st March 2023. Fringe benefits relate to the payment of expenses.
2. Mr Elliott retired from the Board on 30 March 2023
3. Additional fees paid as Chairperson of the Remuneration Committee, and member of the Nomination, Culture and Ethics Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions. Mr Slattery retired from the Board on 12 December 2023.
4. Additional fees paid as member of the Board Audit Committee and member of the Remuneration Committee. Mr Power retired from the Board on 19 May 2023.
5. Additional fees paid as Chairperson of the Board Audit Committee, member of the Board Nomination, Culture and Ethics Committee, Project Sun Oversight Committee and Senior Independent Director. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
6. Additional fees paid as Chairperson of the Board Risk and Compliance Committee, and member of Board Audit Committee and the Project Sun Oversight Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
7. Additional fees paid as member of the Board Risk and Compliance Committee and the Remuneration Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
8. Additional fees paid as member of the Board Risk and Compliance Committee, the Board Nomination, Culture and Ethics Committee and Project Sun Oversight Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
9. Additional fees paid as member of the Board Risk and Compliance Committee, Project Sun Oversight Committee and the Board Audit Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
10. Additional fees paid as member of the Remuneration Committee and Nomination, Culture and Ethics Committee. Fringe benefits comprise of Benefit in Kind relating to the payment of professional body subscriptions.
11. Additional fees paid as member of the Board Audit Committee, Project Sun Oversight Committee and Board Risk and Compliance Committees. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
12. Additional Fees paid as member of the Board Risk and Compliance Committee and the Board Audit Committee. Ms Moroney was appointed to the Board on 12 December 2023.
13. Additional Fees paid as member of the Board Risk and Compliance Committee and the Board Remuneration Committee. Mr Gildea was appointed to the Board on 12 December 2023.

For comparison, the level of fees paid to the Chairperson and Non-Executive Directors in 2022 is outlined in the table below.

		2022									
		1. Fixed Remuneration				2. Variable Remuneration					
Name of Director, Position	Note	Base Salary	Basic Fees	Fees Paid	Fringe Benefits	One-year variable	Multi-year variable	3. Extraordinary items	4. Pension Expense	5. Total Remuneration	6. Proportion of Fixed and Variable Remuneration
Robert Elliott		€0	€320,000	€305,000	€0	€0	€0	€0	€0	€305,000	100% Fixed
Ken Slattery	1	€0	€60,000	€73,088	€375	€0	€0	€0	€0	€73,463	100% Fixed
Andrew Power	2	€0	€60,000	€70,463	€0	€0	€0	€0	€0	€70,463	100% Fixed
Ronan O'Neil	3	€0	€60,000	€117,713	€375	€0	€0	€0	€0	€118,088	100% Fixed
Donal Courtney	4	€0	€60,000	€99,337	€0	€0	€0	€0	€0	€99,337	100% Fixed
Ruth Wandhofer	5	€0	€60,000	€70,463	€435	€0	€0	€0	€0	€70,898	100% Fixed
Marian Corcoran	6	€0	€60,000	€78,338	€435	€0	€0	€0	€0	€78,773	100% Fixed
Paul Doddrell	7	€0	€60,000	€80,963	€435	€0	€0	€0	€0	€81,398	100% Fixed
Celine Fitzgerald	8	€0	€60,000	€67,837	€0	€0	€0	€0	€0	€67,837	100% Fixed
Anne Bradley	9	€0	€60,000	€80,963	€0	€0	€0	€0	€0	€80,963	100% Fixed

1. Additional fees paid as Chairperson of the Remuneration Committee, and member of the Nomination, Culture and Ethics Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
2. Additional fees paid as member of the Board Audit Committee and member of the Remuneration Committee.
3. Additional fees paid as Chairperson of the Board Audit Committee, member of the Board Nomination, Culture and Ethics Committee, member of Project Sun Oversight Committee, and Senior Independent Director. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
4. Additional fees paid as Chairperson of the Board Risk and Compliance Committee and member of Project Sun Oversight Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
5. Additional fees paid as member of the Board Risk and Compliance Committee and member of the Remuneration Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
6. Additional fees paid as member of the Board Risk and Compliance Committee, member of the Board Nomination, Culture and Ethics Committee and member of Project Sun Oversight Committee. Fringe benefits comprise Benefit in Kind relating to the payment of professional body subscriptions.
7. Additional Fees paid as member of the Board Risk and Compliance Committee, Board Audit Committee and Project Sun Oversight Committee.
8. Additional fees paid as member of the Remuneration Committee and Nomination, Culture and Ethics Committee.
9. Additional fees paid as member of the Board Audit Committee and Board Risk and Compliance Committees and member of Project Sun Oversight Committee.

The table below outlines the level of fees paid to the Chairman and Non-Executive Directors, including base fees and further fees for additional Board duties such as Chairpersonship or membership of a committee. The fee structure remained unchanged in 2023 and is considered to remain appropriate following the 10% increase which was applied from the 1st July 2022 as part of a comprehensive fee review.

Position:		2022 Fees	2023 Fees
Board Chairperson		€320,000	€320,000
Non-Executive Director (Base Fee)		€60,000	€60,000
Senior Independent Director		€22,000	€22,000
Board Audit Committee and Board Risk & Compliance Committee	Chairperson	€27,500	€27,500
	Member	€8,250	€8,250
Remuneration Committee	Chairperson	€11,000	€11,000
Remuneration Committee and Nomination, Culture & Ethics Committee	Member	€5,500	€5,500
Project Sun Oversight Committee (ceased 30/09/2023)	Member	€8,250	€8,250

Comparison of Directors' and Employees' pay

The following table provides information regarding the annual change in the total remuneration of members of the Bank's Board of Directors, as well the average change in remuneration, on a full-time equivalent basis, of our employees as compared with our Company performance between 2019 and 2023.

Changes in Remuneration	Note	Percentage change between 2019 and 2020	Percentage change between 2020 and 2021	Percentage change between 2021 and 2022	Percentage change between 2022 and 2023
Directors' Remuneration – Executive Directors					
Eamonn Crowley, CEO	1	6.6%	5.1%	0.0%	4.2%
Nicola O'Brien, CFO	2	N/A	N/A	N/A	12.7%
Michael Frawley, CRO	3	0.7%	0.0%	0.0%	N/A
Directors' Remuneration – Non-Executive Directors (NEDs)					
Robert Elliott	4	0.0%	0.0%	5.2%	0.0%
Julie O'Neill	5	N/A	N/A	N/A	N/A
Ken Slattery	6	4.6%	2.3%	1.7%	4.1%
Andrew Power	7	0.0%	0.0%	4.9%	4.7%
Ronan O'Neill	8	6.5%	21.3%	7.6%	2.9%
Donal Courtney	9	0.0%	1.1%	6.6%	2.7%
Ruth Wandhofer	10	0.0%	0.6%	4.2%	4.7%
Marian Corcoran	11	0.0%	7.0%	8.9%	2.0%
Paul Doddrell	12	N/A	1.8%	14.2%	2.1%
Celine Fitzgerald	13	N/A	N/A	4.1%	5.7%
Anne Bradley	14	N/A	N/A	6.5%	2.7%
Catherine Moroney	15	N/A	N/A	N/A	NA
Rick Gildea	16	N/A	N/A	N/A	NA
Average remuneration on a full-time equivalent basis of employees					
Employees of the company	17	2.6%	1.7%	-0.8%	2.8%
Company performance	**Note**	**2020**	**2021**	**2022**	**2023**
Underlying profit/ loss	18	(€109m)	€17m	€45m	€166m
Adjusted Cost to Income Ratio	19	75%	82%	83%	64%

Notes:
1. Mr Crowley served as CFO up to 1st July 2020 at which point he was appointed as CEO. The year on year increase in 2021 reflects this appointment to CEO. The increase in 2023 results from certain changes to pension arrangements.
2. Ms. O'Brien was appointed to the Board on 04 August 2022 and therefore no pre-2022 data is available for comparative purposes.
3. Mr. Frawley was appointed to the Board on 29th October 2019. Remuneration for 2019 has been annualised for the purpose of the above. He resigned from the Board on 30 March 2022.
4. Mr. Elliot's increase in 2022 is reflective of the increase in board remuneration fees which were approved in July 2022.
5. Ms O'Neill was appointed as member of the Board on 17th January 2023, and as Chairperson to the Board on 31st March 2023 and therefore no data is available for comparative purposes
6. Mr. Slattery was appointed as Chair of Remuneration Committee on 8th September 2020. The year on year increase in 2021 reflects this appointment and the payment of fringe benefits during 2021. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
7. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022 and which have been annualised for the purposes of the 2023 analysis.
8. Mr O'Neill was appointed as Senior Independent Director on 6th August 2020. The year on year increase in 2021 reflects this appointment, and other committee membership changes during 2021. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
9. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
10. Ms Wandhöfer was appointed as a member of the Board on 1st February 2019. Remuneration for 2019 was annualised for the purposes of the above. Her year on year increase in 2021 reflects payment of fringe benefits during 2021. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
11. Ms Corcoran was appointed as a member of the Board on 24th September 2019. Remuneration for 2019 was annualised for the purposes of the above. Her year on year increase in 2021 reflects committee membership changes during 2021. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
12. Mr Doddrell was appointed as a member of the Board on 26th November 2020 and therefore no pre-2020 data is available for comparative purposes. Remuneration for 2020 was annualised for the purposes of the above. The year on year increase in 2021 reflects committee membership changes during 2021. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
13. Ms. Fitzgerald was appointed as a member of the Board on 30th March 2021 and therefore no pre-2021 data is available for comparative purposes. Remuneration for 2021 was annualised for the purposes of the above. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
14. Ms. Bradley was appointed as a member of the Board on 30th March 2021 and therefore no pre-2021 data is available for comparative purposes. Remuneration for 2021 was annualised for the purposes of the above. The year on year increases in 2022 and 2023 respectively are reflective of the increase in board remuneration fees which were approved in July 2022.
15. Ms Moroney was appointed as a member of the Board on 12th December 2023 and therefore no data is available for comparative purposes.
16. Mr Gildea was appointed as a member of the Board on 12th December 2023 and therefore no data is available for comparative purposes.
17. The change in average remuneration is based on the annual employee costs (excluding social welfare and directors' remuneration) divided by the average number of employees.
18. Operating profit/loss before exceptional items. See page 72 for a reconciliation of underlying loss to operating profit on an IFRS basis.
19. Defined as total operating expenses (excluding exceptional, other non-recurring items, bank levy and regulatory charges) divided by total operating income.

Director’s Report on Remuneration
(continued)

Voting Results from the Annual General Meeting

At the 2023 AGM, shareholder approval on an advisory basis was sought for the 2023 Directors’ Report on Remuneration. At the AGM in 2023, 99.9% of votes cast were in favour of the resolution.

Also, in accordance with the Shareholder Rights Directive, every four years, shareholder approval on an advisory basis is sought on the Directors’ Remuneration Policy. Shareholder approval for the Directors’ Remuneration Policy was last granted at the AGM in 2023 which was approved by 99.9% of shareholders at that time.

The Bank takes the views of shareholders on our approach to remuneration into account on an ongoing basis and welcomed the strong support received for both resolutions.

An updated version of the Directors’ Remuneration Policy has been brought through internal governance and will be presented for shareholder approval on an advisory basis at the 2024 AGM. That updated Policy includes a number of amendments to support the planned introduction of reward with a variable component.

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS and in respect of the consolidated financial statements, Article 4 of the IAS Regulation.

Under Irish law the Directors shall not approve the Group’s and Company’s financial statements unless they are satisfied that they give a true and fair view of the Group’s and the Company’s assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS adopted by the EU and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014, and as regards the Group financial statements, article 4 of the IAS Regulation and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and the requirements of the Listing Rules issued by the Irish and London Stock Exchanges, the Directors are also responsible for preparing a Directors’ Report and reports relating to Directors’ remuneration and Corporate Governance. The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules to include a management report containing a fair review of the business and a description of the Principal Risks and Uncertainties facing the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website www.permanenttsb.ie. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of each Director’s knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position of the Group and the Company and of the loss of the Group;
- the Group’s Chairperson Statement, the Group’s Chief Executives Review and the Operating and Financial Review set out in the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the Principal Risks and Uncertainties that they face as set out in the Risk Management Section of the Strategic Report; and
- the Annual Report and the financial statements, taken as a whole, is fair, balanced, understandable and provides the information necessary for shareholders to assess the Group and Company’s position and performance, business model and strategy.

On behalf of the Board

Julie O’Neill
Chairperson

Eamonn Crowley
Chief Executive

Nicola O’Brien
Chief Financial Officer

Conor Ryan
Company Secretary

6 March 2024

Independent Auditor's Report to the Members of Permanent TSB Group Holdings plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Permanent tsb Group Holdings plc ('the Company' or 'PTSB') and its consolidated undertakings ('the Group') for the year ended 31 December 2023 set out on pages 184 to 298, contained within the reporting package 635400DTNHVYGZODKQ93-2023-12-31-en.zip,which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement of cash flows and related notes, including the Group's material accounting policies set out in note 1 and the Company's material accounting policies set out on page 295. Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are incorporated in the financial statements by cross-reference and are identified as audited

The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board Audit Committee ('BAC').

We were appointed as auditor by the Board of Directors on 2 June 2023. The period of total uninterrupted engagement is therefore one year ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Other matter – first year audit considerations

Prior to the commencement of the current financial year and our formal appointment on 2 June 2023, we were required to become independent of the Group. During this time, we met with management across the Group to understand the business and to gather information which we needed to plan our first audit effectively. We met with the former Auditors and attended the Board Audit Committee (BAC) meetings throughout the 2022 Group Financial Statement audit cycle to understand the key audit matters as and when they arose. We also assessed the audit work papers of the former Auditors to gain sufficient audit evidence about whether the opening balances contained misstatements that could materially affect the current year financial statements

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- we used our knowledge of the Group and Company, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period were:

  the availability of funding and liquidity in the event of a market wide stress scenario; and

  the impact on regulatory capital requirements in the event of an economic slowdown or recession.

- we also considered whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts..

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors, the Board Audit Committee, Group Internal Audit ("GIA") and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud , and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors, the Board Audit Committee, Group Internal Audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board Audit Committee and where relevant, sub-Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and executive directors.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity, other banking laws and regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify material actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition. We identified fraud risks in respect of post model adjustments relating to the Group's impairment loss allowance on loans and advances to customers, a certain provision balance relating to litigation and management override of controls.

Further detail in respect of post model adjustments related to the Group's impairment loss allowance is set out in the key audit matter disclosures in this report

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation;
- Evaluating the business purpose of significant unusual transactions;
- Assessing significant accounting estimates for bias; and
- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates in and gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Independent Auditor's Report to the Members of Permanent TSB Group Holdings plc
(continued)

Group key audit matters

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements €570 million (2022: €521 million)

Refer to page 198 (accounting policy) and pages 235 to 238 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The calculation of expected credit losses ("ECLs") requires a high degree of judgement to reflect recent developments in credit quality, arrears experience and / or emerging macroeconomic risks. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's estimation of ECLs include but are not limited to: *Impairment loss allowance under IFRS 9 - accuracy of modelled ECL estimate:* The calculation of expected credit losses uses complex and inherently judgmental modelling techniques. ECLs may be inappropriate if certain models or underlying assumptions do not accurately predict defaults or recoveries over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets. As a result of these factors, we have identified a significant risk of error arising from complexity or uncertainty in certain models or underlying assumptions. Furthermore, these models are the key drivers of the complexity and estimation uncertainty in the ECL estimate and resulted in an enhanced audit time. *Impairment loss allowance under IFRS 9 - post-model adjustments:* Post-model adjustments ("PMAs") are raised by management to address known impairment model limitations or emerging trends. We identified a significant risk of error and fraud associated with the valuation of those PMAs with the greatest degree of management judgement. PMAs represent approximately 24% of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in estimating certain PMAs and management overlays. *Impairment loss allowance under IFRS 9 - economic scenarios:* Economic scenarios have a direct impact on the loan staging classification and the resultant ECL. Significant management judgement is applied to the determination of the economic scenarios and the weightings applied to them. We have identified a significant risk due to error with respect to management judgment relating to the selection of scenarios, the associated scenario probabilities and the material economic variables which drive the scenarios and the related weightings.	*Impairment loss allowance under IFRS 9 - accuracy of modelled ECL estimate:* We performed end to end process walk-throughs to identify the key systems, applications and key controls used in the impairment loss allowance modelling processes. In conjunction with our credit modelling specialists, we tested the design, implementation and operating effectiveness of key controls including controls over: Model validation, model monitoring and controls over significant model inputs and outputs. In conjunction with our credit modelling specialists, we challenged the model development and validation teams to assess the appropriateness of the models used by the Bank. We tested the completeness and accuracy of identified critical data elements used within the ECL models. In conjunction with our credit modelling specialists, we independently re-performed testing over key aspects of the models underlying the calculation of ECLs, including: Re-performance of ECL execution for a selection of ECL models using PTSB's statistical analysis system (SAS), Independent rebuild and replication testing for a selection of IFRS 9 PD and LGD models, and Inspection of model validation and model monitoring reports to assess whether the findings have been appropriately considered, addressed by management and included in the PMA stack as relevant. *Impairment loss allowance under IFRS 9 - post-model adjustments:* We performed end to end process walk-throughs and tested the design, implementation and operating effectiveness of the key controls over the identification, calculation, review and authorisation of PMAs. In conjunction with our credit modelling specialists, we evaluated the conceptual soundness of certain PMAs by critically assessing management's methodology, including the limitation and/or risk that those PMAs are seeking to address, and the PMAs' compliance with the requirements of IFRS 9. • Inspected the PMA calculation methodology and tested the completeness and accuracy of relevant data inputs into the PMA calculation. Tested the completeness and accuracy of the PMAs having regard for the risk profile of the loan books, as well as known model limitations, and by challenging management on their assumptions relating to the credit risk impact of prevailing macroeconomic uncertainty such as interest rates and inflation.

The key audit matter	How the matter was addressed in our audit
Disclosure quality: The disclosures regarding the Group's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The credit risk sections of the financial statements (pages 258 to 279) disclose additional information in relation to ECL. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Challenged the overall reasonableness of the PMAs by comparing the PMAs recognised by management to the model limitations and/or data limitations that we consider to exist in the portfolio. • Performed benchmarking analysis with peer banks over ECL coverage levels and we assessed whether any PMAs identified for testing are indicative of fraud, management bias or other deficiencies. Assessed the overall adequacy of disclosures relating to PMAs. ***Impairment loss allowance under IFRS 9 - economic scenarios:*** We performed end to end process walk-throughs and tested the design, implementation and operating effectiveness of the key controls related to the estimation of macroeconomic forecasts used in measuring ECL including the economic scenarios and probability weightings applied to them. In conjunction with our economics specialist, we challenged management and management's specialists and inspected related documentation to assess whether the basis for significant management assumptions and judgements are reasonable and consistent with independent consensus forecasts. In conjunction with our economics specialist, we challenged and assessed the plausibility of the significant assumptions underpinning PTSB's economic scenarios which have been identified as GDP, unemployment and House Price Index ('HPI') by comparing to independent and observable economic forecasts, leveraging a number of external data points. We involved our economic specialist to assist in assessing the appropriateness of the Bank's methodology for determining the economic scenarios used and the probability weightings applied to them. We challenged whether management's forward-looking information incorporated within the Group's upside and downside scenarios were reasonable, having regard to all available information at year-end. *Disclosure Quality* We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear. *Our results:* We found the significant judgements used by management in determining the impairment loss allowanced and current year charge, including the accuracy of modelled ECL estimates, application of PMAs, and economic scenarios and associated disclosures to be reasonable.

Independent Auditor's Report to the Members of Permanent TSB Group Holdings plc
(continued)

IT Operational Risk

The key audit matter	How the matter was addressed in our audit
As with many banks, the Group is highly dependent on IT systems for the processing and recording of significant volumes of transactions. Our audit approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems. In particular, we consider privileged user access management controls to be critical in ensuring that only appropriately authorised changes are made to relevant IT systems. Moreover, appropriate access controls contribute to mitigating the risk of potential fraud or error as a result of changes to applications and data. We regard this area as a key audit matter owing to the high level of IT dependency within the Group as well as the associated complexity and the risk that automated controls are not designed and operating effectively. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	In conjunction with our IT audit team, we performed end to end walkthroughs and tested the design, implementation and operating effectiveness, of the key automated controls that are relevant to financial reporting. We performed the following procedures as part of our risk assessment: Obtained an understanding of the Group's IT environment having particular regard for developments with respect to the Group's IT strategy. Inspected internal governance reporting relating to IT (including Risk, Cyber, Internal Control functions) to identify any IT matters that may impact integrity of financial reporting. Inquired of GIA and inspected the relevant GIA reports produced during the period to understand the nature of findings, if any, and consider the impact on our audit. We tested relevant General IT Controls for IT applications considered relevant to the financial reporting process, including access management, program development, change management and computer operations. We also tested the design, implementation and operating effectiveness of key IT application controls, including the configuration, security and accuracy of end user computing controls. We focused on testing privileged access and change processes for in-scope systems given their pervasiveness and criticality to our ability to rely on IT controls for audit purposes. **Our results:** We obtained sufficient appropriate audit evidence to rely on the operation of the Group's IT systems for the purposes of our audit. Our testing did not identify unauthorised user activities relevant to financial reporting which would have required us to significantly expand the extent of our planned substantive testing.

Company key audit matter
Impairment evaluation of the investment by PTSBGH Company only in PTSB PLC €2.35bn (2022: €2.35bn)

Refer to page 217 (accounting policy) and page 296 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The PTSBGH plc Company-only balance sheet includes a €2.35 billion investment in PTSB plc at 31 December 2023. PTSBGH Company carries its investment in its subsidiary undertaking at cost and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value-in-use (VIU). The recoverable amount at 31 December 2023 is based on the VIU of the subsidiary investment which exceeds market capitalisation. Given the inputs used in arriving at the VIU, there is a degree of judgement involved in estimating the value of the underlying business at 31 December 2023.As a result of the subjectivity involved in the VIU estimation and its significance and magnitude to the Company, we consider this to be a key audit matter.	Our audit procedures included performing an end-to-end process walkthrough over the impairment assessment carried out by management over the carrying value of the investment. We evaluated management's assessment process that the carrying value of the investment in subsidiary was not impaired at year end based on management's value in use calculation which followed guiding principles of IAS 36 in selection of appropriate capital asset pricing models, relevant assumptions and forecast data. We assessed the appropriateness of the discounted cash flow valuation method applied, reasonability of forecasted free cash flows and other relevant data inputs used and appropriateness of the discount rate applied in management's calculations. We assessed the relevant macroeconomic assumptions underlying the relevant forecasts in the context of economic consensus and for alignment with Group's Medium Term Plan. We challenged management's use of selected discount rate, applied method and data inputs with the assistance of our Corporate Finance Team. We found that the various inputs to the valuation calculation were consistent with the Group's Medium Term Plan and appropriately applied. We also found that the method used and discount rate applied for calculating the VIU were reasonable. We assessed the adequacy of the financial statement disclosures in respect of the investment in the company only financial statements. **Our results:** Based on evidence obtained, we found that management's conclusion that the investment by the Company is not impaired at 31 December 2023 to be reasonable.

Independent Auditor's Report to the Members of Permanent TSB Group Holdings plc
(continued)

Our application of materiality and an overview of the scope of our audit

Materiality for both the Group financial statements and Company financial statements as a whole was set at €12m, determined with reference to benchmark of net assets (of which it represents 0.5% respectively).

We consider net assets to be the most appropriate benchmark given the volatility in profit or loss arising over recent years driven by certain exceptional activities and recent instability in the economic environment. Moreover, we believe that net assets, rather than profitability, provides us with a more appropriate and consistent year on year basis for determining materiality. In applying our judgement in determining materiality, we considered a number of factors which had the most significant impact were: the ownership structure of the Group and Company, Debt arrangements, our understanding of the Group and Company and it's environment; and earnings sensitivities.

Performance materiality for both the Group financial statements and Company financial statements as a whole was set at €9m respectively, determined with reference to benchmark of net assets (of which it represents 75% respectively). We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including: the number and value of misstatements detected and the number and severity of deficiencies in control activities identified by the prior year auditors of the financial statements.

We reported to the Board Audit Committee any corrected or uncorrected identified misstatements exceeding €0.6m (5% of materiality), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us determine the overall audit strategy including identifying the significant risks and procedures to be performed.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report and Strategic Report set out on pages 2 to 79, the unaudited sections of the Risk Management Report set out on pages 80 and 110, the Governance Section on pages 118 to 168 and the parts of 'Other Information' on pages 299 and 335 labelled 'unaudited'.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit we report that, in those parts of the directors' report specified for our consideration:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review by the Listing Rules of Euronext Dublin and th UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 111;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 111;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 111;
- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on page 175;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 111;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 141 and;
- Section describing the work of the board audit committee set out on page 148.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 118 to 168, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process , and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;

- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.
- We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2022;
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2022 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 175, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Frank Gannon
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

6 March 2024

Consolidated Income Statement
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Interest income calculated using the effective interest rate method	5	766	417
Other interest income	5	12	-
Interest income		778	417
Interest expense	5	(158)	(55)
Net interest income		620	362
Fees and commission income	6	86	75
Fees and commission expense	6	(44)	(33)
Net trading income	7	3	3
Net other operating income	8	3	6
Exceptional items			
Gain on bargain purchase	11	-	362
Total operating income		668	775
Administrative, staff and other expenses (excluding exceptional items)	9	(378)	(302)
Bank levy and other regulatory charges	10	(60)	(51)
Depreciation of property and equipment	25	(27)	(21)
Amortisation of intangible assets	26	(40)	(31)
Reversal of impairment of property and equipment	25	-	1
Exceptional items			
Restructuring and other costs	11	(2)	(13)
Costs incurred in relation to the Ulster Bank transaction	11	(31)	(92)
Total operating expenses		(538)	(509)
Operating profit before credit impairment and taxation		130	266
Credit Impairment			
Loans and advances to customers	23	(56)	(7)
Exceptional impairment arising from deleveraging of loans	11	5	8
Total credit impairment (charge)/write-back		(51)	1
Operating profit before taxation		79	267
Taxation	12	(11)	(44)
Profit for the year		68	223
Attributable to:			
Equity holders of the parent*		25	213
Other equity holders		43	10
Earnings per ordinary share		€ Cent	€ Cent
Basic earnings per share of €0.5 ordinary share	13	4.5	45.4
Diluted earnings per share of €0.5 ordinary share	13	4.5	45.4

*2022 Profit attributable to equity holders has been re-presented to reflect the allocation of profits to other equity holders

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Profit for the year		68	223
Items that will not be reclassified to the income statement in subsequent periods			
Fair value reserve (equity instruments)			
Change in fair value of equity instruments	36	5	3
Tax relating to fair value of equity instruments	12	(2)	(1)
Revaluation of property	25	(12)	(8)
Tax relating to revaluation of property	12	5	2
Other comprehensive (expense), net of tax		(4)	(4)
Total comprehensive income for the year, net of tax		64	219
Attributable to:			
Equity holders of the parent*		21	209
Other equity holders		43	10

*2022 Total comprehensive income attributable to equity holders has been re-presented to reflect the allocation of profits to other equity holders

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 €m	31 December 2022 €m
Assets			
Cash at bank	14	71	58
Items in the course of collection	14	40	40
Loans and advances to banks	15	2,051	2,123
Derivative financial instruments	16	36	-
Other assets	17	60	1
Assets classified as held for sale	18	12	18
Debt securities	19	3,256	3,177
Equity securities	20	5	30
Prepayments and contract assets	21	80	207
Loans and advances to customers	22	21,427	19,593
Interest in associated undertakings	24	16	13
Property and equipment	25	205	204
Intangible assets	26	187	160
Deferred taxation	27	309	309
Total assets		27,755	25,933
Liabilities			
Deposits by banks	28	398	614
Customer accounts	29	22,966	21,730
Derivative financial instruments	16	1	13
Debt securities in issue	30	1,512	658
Other liabilities	31	148	181
Accruals		13	6
Current tax liability		1	1
Provisions	32	40	80
Subordinated liabilities	33	257	252
Total liabilities		25,336	23,535
Equity			
Share capital	35	273	273
Share premium	35	804	804
Other reserves	35	(810)	(791)
Retained earnings	35	1,784	1,744
Shareholders' equity		2,051	2,030
Other equity instruments	35	368	368
Total equity		2,419	2,398
Total liabilities and equity		27,755	25,933

On behalf of the Board:

Julie O'Neill
Chairperson

Eamonn Crowley
Chief Executive

Nicola O'Brien
Chief Financial Officer

Conor Ryan
Company Secretary

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital €m	Share premium €m	Revaluation reserve* €m	Fair value reserve* €m	Other capital reserve* €m	Retained earnings €m	Attributable to equity holders of the parent	Other equity instrument €m	Total €m
Balance at 1 January 2022	227	333	55	14	(856)	1,893	1,666	123	1,789
Profit for the year**	-	-	-	-	-	213	213	10	223
Other comprehensive income, net of tax (note 36)	-	-	(6)	2	-	-	(4)	-	(4)
Total comprehensive income/(expense) for the period	-	-	(6)	2	-	213	209	10	219
Transactions with owners, recorded directly in equity:									
Contributions by and distributions to owners									
Issue of share capital	46	110	-	-	-	-	156	-	156
s71 Companies Act reclassification	-	362	-	-	-	(362)	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	250	250
Issuance cost of share capital and other equity	-	(1)	-	-	-	-	(1)	(5)	(6)
AT1 coupon paid (note 35)	-	-	-	-	-	-	-	(10)	(10)
Total contributions by and distributions to owners	46	471	-	-	-	(362)	155	235	390
Balance as at 31 December 2022	273	804	49	16	(856)	1,744	2,030	368	2,398
Balance at 1 January 2023	**273**	**804**	**49**	**16**	**(856)**	**1,744**	**2,030**	**368**	**2,398**
Profit for the year	-	-	-	-	-	25	25	43	68
Other comprehensive income, net of tax (note 36)	-	-	(7)	3	-	-	(4)	-	(4)
Total comprehensive income/(expense) for the period	**-**	**-**	**(7)**	**3**	**-**	**25**	**21**	**43**	**64**
Transactions with owners, recorded directly in equity:									
Contributions by and distributions to owners									
AT1 coupon paid (note 35)	-	-	-	-	-	-	-	(43)	(43)
Reclassification of cumulative gain (net of tax) of equity instruments on disposal	-	-	-	(15)	-	15	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**(15)**	**-**	**15**	**-**	**(43)**	**(43)**
Balance as at 31 December 2023	**273**	**804**	**42**	**4**	**(856)**	**1,784**	**2,051**	**368**	**2,419**

* All are included in other reserves in the statement of financial position
**2022 Profit for the year has been re-presented to reflect the allocation of profits to other equity holders

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	31 December 2023 €m	31 December 2022 €m
Cash flows from operating activities		
Operating profit before taxation	79	267
Adjusted for non-cash items and other adjustments:		
Depreciation, amortisation and impairment of property, equipment and intangibles	67	52
(Gain)/loss on revaluation of property	-	(1)
Impairment (release)/charge on:		
- Loans and advances to customers	45	(1)
Unrealised (gains)/losses on financial assets	-	-
Other income	(2)	(6)
Other mortgage related adjustments	67	26
Other provisions	6	43
Gain on bargain purchase	-	(362)
Other non-cash items	81	14
	343	32
(Increase)/decrease in operating assets:		
Derivative Assets	(15)	1
Other assets	10	273
Debt securities	57	49
Prepayments and accrued income	131	(5)
Loans and advances to customers	(371)	7
Increase/(decrease) in operating liabilities:		
Deposits by banks (including central banks)	(251)	257
Customer accounts	1,135	2,634
Debt securities in issue	769	118
Derivative liabilities	-	1
Other liabilities and accruals	13	7
Provisions	(41)	(15)
	1,437	3,327
Net cash (outflow)/inflow from operating activities before tax	1,780	3,359
Tax paid	(7)	(1)
Net cash (outflow)/inflow from operating activities	1,773	3,358
Cash flows from investing activities		
Maturities of debt securities - HTC	728	251
Purchase of debt securities - HTC	(827)	(972)
Purchase of property and equipment	(24)	(31)
Purchase of intangible assets	(37)	(30)
Cash transferred for business combinations	(41)	(4,816)
Forward contract derivatives	(1,595)	-
Investment in subsidiary undertakings	-	-
Investment in associated undertakings	(7)	(11)
Sale of Visa shares	30	-
Net cash flows from investing activities	(1,773)	(5,609)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2023

	31 December 2023 €m	31 December 2022 €m
Cash flows from financing activities		
Issuance of AT1 Securities	-	245
Payment of lease liabilities	(7)	(6)
AT1 coupon payment	(43)	(10)
Interest paid on T2 capital notes	(8)	(8)
Interest paid on T2 hedging derivative	(1)	-
Net cash flows from financing activities	(59)	221
(Decrease)/increase in cash and cash equivalents	(59)	(2,030)
Analysis of changes in cash and cash equivalents		
Cash and cash equivalents as at 1 January	2,221	4,251
Increase/(decrease) in cash and cash equivalents	(59)	(2,030)
Cash and cash equivalents at the end of the period*	2,162	2,221

Net cash flows from operating activities includes interest received of €857 million (2022: €484 million) and interest/dividends paid of €160 million (2022: €58 million).

* Due to an IFRIC decision, restricted cash held by the Groups securitisation entities, which was excluded from cash and cash equivalents in prior years is now included in cash and cash equivalents for 2023 and 2022. See note 14.

Reconciliation of liabilities arising from financing activities

	Subordinated Liabilities €m	Lease Liabilities €m	Tier 2 hedging derivatives €m	Total €m
1 January 2023	252	38	-	290
Financing Cashflows:				
Lease Liability	-	(7)	-	(7)
Interest paid on Tier 2 capital notes	(8)	-	-	(8)
Interest paid on Tier 2 hedging derivatives	-	-	(1)	(1)
Non-cash movements:				
Additions to lease liabilities	-	4	-	4
Interest accrued on Tier 2 capital notes	8	-	-	8
Hedge adjustment on Tier 2 capital notes	5	-	(5)	-
31 December 2023	257	35	(6)	286
1 January 2022	252	31	-	283
Financing Cashflows:				
Lease Liability	-	(6)	-	(6)
Interest paid on Tier 2 capital notes	(8)	-	-	(8)
Interest paid on Tier 2 hedging derivatives	-	-	-	-
Non-cash movements:				
Additions to lease liabilities	-	13	-	13
Interest accrued on Tier 2 capital notes	8	-	-	8
Hedge adjustment on Tier 2 capital notes	-	-	-	-
31 December 2022	252	38	-	290

Notes to the Consolidated Financial Statements

1. Corporate information, basis of preparation and material accounting policies

1.1 Corporate information

Permanent TSB Group Holdings plc (the Company) is a holding company domiciled in Ireland (registration number 474438). Its registered office is situated at 56 - 59, St. Stephen's Green, Dublin 2, Ireland. The Company's shares are listed on the main market of the Irish and London Stock Exchanges.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the Group) and are prepared up to the end of the financial year, 31 December 2023.

Permanent TSB plc (PTSB), a 100% owned subsidiary of the Company, is the main trading entity of the Group which is involved in retail banking.

These consolidated financial statements for the year ended 31 December 2023 were approved by the Board and authorised for issue by the Directors on 6 March 2024.

The accounting policies applied in the preparation of the financial statements for the year ended 31 December 2023 are set out below.

1.2 Basis of preparation

Statement of compliance

These consolidated financial statements comprise of the consolidated income statement, the consolidated statement of comprehensive income (SOCI), the consolidated statement of financial position (SOFP), the consolidated statement of changes in equity (SOCE), the consolidated statement of cash flows (SOCF), the Company SOFP, the Company SOCE, the Company SOCF and the notes to the consolidated and the Company financial statements, which have been prepared in accordance with IFRS and interpretations issued by the IFR Interpretations Committee (IFRIC) as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and EU (Credit Institutions: Financial Statements) Regulations 2015.

The accounting policies have been consistently applied by the Group entities and are consistent with the previous year.

The financial statements include the information that is described as being an integral part of the audited financial statements contained in the Directors' Report on Remuneration and in Risk Management. Certain tables and related information in the notes to the financial statements, included in boxes and clearly identified as unaudited do not form part of the audited financial statements.

The individual financial statements of the holding company have also been prepared in accordance with IFRS and interpretations issued by IFRIC as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. In accordance with section 304(2) of the Companies Act 2014, the Company is availing of the exemption from presenting its individual income statement and related notes to the AGM and from filing it with the Registrar of Companies. See note 46 for further information.

The Company's profit after tax for the year ended 31 December 2023 was €46m (31 December 2022: €708m). For further information, see the Company financial statements on pages 291 to 298.

Basis of measurement

The consolidated and Company financial statements have been prepared on the historical cost basis as modified to include the fair valuation of certain financial instruments such as equity securities classified as FVOCI, derivative financial instruments, assets classified as held for sale, financial assets and liabilities designated as hedged items in qualifying fair value hedge relationships, and land and buildings accounted for using the revaluation model.

Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency. Except where otherwise indicated, financial information presented in Euro has been rounded to the nearest million (m).

Use of estimates and judgements

The preparation of these consolidated financial statements, in conformity with IFRS, requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures.

While the actual results may differ from the estimates made, the Directors believe that they are reasonable in the current circumstances based on the best available information at the date of the approval of these consolidated financial statements.

1. Corporate information, basis of preparation and material accounting policies (continued)

Additional information about key assumptions and judgements are disclosed in the relevant notes for the following areas including significant estimation uncertainty:

- Allowance for credit impairment losses (note 23);
- Deferred taxation (notes 12 and 27);
- Fair value of financial instruments (note 37);
- Impairment review of subsidiary undertaking (note 46).
- Fair value assumptions in relation to business combination accounting (note 2).

The estimates and assumptions are reviewed on an on-going basis and where necessary are revised to reflect current conditions. The principal estimates and assumptions made by Management relate to impairment of loans and advances to customers, deferred taxation, impairment of investment in subsidiary undertakings and financial instruments.

Judgements made by Management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.3 Going Concern

In considering Management's assessment of the Group's and Company's ability to continue as a going concern, Management considered the principal risks and uncertainties as they might pertain to the going concern assumption, particularly the liquidity, profitability, and capital position. Management considered these items in their current status and over future projections. In doing so, Management considered each risk in turn, and the likelihood of the risk precipitating in the going concern assumptions becoming invalid over the period of assessment, being twelve months from the date of the approval of the financial statements for the year ended 31 December 2023. Management considered realistic alternatives, including downside scenarios applied by the Group and Company to test assumptions and potential outcomes.

Assessment Basis

The time that the Directors and Management have considered in evaluating the appropriateness of the going concern basis in preparing the Company consolidated financial statements for the twelve months ended 31 December 2023 is a period of twelve months from the date of approval of these financial statements (6 March 2025).

In making this assessment, the Directors and Management have considered the Group's and Company's 2024-2028 MTP, profitability forecasts, funding and capital resource projections. These projections include both base and stress scenarios applied by the Group and Company. Together with a number of factors such as the Irish Economy, Government fiscal policies, the availability of collateral to access funding through third parties and the euro-system, and on-going changes in the regulatory environment.

Economic and political environment

Although economic conditions in Ireland have not been as strong in 2023 compared to prior years, growth is continued to be forecast albeit at a more nominalised and moderate rate. Consumer price inflation has eased in the second half of 2023 as a result of the ECB's monetary tightening. The ECB has kept interest rates steady as inflation started to ease and expected to begin easing if this trend continues in the medium term.

Further to this, the Group and Company continues to be materially reliant on Government and EU policy, and impacted by geopolitical events; such as ongoing global conflicts, the continuing uncertainty around the Northern Ireland Protocol and the introduction of the global minimum corporation tax rate to a sector of the Irish market.

The Group and Company reassessed the financial impacts of the economic and political environment through the Group's and Company's integrated planning process and believes it is reasonably well positioned to withstand any volatility from economic events, particularly given the Group's and Company's acquisition of certain parts of the Ulster Bank business in 2022 and the settlement of derivatives in 2023 and continued management of its financial position through NPL reduction and capital management.

Funding & Liquidity

The Group and Company continued to have sufficient liquidity throughout 2023, and continues to undertake initiatives to improve its liquidity position in the areas of deposits, collateral optimisation, and wholesale markets activity. The Directors and Management have also considered forecasts of the liquidity position over the going concern period, under a range of stress scenarios.

1. Corporate information, basis of preparation and material accounting policies (continued)

The Group and Company continues to hold a significant liquidity buffer at 31 December 2023 that can be easily and readily monetised in a period of stress. The Directors and Management are aware that the Group's and Company's ability to effectively utilise its contingent counterbalancing capacity is dependent on the underlying collateral remaining eligible. However, the Directors and Management are satisfied, based on a review of funding plans, interaction with wholesale markets and deposit trends that the required liquidity and funding will be available to the Group and Company during the period of assessment.

There are no material uncertainties, which would cast significant doubt on the ability of the Group to continue on a going concern basis over the period of assessment.

Profitability and Capital Adequacy

The Group and Company made a profit for the year ended 31 December 2023. Directors and Management have reviewed the Medium Term Plan and based on this, the near-term macro-economic conditions of the country and the resolution of legacy issues, the Directors and Management are satisfied that the Group and Company are well positioned to continue to deliver profits in future years.

The Directors and Management have also considered the Group's and Company's forecast capital position, including a deterioration in economic conditions due to high inflation and disruptions to the global supply chain. Based on the above considerations, the Directors and Management have assessed and concluded that this does not give rise to a material uncertainty, which would cast significant doubt on the ability of the Group and Company to continue on a going concern basis for the period of assessment.

Conclusion

As required by IFRS as adopted by the EU, the Directors and Management have considered the principal risks and uncertainties facing the Group and Company as outlined above. Based on the latest and projected financial performance and position, and the options available to the Group and Company, the Directors have concluded that the Group and Company have no material uncertainties, which would cast significant doubt on the going concern assumption and have considered it appropriate to prepare the financial statements on a going concern basis.

1.4 Comparative information

The comparative information for 2022 has been prepared on a consistent basis with 2023.

1.5 Summary of material accounting policies

(i) Basis of consolidation

Subsidiaries

Subsidiaries are those entities (including special purpose entities) controlled by the Group. Control exists when the Group has:

- the power, directly or indirectly, over the relevant activities of the investee, for example through voting or other rights;
- exposure to, or rights to, variable returns through involvement with the investee; and
- the ability to use its power over the investee to affect the Group's return from the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Financial statements of subsidiaries are prepared up to the financial position date. Intercompany transaction balances and unrealised gains/losses on transactions between the Group's companies are eliminated on consolidation.
The Company carries its investment in its subsidiary undertaking at cost in the Company financial statements and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value or its VIU. If impairment occurs, this loss is recognised in the income statement.

Details of principal subsidiaries are included in note 46.

Interest in associated undertakings

Interest in associated undertakings encompass investments in entities whereby the Group has significant influence over the financial and operating policy decisions of the entity but does not have control. It is presumed that significant influence exists if the Group holds more than 20% of the voting rights in the entity unless it can be demonstrated otherwise. Conversely the Group may hold less than 20% of the voting rights but could be demonstrated to have significant influence.

1. Corporate information, basis of preparation and material accounting policies (continued)

Interest in associated undertakings are initially recognised at cost and subsequently accounted for using the equity method whereby the investment is increased or decreased each year by the Group's share of the post-acquisition profit or loss of the associate. The Group's share of the post-acquisition profit or loss of the associate is recognised in profit or loss and OCI.

The Group continues to decrease the carrying amount of the investment for its share of post-acquisition losses until the carrying amount is zero unless the Group has incurred a legal or constructive obligation or made payments on behalf of the associate. These additional losses are provided for and a liability is recognised in this instance.

(ii) Business combinations and goodwill

(a) Business combinations

The Group accounts for business combinations, other than those under common control, using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 1.5(i)).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at the fair value of the assets transferred, the liabilities incurred to the former owners and equity interest issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (vii) and (a)). The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

(b) Goodwill

The Group measures goodwill as the excess of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquired entity; and (iii) acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill is subject to an impairment review at least annually, and, if events or changes in circumstances indicate that the carrying amount may not be recoverable, it is written down through the income statement by the amount of any impairment loss identified in the year.

(iii) Foreign currencies

Foreign currency transactions are translated into the functional currency of each entity, being the currency of the primary environment in which the entity operates at the exchange rate prevailing at the date of the transaction or valuation where items are remeasured. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the reporting date. Exchange movements are recognised in the income statement. However, exchange movements arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised in OCI.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

The results and financial position of the Group's subsidiaries which have a functional currency different from Euro are translated into Euro as follows:

- Assets and liabilities, including goodwill and fair value adjustments, are translated at the rates of exchange ruling at the reporting date;
- Income and expenses are translated at the average exchange rates for the year; and
- All resulting exchange differences are recognised in Other Comprehensive Income (OCI) and as a separate component of equity

1. Corporate information, basis of preparation and material accounting policies (continued)

(iv) Recognition of income and expenses

(a) Interest and similar income and expenses

For all interest bearing financial instruments, interest income or expense is recorded using the EIR method.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins. The calculation of the EIR includes transaction costs, premiums or discounts, and fees paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income is calculated by applying the EIR to the gross carrying amount of financial assets, except for:

1. POCI financial assets, for which the original credit-adjusted EIR is applied to the amortised cost of the financial asset (the calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves); and,

2. Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the EIR to their amortised cost (i.e. net of ECL provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income and expense calculated using the effective interest method presented in the consolidated income statement includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk;
- negative interest on financial liabilities measured at amortised cost;
- negative interest on financial assets measured at amortised cost; and
- interest expense on lease liabilities.

Other interest income presented in the consolidated income statement includes interest income on lease receivables.

(b) Fees and commission income and expense

As outlined above, fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR.

Other fees and commission income are recognised as the related services are performed. Fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(c) Net trading income/(expense)

Net trading income/(expense) comprises gains and losses relating to trading assets and trading liabilities and includes all realised and unrealised fair value changes on derivatives that do not qualify for hedge accounting, dividends and FX differences.

Dividend income is recognised when the right to receive income is established.

(d) Exceptional items

Certain items, by virtue of their nature and amount are disclosed separately in order for the user to obtain appropriate understanding of the financial information. These items would not ordinarily occur while carrying out normal business activities.

Exceptional items include gains and losses on the disposal of businesses, gain on bargain purchase in respect of business combinations, material restructuring costs and material transaction, integration and restructuring costs associated with acquisitions (including potential acquisitions).

The definition of exceptional items was refined to exclude gains and losses on material loan deleveraging post 31 December 2021. However, releases on those transactions which occurred prior to this refinement continue to be included in exceptional items is consistent with the treatment of the losses on deleveraging of loans in prior years.

1. Corporate information, basis of preparation and material accounting policies (continued)

(e) Bank Levy and other regulatory charges

Bank levy and other regulatory charges consist of DGS fees, Central Bank Industry Funding levy, Single Resolution Fund levy, ECB fees and a bank levy.

A bank levy payable to the Government, is provided for on the occurrence of the event identified by the legislation that triggers the obligation to pay the levy.

(v) Employee Benefits

(a) Defined contribution pension plan

The Group operates a number of defined contribution pension schemes, under which the Group pays fixed contributions to a separate entity.

The contribution payable to a defined contribution plan is recorded as an expense under administration, staff and other expenses. Unpaid contributions are recorded as a liability.

(b) Short term employee benefits

Short term employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period in which the employee's service is rendered. Bonuses are recognised where the Group has a legal or constructive obligation to employees that can be reliably measured.

(c) Termination payments

Termination benefits may be payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees where the offer is irrevocable. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(vi) Current and deferred taxation

Taxation comprises both current and deferred tax. Taxation is recognised as income or expenses and included in the income statement except to the extent it relates to a business combination, or items recognised in either OCI or equity. In the former case, taxation is recognised in OCI while in the latter case, taxation is recognised directly in equity. In a business combination the tax amounts are recognised as identifiable assets or liabilities at the acquisition date.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years (ROI: 12.5% from 1 April 2015).

Deferred tax is provided using the liability method on all temporary differences except those arising on goodwill not deductible for tax purposes, or on initial recognition of an asset or liability in a transaction that is not a business combination and which at the time of the transaction affects neither accounting, nor taxable, profit or loss.

Deferred tax is measured at the tax rates enacted or substantively enacted by the reporting date that are expected to be applied to the temporary differences when they reverse.

Deferred tax liabilities and assets are offset only when they arise in the same tax reporting group and where there is the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

DTAs and liabilities shall be offset if, and only if:

- there is a legally enforceable right to set off current tax assets and liabilities; and
- the DTAs and liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. Corporate information, basis of preparation and material accounting policies (continued)

A DTA is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. DTAs are reviewed at each reporting date and are recognised only to the extent that it is probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted in accordance with IAS 12.

Unrecognised DTAs are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

(vii) Financial instruments

(a) Classification of financial assets

Financial assets of the Group currently are recorded at fair value and are classified, on initial recognition, as amortised cost, or elected at FVOCI. Purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset.

With the exception of assets classified as FVTPL, the initial fair value of a financial asset includes direct and incremental transaction costs. The fair value of assets traded on an active market will be the price that would be received if an asset were to be sold in an orderly transaction between market participants at the measurement date. In the absence of an active market, the Group establishes a fair value using various valuation techniques that use observable and unobservable inputs. These include recent transactions in similar items, discounted cash flow projections, option pricing models and other valuation techniques used by market participants.

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments, including loans and debt securities, are currently classified as amortised cost

Classification and subsequent measurement of debt instruments depend on:

(i)The Group's business model for managing the asset; and

(ii) The cash flow characteristics of the asset.

(i) Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets (HTC) or is to collect both the contractual cash flows and cash flows arising from the sale of assets (HTC&S). If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

The Group assesses its business model at a portfolio level based on how it manages groups of financial assets to achieve its business objectives. The observable factors considered include:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to Group ExCo;
- How risks that affect the performance of the business model are managed;
- How business managers are compensated; and
- The timing, frequency and volume of sales.

1. Corporate information, basis of preparation and material accounting policies (continued)

(ii) Cash flow characteristics assessment

The Group carries out the cash flow characteristics assessment using the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest (the 'SPPI' test). Principal, for the purpose of this test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset, for example, due to repayments or amortisation of the premium/discount. Interest is defined as the consideration for the time value of money and credit risk, which are the most significant elements of interest within a lending arrangement. If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they introduce exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Group carries out the SPPI test based on an assessment of the contractual features of each product on origination and subsequently at every reporting period. Derivative instruments and equity instruments are not covered by this assessment as they are held at FVTPL (except when equities have been elected to be accounted for at FVOCI).

Based on the above assessments, the Group currently classifies its debt instruments into one category as per below:

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold the assets to collect contractual cash flows, where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are measured at amortised cost. Interest income on these instruments is recognised in interest income using the EIR method.

The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of a financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the EIR.

Impairment on debt instruments measured at amortised cost is calculated using the ECL approach. Loans and debt securities measured at amortised cost are presented net of allowance for ECL in the SOFP within Loans and advances to customers and Debt securities and interest income recognised in net interest income.

Equity instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognised as part of other operating income in the income statement. The Group can elect to classify non-trading equity instruments at FVOCI. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognised/sold are recorded in OCI and are not subsequently reclassified to the income statement. The Group has classified certain equity instruments as FVOCI on initial recognition as per above. Dividends received are recorded in the income statement.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(b) Impairment of financial assets

The Group recognises loss allowances for ECL for the following financial instruments that are not measured at FVTPL:

- Financial assets at amortised cost;
- Lease receivables
- Loan commitments;
- Financial assets at FVOCI (excluding equity instruments); and
- Guarantees.

Measurement

ECL is measured by the Group in a way that reflects:

- an unbiased probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date and past events, current conditions and forecast of future economic conditions.

1. Corporate information, basis of preparation and material accounting policies (continued)

The amount of ECL recognised as a loss allowance depends on the change in credit risk of the financial instrument since origination and whether the credit risk on those financial instruments has increased significantly since initial recognition. In order to determine the appropriate ECL, a financial instrument is allocated to a stage dependent on the credit risk relative to when the financial instrument was originated:

- Stage 1 – includes financial instruments that have not had a Significant increase in Credit Risk (SICR) since initial recognition. For these assets, 12-month ECL is recognised. 12-month ECL is the ECL that results from default events that are possible within 12 months of the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. Therefore, all financial assets in scope will have an impairment provision equal to at least 12-month ECL;
- Stage 2 – includes financial instruments that have had a SICR since initial recognition but that does not have objective evidence of impairment. For these assets, lifetime ECL is recognised, being the ECL that results from all possible default events over the expected life of the financial instrument;
- Stage 3 – includes financial assets that have objective evidence of impairment at the reporting date, i.e. are credit-impaired. For these assets, lifetime ECL is recognised.

The Group has adopted an ECL framework that reflects a component approach using PD, EAD and LGD components calibrated for IFRS 9 purposes. To adequately capture life-time expected losses, the Group also models early redemptions as a separate component within the ECL calculation.

The expected cash flows included in the ECL calculation are derived from a) the loan contract b) on the disposal of collateral or c) sale of loans arising from deleveraging of NPLs which are included in the ECL calculation from the point that they meet the following three conditions:

- Selling the loans becomes a recovery method that the Group expects to pursue in a default scenario;
- The Group is neither legally nor practically prevented from realising the loans using the recovery method; and
- The Group has reasonable and supportable information upon which to base its expectations and assumptions.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

Purchased or originated credit-impaired assets (POCI)

POCI are excluded from the general 3 stage impairment model in IFRS 9. POCI assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised on a credit-adjusted EIR basis. ECL are only recognised or released to the extent that there is a subsequent change in ECL.

Expected life

When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options, extension and rollover options. For most instruments, the expected life is limited to the remaining contractual life, adjusted as applicable for expected prepayments.

For certain revolving credit facilities that do not have a fixed maturity (e.g. credit cards and overdrafts), the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by Management actions.

For instruments in Stage 2 or Stage 3, loss allowances will cover ECL over the expected remaining life of the instrument.

Expert Credit Judgement

The Group's ECL accounting framework methodology, in line with the requirements of the standard, requires the Group to use its experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

Effective Interest Rate

The discount rate used by the Group in measuring ECL is the EIR (or 'credit-adjusted effective interest rate' for POCI financial assets) or an approximation thereof.

For undrawn commitments, the EIR, or an approximation thereof, is applied when recognising the financial assets resulting from the loan commitment.

1. Corporate information, basis of preparation and material accounting policies (continued)

Low credit risk exemption

The Group applied the low credit risk exemption to sovereign debt securities, reverse repurchase agreements, loans and advances to banks and certain intercompany positions in scope for impairment under IFRS 9.

The Group considers credit risk on a financial instrument low if it meets the following conditions:

- Strong capacity by borrower to meet its contractual cash flow obligations in the near term.
- Adverse changes in economic business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
- External rating of investment grade or an internal credit rating equivalent.

These exposures are in Stage 1 with a very low credit risk requiring 12-month ECL and contributing minimally to overall ECL.

Modification Policy for Financial Assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new items are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new items are introduced such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new EIR for the asset. The date of renegotiation of the new financial asset is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a SICR has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group calculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted EIR for POCI financial assets).

Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery or on foot of a negotiated settlement. Indicators that there is no prospect of recovery include the borrower being deemed unable to pay due to their financial circumstances or the cost to be incurred in seeking recovery is likely to exceed the amount of the write-off. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier than collateral realisation. Write-off on those financial assets subject to enforcement activity will take place on conclusion of the enforcement process.

In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in the income statement.

Presentation of ECL allowance in the statement of financial position

The ECL on financial assets measured at amortised cost is presented as a deduction from the gross carrying amount.

The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the SOFP, which remains at fair value. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the income statement.

Credit losses on items not recognised in the statement of financial position such as undrawn lending commitments, letters of credit and guarantees (other than financial guarantee contracts) are reported under loans and advances to customers..

1. Corporate information, basis of preparation and material accounting policies (continued)

(c) Financial liabilities and equity

Financial liabilities are currently classified at amortised cost unless mandatorily required to be classified at FVTPL, for example derivatives. Derivative liabilities are dealt with under separate accounting policies. All of the Group's financial liabilities, other than derivative liabilities, are classified at amortised cost.

The classification of instruments as a financial liability or an equity instrument is dependent upon the substance of the contractual arrangement. Instruments which carry a contractual obligation to deliver cash or another financial asset to another entity are classified as financial liabilities. The coupons on these instruments are recognised in the income statement as interest expense using the EIR method. Where the Group has absolute discretion in relation to the payment of coupons and repayment of principal, the instrument is classified as equity and any coupon payments are classified as distributions in the period in which they are made. If the Group purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is included in other operating income, net of any costs or fees incurred.

Financial liabilities measured at amortised cost

Financial liabilities include deposits by banks (including Central Banks), customer accounts, debt securities and subordinated debt. The related interest expense is recognised in net interest income.

Debt securities issued and subordinated debt issued are initially recognised on the date that they originated, while all other financial liabilities are recognised initially on the trade date. Both the date of origination and the trade date is the date the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, less any directly attributable transaction costs and are subsequently measured at amortised cost and the related interest expense is recognised in the income statement using the EIR method.

Equity

Financial instruments classified as equity are accounted for directly in equity less any transaction costs deducted directly from equity. Transaction costs are incremented costs directly attributable to the equity transaction that otherwise would have been avoided. Equity instruments are not subsequently re-measured. Any coupon payments on the instrument are treated as dividends and accounted for, when declared as a distribution out of retained earnings. Equity instruments are issued at arm's length.

(d) Derecognition of Financial instruments

Financial assets

The Group derecognises a financial asset when the contractual right to the cash flow from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Control over the assets is represented by the practical ability to sell the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its SOFP, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

1. Corporate information, basis of preparation and material accounting policies (continued)

The Group sells loans and advances to customers to SEs that in turn issue notes to investors which are collateralised by the purchased assets. For the purpose of disclosure, a transfer of such financial assets may arise if the Group sells assets to a consolidated SE, the transfer of financial assets is from the Group (that includes the consolidated SE) to investors in the notes issued by the SE. The transfer is in the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the notes. The securitisation is generally retained in the form of senior or subordinated tranches, or other residual interests (retained interests) however, these securitisations may also occur with entities external to the Group. Retained interests are recognised as debt securities in issue. The Group sells loans and advances to customers to SEs that are not consolidated SEs and the Group retains no interest in these assets and they are derecognised in their entirety.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. This may happen when payment is made to the lender; the borrower legally is released from primary responsibility for the financial liability; or if there is an exchange of debt instruments with substantially different terms or a substantial modification of the terms of an existing debt instrument. Derecognition conditions are also satisfied when an entity repurchases its own debt instruments issued previously. When a financial liability is extinguished, any difference between the carrying amount of the financial liability and the consideration paid is recognised in the income statement.

(e) Determination of fair value of financial instruments and other assets

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset, or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which is accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole and is described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities (unadjusted);
- Level 2: Valuation techniques such as discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

An analysis of the fair values of financial instruments, and further details as to how they are measured, are provided in note 37.

(viii) Derivative instruments and hedging

The Group follows the IFRS 9 model for hedge accounting.

Derivative instruments used by the Group primarily comprise interest rate swaps and currency forward rate contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, the Group engages in fair value hedges which is hedging the exposure to changes in the fair value of a recognised asset or liability in relation to interest rate risk.

1. Corporate information, basis of preparation and material accounting policies (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Certain derivative instruments do not fulfil the hedge accounting criteria under IFRS 9 and are consequently classified as held for trading. The fair value movement and any interest income/(expense) are included in Net trading income/(expense).

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

(a) Fair value hedges

The Group uses interest rate swaps to hedge its exposure to changes in the fair value of fixed-rate euro notes issued in respect of the EURIBOR benchmark interest rate. The Group hedges interest rate risk only to the extent of the benchmark interest rate because the changes in the fair value of a fixed-rate note issued are significantly influenced by changes in the benchmark interest rate.

Before fair value hedge accounting is applied the Group determines whether an economic relationship between the hedged item and the hedging instrument exists. This is performed by comparing the critical terms of each of the instruments and also regression analysis to assess whether the hedging instrument is expected to be highly effective in offsetting changes in the fair value of the hedged item i.e. that the fair value of the hedged item and the fair value of the hedging instrument move in opposite directions and therefore offset. The Group establishes a hedge ratio by aligning the par amount of the fixed-rate note and the notional amount of the interest rate swap designated as a hedging instrument. The Group then performs regression analysis to ensure that the hedge relationship is highly effective as per above. This analysis is also performed at reporting periods to ensure that the hedge relationship remains highly effective.

The main sources of ineffectiveness will include differences in maturities of the instruments and different interest basis calculations.

The effective portion of fair value gains on hedging derivatives and the gain or loss on the hedged item are recognised in net interest income.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

(b) Credit valuation adjustment

The Group is engaged in over the counter (OTC) derivative transactions and considers whether a fair value adjustment for credit risk is required. CVA is considered to reflect the counterparty's default risk and debit valuation adjustment (DVA) to reflect own credit risk. There is no specific guidance on the methods used to calculate CVA or DVA which creates challenges in estimation.

As a result, IFRS 13 requires entities to consider the effects of credit risk when determining a fair value measurement.

The Group mitigates its derivative positions through the use of netting and Credit Support Annex collateral arrangements. The Group do not operationally net positions. The netting and collateral arrangements may be called upon in the event of a default. This allows a counterparty to net all assets and liabilities outstanding with the defaulting counterparty, subject to the agreement when the default event occurs. The collateral arrangements in place require the counterparty in a liability position to place collateral to cover that shortfall. The Group considers and discounts the necessity for any amendments to the valuations to reflect the CVA when calculating the fair value of the derivative positions.

The Group monitors this position at every reporting period and assesses if material CVAs become appropriate to be recognised.

(ix) Cash and cash equivalents

Cash comprises cash on hand and demand deposits and cash equivalents include liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value and with an original maturity of less than three months.

1. Corporate information, basis of preparation and material accounting policies (continued)

(x) Leases

(a) Classification of Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset; this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Unless the lease is of short-term and of low-value assets, where the Group has the right to obtain substantially all of the economic benefits from use of identified assets and has the right to direct the use of the identified asset, a right-of-use asset is recognised in property and equipment and a lease liability is recognised in other liabilities.

If a lease is assumed as part of a business combination the Group, subject to not meeting the recognition exemptions as detailed below, will recognise a right-of-use asset and a lease liability as if the lease were a new lease at the acquisition date. The right-of-use assets and lease liability are then measured consistently with the Group's accounting policy as detailed above with the lease commencement date being the acquisition date.

As a lessee

The Group recognises a right-of-use asset (Property Plant and Equipment) and a lease liability (Other liabilities) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. For its incremental borrowing rate, the Group uses its FTP, which comprises its base cost of funds with add-ons related to regulatory requirements, and term liquidity premium based on the slope of swap curve as a proxy of time value of money. The Group FTP is fully reflective of its funding profile and therefore considers it an appropriate reflection of the Group's borrowing cost. For retail properties, property yield is added as a lease specific adjustment.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is remeasured, if there is a change in future lease payments arising from a change in index-linked considerations, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of twelve months or less and leases of low-value assets, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1. Corporate information, basis of preparation and material accounting policies (continued)

As a lessor

When the Group acts as a lessor, it determines at lease inception, whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as, whether the lease is for the major part of the economic life of the asset.

When assets are held under a finance lease, the present value of the lease payments is recognised as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is included within net interest income and is recognised over the term of the lease reflecting a constant periodic rate of return on the net investment in the lease. Finance lease receivables are recognised within Loans and Advances to Customers and the related interest income within net interest income.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investments in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income, on a straight-line basis, over the lease term, as part of other income.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. The Group recognises lease payments received under operating leases as income, on a straight-line basis, over the lease term, as part of other income.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(xi) Property and equipment

Leasehold premises with initial lease terms of less than 50 years and all other equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the costs of such assets to their residual value over their estimated useful lives, which are assessed annually.

Freehold premises (including land) are revalued at least annually by external professional valuers. Any accumulated depreciation (on freehold premises excluding land) at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any resulting increase in value is credited to OCI and shown as revaluation reserves in shareholders' equity. Any decrease in value that offsets previous increases of the same asset are charged in OCI and debited against the revaluation reserves directly in equity while all other decreases are charged to the income statement. The revalued premises, excluding the land element, are depreciated to their residual values over their estimated useful lives, which are assessed annually.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Property and equipment are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised against the revaluation reserve to the extent it is available and any remainder is recognised in the income statement. The depreciation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

1. Corporate information, basis of preparation and material accounting policies (continued)

If an item of property, plant and equipment is disposed of, any gains or losses are recognised in the profit or loss before tax. If the asset being disposed of had previously been revalued then any amount in OCI relating to that asset is reclassified directly to retained earnings on disposal rather than the income statement.

The estimated useful lives are as follows:

Freehold Buildings	50 years
Leasehold Buildings	50 years or term of lease if less than 50 years
Office Equipment	5 – 7 years
Computer Hardware	3 – 7 years
Fixtures and fittings	7 – 10 years

(xii) Intangible assets (other than goodwill)

Acquired computer software is stated at cost, less amortisation and provision for impairment, if any. The external costs and directly attributable internal costs of bringing to use the computer software are capitalised where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year.

Capitalised computer software has a finite life and is amortised on a straight-line basis over a period of between three to seven years.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Software is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or VIU.

Costs associated with research activities or maintaining computer software programmes are recognised as an expense as incurred.

(xiii) Collateral in possession

In certain circumstances, property is repossessed following foreclosure on loans that are in default. When a property is repossessed, the associated loan relating to that property is derecognised and any provision on that loan is reversed. On initial recognition the collateral in possession is valued at its fair value.

Subsequent to initial recognition, the property is carried at the lower of its cost and net realisable value.

(xiv) Assets and liabilities classified as held for sale

An asset or a disposal group is classified as held for sale if the following criteria are met:

- Its carrying value will be recovered principally through sale rather than continuing use;
- It is available for immediate sale; and
- The sale is highly probable within the next 12 months.

When assets (or disposal groups), other than financial assets as classified under IFRS 9, or rights under an insurance contract, are initially classified as held for sale, they are measured at the lower of the carrying amount or fair value less costs to sell at the date of reclassification.

Impairment losses subsequent to classification of such assets (or disposal groups) are recognised in the income statement. Increases in fair value less costs to sell of such assets (or disposal groups) that have been classified as held for sale are recognised in the income statement to the extent that the increase is not in excess of any cumulative loss previously recognised in respect of the asset (or disposal group).

1. Corporate information, basis of preparation and material accounting policies (continued)

Where the above conditions cease to be met, the assets (or disposal group) are reclassified out of held for sale and included under the appropriate SOFP classifications.

Financial assets within the scope of IFRS 9, DTAs and income taxes within the scope of IAS 12 continue to be measured in accordance with these standards.

(xv) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A restructuring provision is recognised when there is an approved detailed and formal Restructuring Plan, and the restructuring either has commenced or has been publicly announced. Future operating losses are not permitted to be recognised.

Present obligations arising under onerous contracts are recognised and measured as provisions at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. An onerous contract is a contract in which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received under it.

Contingent liabilities are either possible obligations that arise from past events whose existence is dependent on whether some uncertain future events occur which are not wholly within the control of the entity or are a present obligation that arises from a past event but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but are disclosed unless the probability of their occurrence is remote.

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.
The maximum exposure to credit loss under commitments is the contractual amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security prove worthless. The transfer of economic resources is uncertain and cannot be reasonably measured to be recognised on the SOFP.

ECL held against commitments are reported under loans and advances to customers.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies in (d) are applied to loan commitments issued and held.

The Group has issued no loan commitments that are measured at FVTPL

(xvi) Dividends

Final dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Interim dividends are recognised in equity in the period in which they are paid.

(xvii) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Executive Committee (being the chief operating decision maker (CODM)) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Transactions between the operating segments are on normal commercial terms and conditions unless stated otherwise. Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue from external parties is measured in a manner consistent with the income recognition policy of the Group.

1. Corporate information, basis of preparation and material accounting policies (continued)

(xviii) Sales and repurchase agreements

Financial assets may be lent for a fee or sold subject to a commitment to repurchase them ("repos"). Such assets are retained on the SOFP when substantially all the risks and rewards of ownership remain with the Group. The assets are reclassified as pledged assets when the transferee has the right by contract to sell or repledge the collateral. The liability to the counterparty is included separately on the SOFP as appropriate in either Deposits by banks or Customer accounts depending on whether the counter-party is a bank or not.

Similarly, where financial assets are purchased with a commitment to resell ("reverse repos"), or where the Group borrows financial assets but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the financial assets are not included in the SOFP. The collateralised loan asset is included separately on the SOFP as appropriate in either Loans and advances to banks or Loans and advances to customers.

The difference between the sale and repurchase price is recognised in net interest income over the life of the agreements using the EIR.

In certain circumstances, the Group pledges collateral in respect of liabilities or borrowings. Collateral pledged in the form of securities or loans and advances continues to be recorded on the SOFP. Collateral placed in the form of cash is recorded in loans and advances to banks or customers. Any interest receivable arising is recorded as interest income.

(xix) Collateral

The Group enters into master agreements with counterparties to ensure that in the event of a default, all amounts outstanding with those counterparties will be settled on a net basis. The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customers' assets and gives the Group a claim on these assets for both existing and future liabilities. The collateral is not recorded on the Group's SOFP.

The Group also receives collateral in the form of cash or securities in respect of other credit instruments, such as sale-and-repurchase contracts and derivative contracts, in order to reduce credit risk. Collateral received in the form of securities is not recorded on the SOFP. Collateral received in the form of cash is recorded on the SOFP, with a corresponding liability recognised within deposits from banks or deposits from customers. Any interest payable arising is recorded as interest expense.

(xx) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is currently a legally enforceable right of set off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. No impairment loss allowance for ECL is recognised on a financial asset, or portion thereof, which has been offset.

1.6 Application of new and revised IFRS

In 2023, the Group assessed the impact of new and revised pronouncement of IFRSs which took effect during the year. The changes to IFRSs during 2023 did not have material impact on the Group's financial statements. The Group has not early adopted any of the changes described below.

1. Corporate information, basis of preparation and material accounting policies (continued)

1.7 Impact of other accounting standards with effective periods beginning on or after 1 January 2023.

The following table outlines the new pronouncements coming into effect for accounting periods on or after 1 January 2023 and are not deemed to have a significant impact on the financial statements.

Accounting Standard Update	Description of Change	Key impacts for PTSB	Effective Date
IFRS 17 'Insurance Contracts'	Clarifies how to measure insurance liabilities in order to achieve a consistent basis of accounting for insurance contracts.	This new standard has no material impact on current or future reporting. PTSB has no insurance contracts.	Annual periods beginning on or after 1 January 2023.
Amendments to IFRS 17 (Insurance contracts)	Amendments are intended to clarify some of the implementation challenges faced in the implementation of IFRS 17 Insurance contracts.	This amendment has no material impact on current or future reporting. PTSB has no insurance contracts.	Annual periods beginning on or after 1 January 2023.
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments.	This amendment has no material impact on current or future reporting. PTSB has no insurance contracts.	Annual periods beginning on or after 1 January 2023.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements.	This amendment has no material accounting policy impact on current or future reporting.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 8 – Definition of Accounting Estimates	The amendment updates the definition of accounting estimates "accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty".	This amendment has no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	See note 27 for details on the impact of this amendment.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 12 – International Tax Reform — Pillar Two Model Rules	Provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	This amendment has no material impact on current reporting period but this decision will be kept under review for future reporting periods.	Annual periods beginning on or after 1 January 2023.

1. Corporate information, basis of preparation and material accounting policies (continued)

1.8 Impact of other accounting standards with effective periods beginning on or after 1 January 2024.

The following table outlines the new pronouncements coming into effect for accounting periods on or after 1 January 2024 and are not deemed to have a significant impact on the financial statements.

Accounting Standard Update	Description of Change	Key impacts for PTSB	Effective Date
Amendment to IAS 1 – Classification of Liabilities as Current or Non-current	Clarifies that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period.	This amendment is expected to have no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2024.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Clarifies how to measure sales in a sales and lease back agreement. The aim is to ensure it meets the requirements of IFRS15 revenue recognition.	This amendment is expected to have no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2024.
Non-current Liabilities with Covenants (Amendments to IAS 1)	Clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	This amendment is expected to have no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2024.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	Provides disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	This amendment is expected to have no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2024. Not yet endorsed by the EU.
Lack of Exchangeability (Amendments to IAS 21)	Provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	This amendment is expected to have no material impact on current or future reporting.	Annual periods beginning on or after 1 January 2025. Not yet endorsed by the EU.

2. Critical accounting estimates and judgements

The preparation of these consolidated financial statements, in conformity with IFRS, requires Management to make assumptions, estimates and judgements that affect the reported amounts of income, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The current economic climate, with interest rate increases and high inflation, elevates the uncertainty associated with judgements, estimates and assumptions made by Management. The Irish economy demonstrated recovery post Covid and resilience in the current economic climate in 2023. The results of the actions taken by the Government, EBA and CBI point toward a positive trajectory of recovery. The Directors and Management, however, remain cautious and risk remains in the medium to long-term that the Irish Banking sector will continue to face challenges, particularly due to higher capital requirements and new and emerging risks.

While the actual results may differ from the estimates made, the Directors believe that they are reasonable in the current circumstances based on the best available information at the date of the approval of these consolidated financial statements.

Assumptions, estimates and judgements are revised on an ongoing basis and where necessary are revised to reflect current conditions and updated information.

Critical accounting estimates and judgements made by Management in applying accounting policies are set out below.

2. Critical accounting estimates and judgements (continued)

(a) Allowance for credit losses under IFRS 9

IFRS 9 requires an impairment allowance to be recorded for ECL on financial assets regardless of whether there has been an actual loss event. There is a requirement to track and assess changes in credit risk on financial instruments since origination and determine whether the credit risk on those financial instruments has increased significantly since initial recognition.

Government-led customer support initiatives in response to the pandemic have weakened established relationships between model inputs and outputs, reducing the ability to forecast using models alone. In addition, models are constructed based on a single economic cycle. As a result, a greater level of management judgement is required to reflect the current nature and uncertainty of the economic outlook.

The following concepts introduce significant judgement within impairment and have a tangible impact on the level of ECL allowances.

Determination of significant increase in credit risk (SICR)

The determination of whether a loan has experienced a significant increase in credit risk may have a material impact on the level of ECL impairment allowance as a 12-month ECL is recognised for Stage 1 loans whereas a lifetime ECL is recognised for Stage 2 loans.

Migration of loans between Stage 1 and Stage 2 can cause some volatility in the amount of the recognised ECL allowances and the provision for expected credit losses in any accounting period.

The Group has relied on a number of measures including delinquency, forborne status, risk grade, change in remaining lifetime Probability of Default (PD) and PD at maturity to determine SICR.

At December 2023, management judgement has been applied to specified non-standard mortgages classified as Stage 1 by Impairment models and these loans were transferred to Stage 2 with a lifetime impairment loss allowance applied. The impact of this staging adjustment is a c.€94m increase in Stage 2 volumes.

Forward Looking Information (FLI)

The Group has adopted an ECL framework that reflects a component approach using PD, EAD and LGD components calibrated for IFRS 9 purposes. To adequately capture lifetime ECL, the Group also modelled early redemptions as a separate component within the ECL calculation.

Judgement is combined with statistical evidence in determining which forward-looking variables are relevant for the Group's loan portfolios and in determining the extent by which through-the-cycle parameters should be adjusted for FLI to determine point-in-time parameters.

Changes in FLI variables applied to convert through-the-cycle PD and LGD into point-in-time parameters can either increase or decrease ECL impairment allowances in a particular accounting period. On update, increases in the level of optimism in the FLI variables will cause a decrease in ECL while increases in the level of pessimism in the FLI variables will cause an increase in ECL. These movements could be significant in the accounting period of update.

The estimation and application of FLI requires significant judgement. In its calculation of ECL, the Group considers multiple scenarios and possible outcomes together with their probability of occurrence. Scenarios are designed to capture a range of possible outcomes. Each macroeconomic scenario in the Group's ECL calculation includes a projection of all relevant macroeconomic variables applied in the models for a five year period (where the relevant period extends to five years), subsequently reverting to long-run averages.

The Group's approach applies extreme-but-plausible economic scenarios (i.e. underpinned by historical evidence) to estimate the distribution of ECL to which the Group is exposed. Using statistical techniques combined with expert credit judgement the Group then formulates an unbiased probability weighted estimate of ECL at the reporting date.

Three scenarios are currently considered in the Group's calculation of ECL at the reporting date. The base scenario is used for financial planning purposes. The Group considers one scenario that represents a macroeconomic environment that is more favourable to the central scenario and one scenario that represents a macroeconomic environment that is less favourable to the central scenario.

2. Critical accounting estimates and judgements (continued)

The following table details the key macroeconomic variables applied to model credit losses together with the associated percentiles and probability weightings for Stages 1 and 2 at 31 December 2023. Macroeconomic scenarios were most recently updated in December 2023. The update in the Base Case Scenario reflects lower CPI growth as inflationary forces dissipate in the first forecast year and also a return to forecasted house price growth due to current property prices supports. IFRS 9 Upside and Downside scenarios have been updated to present extreme '1-in-20' scenarios relative to the updated Base scenario. Given the severity of these scenarios (5th Percentile upside and 95% Percentile downside), their combination captures the macroeconomic uncertainty arising from the current economic environment.

	31 December 2023				31 December 2022			
	Base Case		Upside Scenario	Downside Scenario	Base Case		Upside Scenario	Downside Scenario
	Average value over Year 1	Average value over the forecast period	Average value for the forecast period	Average value over the forecast period	Average value over Year 1	Average value over the forecast period	Average value over the forecast period	Average value over the forecast period
Percentile		50th	5th	95th		50th	5th	95th
Scenario Probability Weighting		54%	23%	23%		54%	23%	23%
Irish Residential House Prices	2%	2%	12%	-10%	0%	2%	12%	-10%
Irish Unemployment	6%	5%	4%	11%	7%	5%	4%	11%
Irish GDP	3%	3%	6%	-2%	4%	3%	6%	-2%
Consumer Price Index	3%	2%	2%	4%	6%	3%	2%	4%
ECB Base Rate	4%	3%	1%	4%	3%	3%	1%	3%

The Base, Upside and Downside scenarios are described as follows:

Base scenario

In the base scenario, the outlook for the global economy enters a new critical phase in 2024, with growing expectations for faster rate cuts and lower interest rates in the next year. However, the multiyear volatility in the international economy continues, from the sharp rebound in global economic activity from the impact of COVID, driving the biggest inflationary shock since the 1970s in 2022, and the most aggressive monetary response from global central banks in recent history. The expectation is that 2024 will bring both the top of the interest cycle but also a series of rate cuts, as inflationary forces dissipate.

Property prices have now reached the peak last seen in April 2007, although wages are significantly ahead of that period in 2023, and the number of households in the economy has grown by c.400,000 with new housing supply meeting a fraction of demand. Underlying driving forces, such as a) decade of under supply of housing (with 2023 falling short of output forecasts), b) strong population growth through inward migration, c) record rental values, d) an influx of Ukrainian war refugees and e) exceptionally strong construction price increases, are expected to support property prices in the medium term.

On unemployment, the Baseline model reflects no major change in the outlook on unemployment numbers.

2. Critical accounting estimates and judgements (continued)

Upside scenario

This is an extreme positive scenario developed to reflect a much stronger outcome for the Irish economy than in the base scenario. There is both historical context and statistical backing to the key forecasts, but at a positive extremity.

Average GDP growth over the forecast period is 6%, which is higher than the average of 3.9% for the Irish economy since 1950. The outlook reflects an extreme positive of effective full employment.

Consistent with the longer term nominal house price average gain of 9.3% since 1970 (Irish property prices are 50X higher than in 1970 in nominal terms) and 6.4% globally during that period, the HPI forecast for the extreme positive scenario, puts average HPI increases during the scenario under review, at 12% per annum.

Substantially below trend CPI growth returns in the Irish economy over the forecast horizon, with inflation trends remaining highly supportive of economic growth.

Downside scenario

The Downside scenario is an extreme scenario backed by Irish historical context and international comparatives. The scenario captures a statistical extreme in unemployment, GDP and HPI, while maintaining credibility as a single scenario. A prolonged period of mid teen unemployment, extends quickly, reaching a peak of 15% in the second year.

Five years of sub normal growth across the forecast horizon in 2024 to 2028, shows a sharp reversal from current expected growth levels and is significantly below the 3.9% average GDP growth seen in the Irish economy since 1950. GDP falls a low point of minus 5% over the forecast period.

The threat of CPI moving ahead at a much faster pace than expected, is a key feature of this 1 in 20 scenario for this period, acknowledging the weakness in the global supply chain, and the impact of the Ukraine /Russian conflict which has pushed inflationary forces to 40 year highs in 2022.

The Group applies statistical techniques combined with expert credit judgement to formulate an unbiased probability weighted estimate of ECL at the reporting date. A review of the methodology to calculate the final weighted estimate of ECL based on three scenario inputs (Base, Upside and Downside scenarios) by reference to challenger methods and supplementary benchmarks was conducted in H2 2023. The review concluded that the methodology remains in compliance with IFRS 9.

Given the relative sizes of the portfolios, the key judgemental area for the Group is in relation to the level of ECL calculated for the residential mortgage portfolio.

Determining probability weightings of the scenarios and forecasting FLI in respect of those scenarios requires a significant degree of Management judgement. The reported ECL allowance is impacted by the probability weighting attributed to each macroeconomic scenario.

If the Group were to only use its Base Case Scenario for the measurement of ECL for the secured mortgage portfolio, excluding Management's adjustment to modelled outcomes, the ECL impairment allowance would be €113m less than reported at 31 December 2023.

Similarly, excluding Management's adjustment to modelled outcomes, if the Group were to only apply its Upside Scenario for the measurement of ECL for the secured mortgage portfolio, the ECL impairment allowance would be €150m less than reported at 31 December 2023. Whereas, if the Group were to only use its Downside Scenario, the ECL impairment allowance would be €391m greater than reported at December 2023.

2. Critical accounting estimates and judgements (continued)

The adequacy of ECL allowance is reviewed by the BAC on a half-yearly basis.

The Bank has determined that a pre-model adjustment be required to adjust the relationship between the historical reference point and the forecast in the determination of Forward-looking Probability of Default, due to the level of growth experienced at the reference point (December 2021).

At 31 December 2023, the total impairment provision included €135m of management's adjustments to modelled outcomes (31 December 2022: €137m) which primarily comprises the following:

- €50m of Management's adjustment in respect of Stage 3 residential mortgage loans that are in default for a prolonged period and for which Management consider the modelled impairment to be insufficient to cover resolution.
- Management are of the view that the modelled impairment allowance may not fully reflect expected credit losses for certain cohorts of borrowers. The Groups IFRS9 models are constructed based on a single economic cycle covering a period of low and stable inflation rates. In addition, post pandemic demand as a result of government-led supports and economic stimulus has weakened the relationships between model inputs and outputs. At the reporting date, a €29m management overlay is held for risk.
- €13m overlay to reflect limitations associated with using internal models in the calculation of impairment allowance on recently acquired portfolios (31 December 2022: nil)
- A €44m overlay to reflect the uncertainty associated with the current economic headwinds as a result of the increasing interest rate environment. ECB rates rose by 2% in the year. The overlay comprises of €10m in respect of the consumer portfolio, €17m in respect of the commercial portfolio and €17m in respect of the residential mortgage portfolio. At December 2023, model results capture a greater degree of uncertainty risk.

(b) Deferred taxation

At 31 December 2023, the Group had a net deferred tax asset of €309m (31 December 2022: €309m), see Note 27 for further details.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The recognition of a deferred tax asset relies on Management's judgements surrounding the probability and adequacy of future taxable profits and the reversals of existing taxable temporary differences.

The most important judgement relates to Management's assessment of the recoverability of the deferred tax asset relating to carried forward tax losses, being €323m at 31 December 2023. It should be noted that the full deferred tax asset on tax losses relates to tax losses generated in the PTSB legal entity (i.e. no deferred tax asset is being recognised on tax losses carried forward in any other Group company).

The assessment of recoverability of this asset requires significant judgements to be made about the projection of long-term profitability because of the period over which recovery extends. In addition, given PTSB's history of recent losses, in accordance with IAS 12, there must be convincing other evidence to underpin this assessment.

In making the assessment, the Board considered the following factors:

- The current macroeconomic environment and external forecasts for the Irish economy particularly in light of the geopolitical environment, the forecast interest rate rises and inflationary risks;
- The current expected trajectory of the Group's financial performance;
- The impairment performance;
- The Group's projected liquidity and capital position;
- The absolute level of deferred tax assets on tax losses compared to the Group's equity;
- The quantum of profits required to be generated to utilise the tax losses and the extended period of time over which these profits are projected to be generated;
- The challenge of forecasting over an extended period and in particular taking account of external factors such as global political uncertainty, the level of competition and disruptors to the market and market size;

2. Critical accounting estimates and judgements (continued)

- Consideration of the assumptions underpinning the Group's financial projections (on which analysis of the recoverability of the deferred tax asset on tax losses are based). The key relevant assumptions considered being:
  - No material change to the Group's business activities in the medium term;
  - Further progress in addressing the Group's non-performing assets;
  - Net Interest Margin, which has benefitted from increasing interest rates, is also expected to be positively impacted by the evolution of the Group's lending book as new lending volumes are added and lower yielding tracker mortgages pay down; however, further material reductions in cost of funds are considered unlikely;
  - An expectation that mortgage market size will continue to return to normalised levels of activities
  - Continued focus on cost management; and
  - The cost of risk will continue its return to normalised levels reflecting the Group's assessment of the medium to long term average; and
- Consideration of forecasting risks, including sensitivity analysis on the financial projections, such sensitivity analysis including the effect of higher than expected impairments, cost of funds or operating expenditure, and lower than expected asset yields, new lending or ECB rates.

Taking the above factors into account, and in the absence of any expiry date for the utilisation of carried forward tax losses in Ireland, the Board have concluded that it is more likely than not that there will be sufficient taxable profits against which the losses can be utilised and on the basis of the assessment above, continue to recognise €323m of a deferred tax asset on tax losses on the statement of financial position as at 31 December 2023.

In this regard, the Group has carried out an exercise to determine the likely number of years required to utilise the deferred tax asset arising on tax losses carried forward. Based on the Group's latest forecast plans to 2027 and assuming a level of profitability growth consistent with GDP growth of approximately 2.5%, it will take c. 11 years for the deferred tax asset on tax losses of €323m to be utilised. A level of profitability consistent with GDP growth continues to be considered by Management to be appropriate given the Group's primarily domestic retail focus and the expectation arising therefrom that, over the long-term, the Group's performance would be expected to broadly track the performance of the Irish economy, with modest GDP growth expected over the medium term. Management are of the view that a long-term assumed growth rate of 2.5% is not unreasonable in this context.

IFRS does not allow for the deferred tax asset recognised to be discounted notwithstanding that it is likely to take a number of years for it to be recovered.

The expected period of time to full utilisation of the deferred tax asset has increased since 31 December 2022 from 10 to 11 years. This is mainly due to forecast interest rate rises and the impact of the Ulster Bank transaction. These revised profitability figures also impact the assumed long-term projections for the Group with the result that the expected utilisation period has decreased. Assumptions underpinning the deferred tax asset recoverability analysis are broadly in line with prior periods.

It should be noted that Management make certain judgements in the process of applying the Group's accounting policies which may impact on amounts recognised in the financial statements and consequently on taxable profits and the utilisation of tax losses. As set out in note 27, analysis carried out demonstrates that were certain adverse events to arise (see below for further detail of the adverse events considered) it continues to be Management's view that there would be sufficient future taxable profits against which the full quantum of tax losses carried forward could be utilised, albeit that the period of time over which such utilisation would occur would be extended.

It should be further noted that the analysis of the estimated utilisation of the deferred tax asset arising on tax losses carried forward in PTSB is based on the current business model of the Group.

The recognition of this asset is dependent on the Group earning sufficient profits to utilise the tax losses. The quantum of and timing of these profits is a source of significant estimation uncertainty. However, as a principle, the Group is expecting to be profitable in the medium term. Consequently the key uncertainty relates principally to the time period over which these profits will be earned. Whilst the Group may be more or less profitable in certain periods owing to various factors such as the interest rate environment, loan loss provisions, operating costs and the regulatory environment, Management expect that, notwithstanding these, the Group will be profitable over the long term. Consequently, any change to these factors which would ultimately impact on profitability, are highly subjective, but will only impact on the time period over which this asset is recovered.

2. Critical accounting estimates and judgements (continued)

As set out above, in assessing the appropriateness of recognising a deferred tax asset on tax losses carried forward, Management has considered the impact of various stress case scenarios on the period of recoverability. The three scenarios identified as having potentially significant implications for the deferred tax asset recoverability are (i) adverse changes in the interest rate environment, (ii) increased impairment charges and (iii) increases in operating costs. These stress case scenarios are intended to simulate a situation where there is an economic downturn. If any one of the stress case scenarios were to occur, within a reasonably possible range, it is our expectation that the time period over which these assets might be recovered could extend by 1 year. If all adverse assumptions were to arise the period of recoverability would be extended by 3 years (i.e. full utilisation by 2037). However, Management consider this scenario unlikely. Changes in these assumptions are most impacted by changes to house prices and unemployment, which represent the majority of any expected stress loss which could occur. This position will continue to be reviewed for each reporting period; however, much of this estimation uncertainty may not be resolved for a number of years. However, as noted, based on the Group's latest forecast plan, it is Management's estimate that the expected time period for recovery of the deferred tax asset on tax losses to be 11 years, i.e. full utilisation is expected by 2034.

(c) Fair Value of Financial instruments

The Group's accounting policy for the determination of fair value of financial instruments is set out in note 1(vii)(e). The best evidence of fair value is quoted prices in an active market. The absence of quoted prices increases reliance on valuation techniques and requires the use of judgement in the estimation of fair value. This judgement includes evaluating available market data, determining the expected cash flows for the instruments, as well as identifying and applying an appropriate discount rate and credit spread.

Valuation techniques that rely on non-observable data require a higher level of Management judgement in estimating the fair value compared to those based on observable data.

The quality of market data, valuation techniques and other inputs into the valuation models used are subject to internal review and approval.

The Group carries certain financial assets at fair value. In estimating the fair value of these assets and derivatives, the Group seeks to use quoted market prices (level 1). Where quoted market prices are not available, the Group uses internally developed valuation models and valuations from external experts. Inputs to these models are taken from observable market data where possible (level 2) but where this is not possible, a degree of judgement is used (level 3). Such judgement considerations typically include items such as interest rate yield curves, equity prices, option volatilities and currency rates.

Further details of the fair value of financial assets and liabilities are set out in note 37.

(d) Business Combination Accounting

Business combination accounting was achieved and accounted for in the 2022 financial statements in relation to the acquisitions from Ulster Bank and is therefore not considered to be a critical accounting judgement in the 2023 financial statements. However, business combination accounting required Management to make certain critical accounting estimates being the fair value of the assets acquired including derivatives. This was relevant for the 2023 financial statements as the transfer of the remaining Retail lending, SME, Asset Finance and Branch Property assets occurred during the year. Management engaged the services of independent third-party valuers to provide valuations of the assets being transferred in the transaction. The fair value of the branch properties was determined using the open market prices. As there was no observable market price for the loans (Level 3), their fair value was calculated using discounted cashflow model and included calculating the expected contractual cash flows of the assets and applying the following to the portfolio of assets; prepayment rate, redemption rate, transition rate (from fixed to variable rates and vice versa), probability of default (PD) and loss given default assumptions, servicing cost, risk weights based on the asset characteristics and a discount rate based on cost of funding, capital and targeted capital ratio.

See notes 3 and 37 for sensitivities relating to the fair values.

2. Critical accounting estimates and judgements (continued)

(e) Impairment review of its subsidiary undertaking

The Company carries its investment in its subsidiary undertaking at cost and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value-in-use (VIU).

An impairment charge arises if the carrying value exceeds the recoverable amount and where the carrying value is not supported by the estimated discounted future cash flows of the underlying business. Management note that the market capitalisation of the Group is lower than its net assets. It is noted that the market capitalization does not include a control premium. The recoverable amount of the investment is the higher of its fair value less costs to sell or it's VIU. The carrying value of the investment in PTSB was €2,346m as at 31 December 2023. The recoverable amount based on the VIU s in excess of the carrying amount. On the basis that the VIU in excess of the carrying value no impairment charge is required (31 December 2022: no impairment charge). In 2022 management considered whether a reversal of impairment charge from previous years is appropriate. Having reviewed external and internal information management noted that there had been a significant change in the value of the asset, primarily due to the increased profitability as a result of the Ulster Bank transaction and increased interest rates. On this basis, management were satisfied there was sufficient headroom to take a full write back of the previous impairment charges of €697m in 2022.

The VIU is the present value of the future free cash flows expected to be derived from the investment, based upon a VIU calculation discounted at an appropriate rate for the investment.

The recoverable amount reflecting Management's best estimate is sensitive to changes in the following key assumptions:

Cash flow forecasts

Cash flow forecasts are based on internal management information used for strategic planning for a period of up to five years, after which a long-term growth rate appropriate for the business is applied. The key cash flows in these forecasts are as follows:

- Forecasted net lending growth, which is based on historical experience of the Group, strategic priorities and direction;
- Forecasted SME business and increase in fee based income portfolio based on the targets for the coming years;
- Increase in the loan book as a result of the Ulster Bank business combination;
- Increase in revenue due to interest rate increases;
- Operating profits based on historical experience and average margins
- Impairment charge based on historical experience and forecasted general macro-economic outlook;
- Deposits projections based on the liquidity funding needs of the Groups; and
- Issuance / redemptions of the debt issued and other capital raising activities.

The projected cash flows are stress tested with actual performance and verifiable economic data annually to reflect current market conditions and Management's best estimates of future projections.

Growth rate

Growth rate is determined by reference to long-term economic growth and does not exceed the relevant long-term average growth rate of the industry in which it operates. A growth rate of 2.5% was used.

Discount rate

The discount rate used is a post-tax weighted average cost of capitalof the Group of 11.5% (2022: 10%) as the cash flows used in impairment assessment are pre-tax cash flows. The discount rate includes an additional risk premium to account for various specific risks. These specific risks are not reflected in the cash flows projected for impairment analysis.

The discount rate is used for various internal pricing models and is benchmarked with the industry averages to cater for the any changes in risk profile of the Group.

The Group uses pre-tax discount rate as the cash flows generated by the subsidiary are pre tax cash flows.

2. Critical accounting estimates and judgements (continued)

Sensitivity analysis

The impact of changes in the growth rate, the discount rate and cash flows has been assessed by the Directors:

- A decrease in ECB interest rate of 100bps would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge;
- An increase in operating expenses of €20m per annum, would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge;
- An increase of 1% in long-term growth rate would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge;
- A decrease of 1% in long-term growth rate would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge;
- An increase of 1% in the discount rate would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge; and
- A decrease of 1% in the discount rate would result in a VIU in excess of the carrying value after impairment write-back, resulting in no impairment charge.

3. Business combination

On 7 November 2022 the Group achieved business combination accounting when €5.2bn of the Retail business assets and significant processes were acquired by the Bank from Ulster Bank Ireland DAC ('Ulster') thereby legally binding the Bank to acquire the remaining Retail, Asset Financing and SME assets. The remaining assets to be transferred were recognised initially as Forward Contract Derivatives as the Group had committed to purchase these as part of the business combination.

The Group also recognised a contingent liability to pay an equity cash consideration amount based on 4.04% of the Banks ordinary shares (after the issuance of shares on the acquisition date of 7 November 2022) using a volume weighted average price (VWAP) of the Banks ordinary shares for a period of 60 days post the acquisition date. This liability was settled in January 2023 when cash of €41m was paid to NatWest. This resulted in a loss recognised in Net other operating income in 2023 of €2m.

The following transfers of assets from Ulster occurred during the year ended 31 December 2023. This resulted in the settlement of the associated Forward Contract Derivatives and a gain of €5m was recognised in Net other operating income due to changes in the amount of assets acquired and fair value of the assets acquired on the acquisition dates.

- The Branch Properties (including associated employees) transferred in January 2023 and €9m cash was paid to Natwest. This resulted in an increase in Property, Plant and Equipment of €9m (Forward Contract Derivative liability 31 December 2022: €nil).
- The SME business assets (including associated employees) transferred in February and June 2023 and €164m cash was paid to Natwest. This resulted in an increase in Loans and Advances to Customers of €154m (Forward Contract Derivative liability 31 December 2022: €10m).
- The remaining Retail business assets transferred in May 2023 and €923m cash was paid to Natwest. This resulted in an increase in Loans and Advances to Customers of €922m (Forward Contract Derivative liability 31 December 2022: €nil).
- The Asset finance business assets (including associated employees) transferred in July 2023 and €500m cash was paid to Natwest. This resulted in an increase in Loans and Advances to Customers of €504m. (Forward Contract Derivative liability 31 December 2022: €2m)

No further transfer of assets is set to occur in relation to the transaction and no further amounts are owed to Natwest as part of the acquisition as at 31 December 2023.

4. Operating segments

The Group reports one operating segment which is in accordance with IFRS 8 'Operating segments'.

In line with IFRS 8, the Group also reports revenue from external customers for each major group of products and services. The amount of revenue reported is based on the financial information used to produce the Group's financial statements. The Group also reports revenue and non-current assets on a geographical basis; Ireland and Isle of Man (IOM).

The ExCo as the Chief Operating Decision Maker (CODM) is responsible for implementing the strategic management of the Group as guided by the Board. The ExCo reviews key performance indicators and internal management reports on a monthly basis.

The Group has assessed its operating segments and continues to be satisfied that there is only one operating segment based on reporting to the CODM, in accordance with IFRS 8.5. The requirements of IFRS 8 will continue to be assessed on an ongoing basis as the Group's business develops.

4. Operating segment (continued)

4.1 Revenue from external customers split by products and services

The sources from which the Group earns external revenue are: interest income, fee and commission income, net trading income, and other operating income. Total revenue from external customers was €870m (2022: €501m). The main products from which the Group earns external revenue include: mortgages; consumer finance; and treasury assets. The interest income from these products is set out in the table below.
Net interest income from external customers split by product:

	31 December 2023 €m	31 December 2022 €m
Mortgages	611	354
Consumer finance*	50	33
Treasury assets	36	11
Wholesale funding	81	19
Total	778	417

*Consumer Finance comprises income from term loans, credit cards, overdrafts and asset financing.

4.2 Profit for the year based on geographical location

During the years ended 31 December 2023 and 31 December 2022, the majority of the Group's profit was incurred in Ireland. Immaterial losses (less than €1m) were incurred outside of Ireland in the Group's IOM subsidiary PBI Ltd during the years ended 31 December 2023 and 31 December 2022. PBI Ltd entered liquidation on 20 December 2023.

4.3 Assets and liabilities based on geographical location

31 December 2023	Ireland €m	IOM* €m	Of which inter-group balances €m	Total €m
Assets				
Held for sale	12	-	-	12
Other assets	27,743	-	-	27,743
Total segment assets	27,755	-	-	27,755
Total segment liabilities	25,336	-	-	25,336
Capital expenditure	100	-	-	100

*This is based on geographical locations and reflects Group intercompany activity with PBI Ltd, which entered liquidation on 20 December 2023.

31 December 2022	Ireland €m	IOM* €m	Of which inter-group balances €m	Total €m
Assets				
Held for sale	18	-	-	18
Other assets	25,914	1	(56)	25,915
Total segment assets	25,932	1	(56)	25,933
Total segment liabilities	23,534	1	(56)	23,535
Capital expenditure	112	-	-	112

*This is based on geographical locations and reflects Group intercompany activity with PBI Ltd.

5. Net interest income

(i) Interest income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Interest income		
Loans and advances to customers	649	387
Loans and advances to banks	81	15
Debt securities and other fixed-income securities	36	11
Deposits from banks	-	4
Interest income calculated using the effective interest rate method	766	417
Other interest income*	12	-
Interest income	778	417
Interest expense		
Deposits from banks	(35)	(10)
Due to customers	(43)	(10)
Debt securities in issue	(71)	(16)
Loans and advances to banks	-	(10)
Subordinated liabilities	(8)	(9)
Lease liabilities	(1)	-
Interest expense	(158)	(55)
Net interest income	620	362

*Other interest income consists of Interest income on lease receivables

Net interest income includes a charge of €29m (31 December 2022: €22m) in respect of deferred acquisition costs and €25m (31 December 2022: €4m) amortisation on the business combination related fair value adjustments.

Debt securities in issue contains €2m net interest expense on derivatives that are in hedge relationships (31 December 2022: €nil).

6. Fees and commission income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Fees and commission income		
Retail banking and credit card fees	76	65
Brokerage and insurance commission	9	9
Other fees and commission income	1	1
Fees and commission income	86	75
Fees and commission expense *	(44)	(33)
Net fees and commission income	42	42

* Fees and commission expenses primarily comprises retail banking and credit cards fees.

7. Net trading Income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Held-for-trading		
Foreign exchange gains	3	3
Net trading income	3	3

8. Net other operating income

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Other income	3	6
Net other operating income	3	6

9. Administrative, staff and other expenses (excluding exceptional items)

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Staff costs (as detailed below)	201	152
Other general and administrative expenses	177	150
Administrative, staff and other expenses (excluding exceptional items)	378	302

Administrative, staff and other expenses (excluding exceptional items) includes costs of €2m in relation to legacy cases (2022: €4m).

Fees paid to the Group's auditors for services outlined below

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Statutory auditor's remuneration (including expenses and excluding VAT)		
- Audit of the individual and the Group financial statements	1.8	1.4
- Other assurance services*	0.2	0.1
- Other non-audit services**	1.4	0.8

*In 2023, other assurance services includes ESG related costs and interim financial statement review related costs. In 2022, other assurance services includes costs in relation to Section 27b and GHG Disclosures, and professional services performed.
**In 2023 other non-audit services costs includes fees and interim fees for professional services in relation to Project Sun, DTR Claim, and costs in relation to the Lombard KYC processes. In 2022 other non-audit services costs primarily relate to the Project Sun Class 1 Circular to shareholders and comfort letters and other services in relation to the Group's Euro Notes Programme and subsequent debt issuance, the AT1 issuance and the Fastnet securitisations.

9. Administrative, staff and other expenses (excluding exceptional items) (continued)

Staff costs

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Wages and salaries (including commission payable to sales staff)	183	140
Social insurance	20	15
Pension costs (payments to defined contribution pension schemes)	17	15
Total staff costs	220	171
Staff costs capitalised	(16)	(13)
Staff costs charged to exceptional items	(3)	(6)
Total staff costs included in the Income Statement	201	152

Staff redundancy costs associated with exceptional items for the year ended 31 December 2023 and 31 December 2022 are included as part of note 11 Exceptional Items.

Staff costs of €16m (31 December 2022: €13m), have been capitalised to Intangible assets (see note 26), as the cost incurred was directly related to developing software and it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Therefore these costs are not included in this note.

Staff numbers

Closing and average number of staff (including Executive Directors) employed during the year are as follows:

	Closing staff numbers*		Average staff numbers	
	2023	2022	2023	2022
Customer facing	1,116	724	1,024	671
Non-customer facing	2,214	1,890	2,031	1,751
Total number of staff	3,330	2,614	3,055	2,422

*Closing staff numbers are calculated on a full time equivalent (FTE) basis.

10. Bank levy and other regulatory charges

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Bank levy	22	22
Other regulatory charges	38	29
Bank levy and other regulatory charges	60	51

Other regulatory charges include €28m for the Deposit Guarantee Scheme (DGS) (31 December 2022: €19m), €4m for the Single Resolution Fund (SRF) (31 December 2022: €5m), €4m for the Central Bank Industry Funding Levy (31 December 2022: €4m) and €2m related to other regulatory charges (31 December 2022: €1m).

11. Exceptional items

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Gain on bargain purchase (a)	-	362
Costs incurred in relation to the Ulster Bank transaction (b)	(31)	(92)
Other (c)	(2)	(13)
Impairment write-back from deleveraging of loans (d)	5	8
Exceptional items	(28)	265

(a) During 2022, the Group recognised a gain on bargain purchase of €362m in respect of the Ulster Bank business combination. This was treated as an exceptional gain in the Income Statement. See note 3 for further details.

(b) During 2023, the Group incurred costs of €31m in relation to the Ulster Bank business combination.

The Group incurred costs of €92m on the Transaction in 2022, these costs were also recognised as exceptional costs in the income statement.

The Group has incurred total costs of €154m on the Transaction.

(c) Other costs of €2m (2022: €13m) relate to additional costs arising in respect of a previous disposal of a business. In the prior period other costs also contained additional costs incurred as a result of phase 2 of the Group's Enterprise Transformation Programme.

(d) The definition of exceptional items was refined to exclude profit or loss on material loan deleveraging post 31 December 2021 (including any increase in impairment arising solely as a result of the sale of loans) due to the sale of loans becoming part of the Group's normal recovery strategy.

During 2023, warranty provisions and accruals of €5m (31 December 2022: €8m) were released in relation to loan deleveraging transactions that the Group executed pre 31 December 2021.

The Group considers these releases as exceptional as the warranty and indemnity provisions were previously recorded through exceptional impairment. This treatment is consistent with the treatment of losses on deleveraging of loans in prior years.

12. Taxation

(a) Analysis of taxation charge

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Current taxation		
Charge for current year	1	2
	1	2
Deferred taxation		
Origination and reversal of temporary differences	10	42
Deferred taxation recognised in the income statement (note 27)	10	42
Taxation charged to income statement	11	44
Effective tax rate	14%	16%

The Group taxation charge for the year ended 31 December 2023 was €11m (31 December 2022: €44m). The main drivers of this charge include (i) a current tax charge of €1m arising on trading income, (ii) a current year deferred tax charge of €10m arising from the utilisation of tax losses carried forward to shelter tax adjusted profits arising in the year.

(b) Reconciliation of standard to effective tax rate

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Profit on the Group activities before tax	79	267
Tax calculated at standard ROI corporation tax rate of 12.5% (2022: 12.5%)	10	33
Tax effect of non-deductible expenses and non-trading income	1	9
Other	-	2
Taxation charged to income statement	11	44

(c) Tax effects of each component of other comprehensive income

	Year ended 31 December 2023		
	Gross €m	Tax €m	Net €m
Revaluation of property	(12)	5	(7)
Fair value reserve:			
- Change in fair value of equity instruments	5	(2)	3
- Current tax on equity instrument disposal	21	(6)	15
- Deferred tax on equity instrument disposal	(21)	6	(15)
31 December 2023	(7)	3	(4)

The tax effect of the equity instrument disposal includes utilisation of €1m of previously unrecognised tax losses brought forward.

12. Taxation (continued)

	Year ended 31 December 2022		
	Gross	Tax	Net
	€m	€m	€m
Revaluation of property	(8)	3	(5)
Fair value reserve:			
-Change in fair value of equity instruments	3	(1)	2
31 December 2022	(5)	2	(3)

13. Earnings per ordinary share

(a) Basic earnings per ordinary share

	Year ended 31 December 2023	Year ended 31 December 2022
Weighted average number of ordinary shares in issue and ranking for dividend excluding treasury shares	**545,584,539**	468,387,212
Profit for the year attributable to equity holders	**€68m**	€223m
Less AT1 coupon paid (see note 35)	**(€43m)**	(€10m)
Profit for the year attributable to equity holders less AT1 coupon paid	**€25m**	€213m
Basic earnings per ordinary share (€ cent)	**4.5**	45.4

(b) Diluted earnings per ordinary share

	Year ended 31 December 2023	Year ended 31 December 2022
Weighted average number of ordinary shares excluding treasury shares held under employee benefit trust used in the calculation of diluted earnings per share	**545,584,539**	468,387,212
Diluted earnings per share (€ cent)	**4.5**	45.4

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

No adjustment to the weighted average number of ordinary shares for the effects of dilutive potential ordinary shares was required for the year ended 31 December 2023 or 31 December 2022, as the AT1 securities issued in 2022 and 2020 have no conversion features within the securities.

13. Earnings per ordinary share (continued)

Weighted average number of ordinary shares*

	2023	2022
Number of ordinary shares in issue at 1 January (note 35)	**545,589,119**	454,695,492
Treasury shares held (note 35)	**(4,580)**	(4,580)
Net movements during the year		
Weighted average shares issued	**-**	13,696,300
Weighted average number of ordinary shares	**545,584,539**	468,387,212

* When calculating the earnings per share the weighted average number of ordinary shares outstanding during the year and all years presented shall be adjusted for events other than the conversion of potential ordinary shares that have changed the number of ordinary shares without a corresponding change in reserves.

There are no instruments with a potential to be converted to ordinary shares at 31 December 2023. The AT1 securities issued in 2022 and 2020 have no conversion features within the securities.

14. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of following:

	31 December 2023 €m	31 December 2022 €m
Cash at bank	**71**	58
Items in the course of collection	**40**	40
Loans and advances to banks repayable on demand (maturity of less than 3 months) (note 15)	**2,051**	2,123
Cash and cash equivalents as per statement of cash flows	**2,162**	2,221

At 31 December 2023 restricted cash of €217m (31 December 2022: €408m) consists of cash of €217m (31 December 2022: €405m) held by the Group's securitisation entities and €nil (31 December 2022: €3m) which relates to cash collateral placed with counterparties in relation to derivative positions and repurchase agreements. Restricted cash is included in cash and cash equivalents.

The following contractual restrictions apply to our securitisation vehicles cash balances. Each vehicle must hold an amount equal to a percentage of the outstanding notes in an account on demand as part of the credit enhancement and liquidity support rules. These funds can only be used to fund any revenue shortfall for contractual payments and must be replenished as soon as additional funds are available. When the notes are fully repaid these funds can be used to pay outstanding principal on the subordinated loan.

15. Loans and advances to banks

	31 December 2023 €m	31 December 2022 €m
Held at amortised cost		
Placed with central banks	**1,688**	1,619
Placed with other banks	**363**	504
Loans and advances to banks	**2,051**	2,123

Placements with other banks includes restricted cash of €217m (31 December 2022: €408m) of which €217m (31 December 2022: €405m) is held by the Group's securitisation entities and €nil (31 December 2022: €3m) which relates to cash collateral placed with counterparties in relation to derivative positions and repurchase agreements. The fair value of collateral pledged by counterparties in relation to reverse repurchase agreements at 31 December 2023 is €nil (31 December 2022:€8m)

Loans and advances to banks amounting to €2,051m (31 December 2022: €2,123m) have a maturity of less than three months and therefore have been treated as cash and cash equivalents, with the exception of restricted cash as noted above.

16. Derivative financial instruments

Derivative instruments are used by the Group, for risk management purposes, to hedge against interest rate risk and foreign currency risk.

Certain derivative instruments, while being economic hedges, do not fulfil the hedge accounting criteria under IFRS 9 and are consequently classified as held for trading (HFT). All derivatives are carried at fair value.

The derivative instruments used by the Group include:

- Currency forward rate contracts, which are commitments to purchase and sell currencies, including undelivered spot transactions; and
- Interest rate swaps which involve the exchange of fixed and variable rate interest payments between two parties at specified times based on a common nominal amount and maturity date.

The forward contract derivatives relating to the business combination were settled in 2023 as the remaining Retail lending assets and the entirety of the Asset Financing and SME assets and branch properties were transferred during the year. See Note 3 for further detail.

Further details on the Group's risk management policies in connection with Derivatives and the policy surrounding Hedge Accounting are set out in section 3.2 of the Risk Management Report.

The notional amounts and fair values of derivative instruments held by the Group are set out in the table below:

	31 December 2023			31 December 2022		
	Contract/ notional amount €m	Fair value asset €m	Fair value liability €m	Contract/ notional amount €m	Fair value asset €m	Fair value liability €m
Derivatives held for hedging						
Interest rate swaps	1,200	36	-	-	-	-
	1,200	36	-			
Derivatives held for trading						
Currency Forwards	57	-	1	82	-	1
Business combination forwards	-	-	-	1,520	-	12
	57	-	1	1,602	-	13
Derivative financial instruments as per the statement of financial position	1,257	36	1	1,602	-	13

16. Derivative financial instruments (continued)

Fair value hedges of interest rate risk

The Group uses fair value hedge accounting for hedge relationships to protect against changes in the fair value of financial assets and financial liabilities due to movements in interest rates. The Group uses interest rate swaps to hedge interest rate risk. The financial instruments that are currently hedged for interest rate risk are fixed rate debt securities in issue. All hedging instruments are included within derivative financial instruments on the balance sheet and hedge ineffectiveness is included within net trading income on the income statement (31 December 2023 €nil, 31 December 2022 €nil).

At 31 December 2023 the Group held the following interest rate swaps as hedging instruments in fair value hedges of interest rate risk. The Group did not hold derivatives for hedging purposes at 31 December 2022.

Fair value hedges - Interest rate swaps

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years +
Liabilities:					
Hedges of debt securities in issue					
Nominal principal amount (€m)	-	-	300	650	-
Average interest rate (%)*	-	-	3.89%	3.17%	-
Hedges of subordinated debt					
Nominal principal amount (€m)	-	-	-	250	-
Average interest rate (%)*	-	-	-	3.48%	-

*The fixed rate on the interest rate swaps detailed above are swapped out for variable 3 month Euribor. The swaps pay 3 month EURIBOR on a quarterly basis and receive fixed in an annual basis.

The tables below set out the amounts relating to items designated as (a) hedging instruments and (b) hedged items in fair value hedges of interest rate risk together with the related hedge ineffectiveness at 31 December 2023 (31 December 2022 €nil):

(a) Hedging Instruments

	Nominal	Assets	Liabilities	Line item in SOFP where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness for the year	Hedge ineffectiveness recognised in the income statement	Line item in the income statement that included hedge ineffectiveness
	€m	€m	€m		€m	€m	
Interest rate swaps hedging:							
Debt Securities in issue	950	30	-	Derivative Assets	14	-	Net trading income
Subordinated debt	250	6	-	Derivative Assets	5	-	Net trading income

16. Derivative financial instruments (continued)

(b) Hedged items

	Carrying amount of hedged items recognized in the SOFP		Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged item		Line item in the SOFP where hedged item is included	Change in fair value of hedged items used for calculating hedge ineffectiveness for the year	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging
	Assets	Liabilities	Assets	Liabilities			
	€m	€m	€m	€m		€m	€m
Debt securities in issue	-	(997)	-	(14)	Debt securities in issue	(14)	-
Subordinated debt	-	(257)	-	(5)	Subordinated liabilities	(5)	-

17. Other assets

	31 December 2023	31 December 2022
	€m	€m
Receivables	57	-
Other	3	1
	60	1

Receivables of €57m for 2023 relates to amounts due to the Group on completion of the liquidation of PBI Ltd which entered liquidation on 15 December 2023.

Other assets includes accruals for miscellaneous debtors of €3m at 31 December 2023 (31 December 2022: €1m).

18. Assets classified as held for sale

At 31 December 2023, assets classified as held for sale amounted to €12m (31 December 2022: €18m). This consists of the following:

- €11m (31 December 2022: €18m) relates to collateral in possession, these properties are expected to be sold within the next 12 months.
- €1m (31 December 2022: €nil) relates to two branch properties (31 December 2022: one branch property) which is no longer occupied by the Group, the sale of these properties are expected to complete within the next 12 months.

19. Debt securities

	31-Dec-23 Total HTC €m	31-Dec-22 Total HTC €m
Government bonds	**3,256**	3,128
Corporate bonds	**-**	49
Gross debt securities	**3,256**	3,177

As at 31 December 2023, all unpledged debt securities are available to be used and are eligible as collateral (though eligibility will depend on the criteria of the counterparty) in sale and repurchase agreements.

Debt securities that are managed on a Hold to Collect (HTC) business model basis are accounted for at amortised cost.

Government bonds of €3.3bn (31 December 2022: €3.1bn) comprise Irish, Spanish, Portuguese, French, Italian, Belgian, Austrian and EU government bonds which are designated as HTC. Corporate bonds which comprised Residential Mortgage Backed Securities (RMBS) and were designated as HTC matured during 2023 (31 December 2022: €49m). The HTC securities represent a portfolio of securities purchased for the purpose of collecting contractual cashflows to maturity. The Group has no HTC&S securities as at 31 December 2023 (31 December 2022: €nil).

At 31 December 2023, debt securities at amortised cost with a fair value of €529m (31 December 2022: €654m) had been pledged to third parties in sale and repurchase agreements. The Group has not derecognised any securities delivered in such sale and repurchase agreements on the statement of financial position.

All debt securities at 31 December 2023 are stage 1 for ECL purposes.

(a) HTC

The movement in HTC securities is classified as follows:

	31 December 2023 HTC €m	31 December 2022 HTC €m
As at 1 January	**3,177**	2,494
Additions	**828**	972
Maturities	**(728)**	(251)
Interest net of cash receipts	**(14)**	3
Amortisation of premium / (discount)	**(7)**	(41)
Total	**3,256**	3,177

(b) Amounts arising from impairment provisioning on debt securities:

Held at amortised cost

As at 31 December 2023, the amount arising from ECL on debt securities measured at amortised cost is €0.6m (31 December 2022: €0.6m). The ECL on debt instruments measured at amortised cost is offset against the carrying amount of the assets in the statement of financial position.

20. Equity securities

	31 December 2023 €m	31 December 2022 €m
As at 1 January	30	26
Revaluation	5	4
Disposal	(30)	-
Total equity securities	5	30

The carrying value of equity securities can be analysed as follows:

	31 December 2023 €m	31 December 2022 €m
Unlisted	5	30
Gross equity securities	5	30

During 2023 PTSB disposed of its holding of Visa A shares for €30m. Since initial recognition, a cumulative gain on sale of €15m was recognised and subsequently reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity. PTSB Group holds B preferred stock in Visa Inc. at 31 December 2023 with a value of €5m (2022: A&B shares valued at €30m). The Series A preferred stock was initially acquired during 2020 upon the conversion of Series B preferred stock by Visa Inc (the latest conversion occurred in July 2022). These were fair valued at €nil and €5m respectively at 31 December 2023 (31 December 2022: €26m and €4m) and are recognised in the statement of financial position at FVOCI.

The fair value of the preferred stock Series A is classified as Level 1 and the fair value of the preferred stock Series B is classified as Level 3, as the valuation of these preferred stock includes inputs that are based on unobservable data (refer to note 37 for details).

21. Prepayments and contract assets

	31 December 2023 €m	31 December 2022 €m
Visa prepayments	43	175
Other prepayments	37	32
	80	207

22. Loans and advances to customers

Loans and advances by category are set out below:

	31 December 2023 €m	31 December 2022 €m
Residential mortgages		
- Held through special purpose entities	5,664	7,915
- Held directly	14,642	11,249
	20,306	19,164
Commercial mortgage loans	437	239
Consumer finance (term loans/other)	499	401
Finance leases and hire purchase receivables	446	-
Gross loans and advances to customers	21,688	19,804
Less: provision for impairment (note 23)	(570)	(521)
Deferred fees, discounts and business combination related fair value adjustments	309	310
Net loans and advances to customers	21,427	19,593

Loans and advances can be analysed into tracker, fixed and variable rate loans as follows:

	Gross loans and advances to customers		Net loans and advances to customers	
	31 December 2023 €m	31 December 2022 €m	31 December 2023 €m	31 December 2022 €m
Tracker rate	3,453	4,378	3,186	4,099
Variable rate	3,788	2,788	3,632	2,665
Fixed rate	14,447	12,638	14,300	12,519
	21,688	19,804	21,118	19,283
Deferred fees, discounts and business combination related fair value adjustments	309	310	309	310
Total	21,997	20,114	21,427	19,593

The Group has established a number of securitisation entities. This involved transferring the Group's interest in pools of residential mortgages to a number of special purpose entities which issued mortgage-backed floating-rate notes to fund the purchase of the interest in the mortgage pools. The notes are secured by a first fixed charge over the residential mortgages in each pool and may be sold to investors or held by the Group and used as collateral for borrowings.

Details of the residential mortgage pools sold to special purpose entities and the notes issued by the special purpose entities are included below:

	31 December 2023 €m	31 December 2022* €m
Residential mortgages held through special purpose entities	5,664	7,915
Notes issued by special purpose entities		
- rated	4,911	6,793
- unrated	806	1,242

22. Loans and advances to customers (continued)

The notes issued by these special purpose entities comprise the following:

	31 December 2023 €m	31 December 2022* €m
Held by other banks and institutions as part of collateralised lending or sale and repurchase agreements (note 28)	287	290
Available collateral**	3,725	5,604
Rated notes, unavailable for collateral	899	899
Unrated notes	806	1,242
	5,717	8,035

*31 December 2022 figures have been re-presented in millions, having been presented in billions in the 2022 Annual Report
** The eligibility of available collateral will depend on the criteria of the counterparty.

Loans and advances balance movement for the year ended 31 December 2023 and the year ended 31 December 2022 is set out in the following tables:

	Non-credit impaired		Credit impaired		
	Stage 1 €m	Stage 2 €m	Stage 3 €m	POCI €m	Total €m
Balance as at 1 January 2023	17,455	1,699	649	1	19,804
New assets originated*	2,205	122	10	-	2,337
Loans acquired**	1,308	127	55	-	1,490
Stage Transfers:					
Transfers from Stage 1 to Stage 2	(432)	432	-	-	-
Transfers to Stage 3	(43)	(136)	179	-	-
Transfers from Stage 2 to Stage 1	195	(195)	-	-	-
Transfers from Stage 3	-	95	(95)	-	-
Net movement arising from transfer of Stage	(280)	196	84	-	-
Redemptions and repayments	(1,631)	(230)	(62)	-	(1,923)
Decrease due to write offs	-	(1)	(18)	-	(19)
Disposals	-	-	-	-	-
Other movements				(1)	(1)
Balance as at 31 December 2023	19,057	1,913	718	-	21,688

*Loan originations are net of repayments in the year
**Net of repayments

22. Loans and advances to customers (continued)

	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m
Balance as at 1 January 2022	11,689	2,239	815	2	14,745
New assets originated*	2,586	111	-	-	2,697
Loans acquired**	5,063	-	-	-	5,063
Stage Transfers:					
Transfers from Stage 1 to Stage 2	(296)	296	-	-	-
Transfers to Stage 3	(16)	(119)	135	-	-
Transfers from Stage 2 to Stage 1	344	(344)	-	-	-
Transfers from Stage 3	2	155	(157)	-	-
Net movement arising from transfer of Stage	34	(12)	(22)	-	-
				-	-
Redemptions and repayments	(1,575)	(242)	(62)	-	(1,879)
Decrease due to write offs	(1)	(2)	(40)	-	(43)
Disposals	(341)	(395)	(42)	-	(778)
Other movements	-	-	-	(1)	(1)
Balance as at 31 December 2022	17,455	1,699	649	1	19,804

*Loan originations are net of repayments in the year
**Net of repayments

Amounts receivable under finance leases and hire purchase receivables
The following balances principally comprise of leasing arrangements and hire purchase agreements of vehicles, plant, machinery and equipment:

	31 December 2023	31 December 2022
	€m	€m
Gross receivables		
Not later than 1 year	172	-
Later than 1 year and not later than 2 years	138	-
Later than 2 years and not later than 3 years	97	-
Later than 3 years and not later than 4 years	59	-
Later than 4 years and not later than 5 years	26	-
Later than 5 years	8	-
Total	500	-
Unearned future finance income	(54)	-
Deferred costs incurred on origination	5	-
Present value of minimum payments	451	-
ECL allowance for uncollectible minimum payments receivable	(20)	-

23. Impairment provisions

Loans and advances to customers

The following table reflects non-performing loans for which ECL provisions are held and an analysis of Stage 1, Stage 2 and Stage 3 ECL provisions across the loans and advances to customers portfolio.

The non-performing loan balance as at 31 December 2023 was €718m (31 December 2022: €650m). Refer to note 38 for further details.

				ECL provisions				
31 December 2023	Loans and advances to customers €m	of which NPLs €m	NPL % of total loans %	Stage 1 €m	Stage 2 €m	Stage 3 €m	Total €m	Total ECL provisions as % of total loans %
Residential:								
-Home loans	19,557	403	2.1%	131	51	110	292	1.5%
-Buy-to-let	749	267	35.6%	2	58	99	159	21.2%
Commercial	437	20	4.6%	8	47	11	66	15.1%
Consumer Finance:								
-Term loans/other	499	16	3.2%	12	8	13	33	6.6%
Finance leases and hire purchase receivables	446	12	2.7%	12	-	8	20	4.5%
Total gross loans	21,688	718	3.3%	165	164	241	570	2.6%
Impairment provision	(570)							
Deferred fees, discounts and business combination related fair value adjustments	309							
Balance as at 31 December 2023	**21,427**							

				ECL provisions				
31 December 2022	Loans and advances to customers €m	of which NPLs €m	NPL % of total loans %	Stage 1 €m	Stage 2 €m	Stage 3 €m	Total €m	Total ECL provisions as % of total loans %
Residential:								
-Home loans	18,340	342	1.9%	127	50	103	280	1.5%
-Buy-to-let	824	270	32.8%	3	68	96	167	20.3%
Commercial	239	23	9.6%	1	30	9	40	16.7%
Consumer Finance:								
-Term loans/other	401	15	3.7%	5	15	14	34	8.5%
Finance leases and hire purchase receivables	-	-	-	-	-	-	-	-
Total gross loans	19,804	650	3.3%	136	163	222	521	2.6%
Impairment provision	(521)							
Deferred fees, discounts and business combination related fair value adjustments	310							
Balance as at 31 December 2022	19,593							

23. Impairment provisions (continued)

A reconciliation of the provision for impairment losses for loans and advances is as follows:

2023	Residential mortgages €m	Commercial €m	Consumer finance €m	Finance leases and hire purchase receivables €m	Total €m
Total by portfolio					
ECL as at 1 January 2023	447	40	34	-	521
Redemptions and repayments	(22)	(1)	0	-	(23)
Net remeasurement of loss allowance	(8)	2	(5)	-	(11)
Loan originations	29	16	3	-	48
Loans acquired	12	10	4	20	46
Net movement excluding derecognition	11	27	2	20	60
Derecognition-disposals	-	-	-	-	-
Derecognition-repossessions	-	-	-	-	-
Derecognition-write offs*	(7)	(1)	(3)	-	(11)
Derecognition	(7)	(1)	(3)	-	(11)
ECL as at 31 December 2023**	451	66	33	20	570
Net movement excluding derecognition (from above)					60
Interest income booked but not recognised					(12)
Other Movements***					6
Write offs net of recoveries					2
Impairment charge on customer loans and advances for the year ended 31 December 2023					56

* The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. In circumstances -where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier than collateral realisation.
** Closing ECL incorporates ECL of €8m on loan commitments
*** Includes costs in respect of deleveraging and impairment of interest in associated undertakings.

2022	Residential mortgages €m	Commercial €m	Consumer finance €m	Finance leases and hire purchase receivables €m	Total €m
Total by portfolio					
ECL as at 1 January 2022	525	53	26	-	604
Redemptions and repayments	(18)	(9)	(1)	-	(28)
Net remeasurement of loss allowance	(41)	(16)	5	-	(52)
Loan originations	34	13	7	-	54
Loans acquired	37	-	-	-	37
Net movement excluding derecognition	12	(12)	11	-	11
Derecognition-disposals	(64)	-	-	-	(64)
Derecognition-repossessions	(3)	-	-	-	(3)
Derecognition-write offs*	(23)	(1)	(3)	-	(27)
Derecognition	(90)	(1)	(3)	-	(94)
ECL as at 31 December 2022	447	40	34	-	521
Net movement excluding derecognition (from above)					11
Interest income booked but not recognised					(8)
Write offs net of recoveries					4
Impairment charge on customer loans and advances for the year ended 2022					7

* The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier than collateral realisation.

23. Impairment provisions (continued)

2023	Stage 1 €m	Stage 2 €m	Stage 3 €m	Total €m
Total by Stage				
ECL as at 1 January 2023	136	163	222	521
Transfer to Stage 1	31	(30)	(1)	-
Transfer to Stage 2	(6)	21	(15)	-
Transfer to Stage 3	-	(21)	21	-
Stage transfers	25	(30)	5	-
Redemptions and repayments	(5)	(11)	(7)	(23)
Net remeasurement of loss allowance	(38)	12	15	(11)
Loan originations	18	27	3	48
Loans Acquired	29	3	14	46
Net movement excluding derecognition	4	31	25	60
Derecognition-disposals	-	-	-	-
Derecognition-repossessions	-	-	-	-
Derecognition-write offs*	-	-	(11)	(11)
Derecognition	-	-	(11)	(11)
ECL as at 31 December 2023**	165	164	241	570
Net movement excluding derecognition (from above)				60
Interest income booked but not recognised				(12)
Other Movements***				6
Write offs net of recoveries				2
Impairment charge on loans and advances to customers for the year ended 31 December 2023				56

*The group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. In circumstanceswhere the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier than collateral realisation.
** Closing ECL incorporates ECL of €8m on loan commitments
*** Includes costs in respect of deleveraging and impairment of interest in associated undertakings.

23. Impairment provisions (continued)

2022	Stage 1 €m	Stage 2 €m	Stage 3 €m	Total €m
Total by Stage				
ECL as at 1 January 2022	61	238	305	604
Transfer to Stage 1	13	(13)	-	-
Transfer to Stage 2	(3)	39	(36)	-
Transfer to Stage 3	-	(19)	19	-
Stage transfers	10	7	(17)	-
Redemptions and repayments	(5)	(11)	(12)	(28)
Net remeasurement of loss allowance	-	(34)	(18)	(52)
Loan originations	34	20	-	54
Loans Acquired	37	-	-	37
Net movement excluding derecognition	66	(25)	(30)	11
Derecognition-disposals	(1)	(56)	(7)	(64)
Derecognition-repossessions	-	-	(3)	(3)
Derecognition-write offs*	-	(1)	(26)	(27)
Derecognition	(1)	(57)	(36)	(94)
ECL as at 31 December 2022	136	163	222	521
Net movement excluding derecognition (from above)				11
Interest income booked but not recognised				(8)
Write offs net of recoveries				4
Impairment charge on loans and advances to customers for the year ended 31 December 2022				7

*The group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery or on foot of anegotiated settlement. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier than collateral realisation.

Modified Financial Assets

There have been no significant modified financial assets for which the loss allowance has changed from lifetime to 12-month ECL at 31 December 2023 and 31 December 2022.

24. Interest in associated undertakings

	31 December 2023 €m	31 December 2022 €m
Synch Payments and Clearpay	1	3
First Home Scheme Ireland	15	10
	16	13

The Group owns a non-controlling interest in Synch Payments DAC (25%) and Clearpay DAC (33%). These investments are accounted for under the equity method in the consolidated financial statements and have a carrying value of €1m at 31 December 2023 (31 December 2022: €3m).

These investments will be increased or decreased by the Group's share of the profit or loss which will be assessed annually.

On 15 November 2023 Synch Payments DAC announced that it will cease operations. As a result of this, the investment in Synch DAC has been impaired by €3.5m.

On 1 July 2022, The Group entered into a joint venture with First Home Scheme Ireland DAC. This investment is accounted for under the equity method in the consolidated financial statements and was initially recognised at €11m. An additional investment was made on 1 December 2023 for €5m. Post-acquisition losses of €1m have been recognised to date.

In presenting details of the associates of the Group, the exemption permitted by Section 316 of the Companies Act 2014 has been availed of and the Group will annex a full listing of associates to its annual return to the Companies Registration Office.

25. Property and equipment

2023	Held at fair value land and buildings €m	Fixtures and fittings €m	Held at cost office and computer equipment €m	Right-of-use assets* Leased buildings €m	Right-of-use assets* Leased motor vehicles €m	Total €m
Cost or valuation						
At 1 January	91	128	109	61	3	392
Additions	-	19	9	1	-	29
Additions from Business Combinations	9	-	-	3	-	12
Revaluations	(12)	-	-	-	-	(12)
Depreciation write-back on revaluation	(1)	-	-	-	-	(1)
Disposals or cancellations	(1)	-	-	-	-	(1)
At 31 December	86	147	118	65	3	419
Accumulated depreciation						
At 1 January	-	(84)	(77)	(25)	(2)	(188)
Provided in the year	(1)	(9)	(10)	(6)	(1)	(27)
Eliminate on revaluation	1	-	-	-	-	1
At 31 December	-	(93)	(87)	(31)	(3)	(214)
Net book value at 31 December	86	54	31	34	-	205

*For further details on right-of-use assets refer to note 34.

Of the €12m net revaluation loss, €12m is included in the revaluation reserve in the statement of comprehensive income and no impairment write-back is recognised on land and buildings in the income statement.

2022	Held at fair value land and buildings €m	Fixtures and fittings €m	Held at cost office and computer equipment €m	Right-of-use assets* Leased buildings €m	Right-of-use assets* Leased motor vehicles €m	Total €m
Cost or valuation						
At 1 January	99	117	91	49	2	358
Additions	-	11	18	13	1	43
Revaluations	(7)	-	-	-	-	(7)
Depreciation write-back on revaluation	(1)	-	-	-	-	(1)
Disposals/Lease exits or cancellations	-	-	-	(1)	-	(1)
At 31 December	91	128	109	61	3	392
Accumulated depreciation						
At 1 January	-	(77)	(69)	(20)	(2)	(168)
Provided in the year	(1)	(7)	(8)	(5)	-	(21)
Eliminate on revaluation	1	-	-	-	-	1
At 31 December	-	(84)	(77)	(25)	(2)	(188)
Net book value at 31 December	91	44	32	36	1	204

*For further details on right-of-use assets refer to note 34.

Of the €7m revaluation loss, €8m is included in the revaluation reserve in the statement of comprehensive income and €1m impairment write-back is recognised on land and buildings in the income statement.

25. Property and equipment (continued)

The net book value of land and buildings includes the following:

	31 December 2023 €m	31 December 2022 €m
Land	26	30
Buildings - freehold fair value	60	61
Buildings - Fixtures and fittings	42	33
Buildings - leasehold	46	47
	174	171

Buildings – Leasehold includes €12m (31 December 2022: €11m) of fixtures and fittings within Leased buildings.

Land and buildings at 31 December 2023 held at fair value was €86m (31 December 2022: €91m). The historic cost of land and buildings under the cost model is €94m (31 December 2022: €92m).

Fair value measurement of Group's land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation less any accumulated depreciation recognised from the date of the latest revaluation. On the date of revaluation any accumulated depreciation is eliminated. The fair value measurements of the Group's freehold land and buildings as at 31 December 2023 and 31 December 2022 were performed by independent professional valuers having appropriate qualifications and recent experience in the fair value measurement of properties in the locations and categories being valued. The effective date of revaluation is 30 November 2023 and 31 October 2022.

The fair value of the freehold land and buildings was determined based on a market comparable approach that reflects recent transaction prices for similar properties using capitalisation yields ranging from 5.35% to 10.75%. There has been no change to the valuation techniques during the year.

Details of the freehold land and buildings and information about the fair value hierarchy as defined in the Group's accounting policy as at 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	Level 1 €m	Level 2 €m	Level 3 €m	Total fair value €m
Land	-	-	26	26
Buildings - freehold	-	-	60	60
	-	-	86	86

31 December 2022	Level 1 €m	Level 2 €m	Level 3 €m	Total fair value €m
Land	-	30	-	30
Buildings - freehold	-	61	-	61
	-	91	-	91

There was a change in 2023, in the fair value hierarchy, from Level 2 to Level 3, due to valuation inputs.

25. Property and equipment (continued)

Key unobservable inputs

The following table summarises the valuation techniques and inputs used in determination of Freehold land and building values:

31 December 2023	Cap Yield			Rent per sqm		
	%			€		
	Low	High	weighted average	Low	High	weighted average
Freehold Land and Buildings						
Urban Centres	5.35%	9.65%	9.03%	237	4,252	657
Urban Other	7.50%	9.50%	8.23%	194	770	348
Rural	8.00%	10.75%	9.07%	108	266	196

Interrelationship between key unobservable inputs and FV measurement

The estimated fair value would increase (decrease) if:

- capital yield were higher (lower)
- the rent per square metre were higher (lower)

26. Intangible assets

Software	31 December 2023	31 December 2022
	€m	€m
Cost		
At 1 January	293	224
Additions	67	69
At 31 December	**360**	**293**
Accumulated amortisation		
At 1 January	(133)	(102)
Provided in the year	(40)	(31)
At 31 December	**(173)**	**(133)**
Net book value at 31 December	**187**	**160**

27. Deferred taxation

	31 December 2023 €m	31 December 2022 €m
Deferred tax liabilities	(18)	(30)
Deferred tax assets	327	339
Net deferred tax assets	**309**	**309**

Net deferred tax assets are attributable to the following:

2023	At 1 January €m	Recognised in income statement €m	Recognised in other comprehensive income €m	At 31 December €m
Property and equipment (including right of use assets)	(18)	(4)	5	(17)
Unrealised gains/(losses) on assets/liabilities	(7)	-	6	(1)
Losses carried forward	334	(11)	-	323
Other temporary differences	-	1	(1)	-
Other Liabilities (including lease liabilities)	-	4	-	4
	309	(10)	10	309

2022	At 1 January €m	Recognised in income statement €m	Recognised in other comprehensive income €m	At 31 December €m
Property and equipment (including right of use assets)	(20)	(5)	2	(23)
Unrealised gains/(losses) on assets/liabilities	(6)	-	(1)	(7)
Losses carried forward	373	(39)	-	334
Other temporary differences	3	(3)	-	-
Other liabilities (including lease liabilities)	-	5	-	5
	350	(42)	1	309

The Group applied Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

27. Deferred taxation (continued)

In line with the requirements of IAS 12 "Deferred Tax Assets", Management and Directors formed the view that there should be sufficient future taxable profits within the PTSB legal entity against which PTSB tax losses carried forward can be used. Management and Directors have reviewed this position as at 31 December 2023 and remain of the view that it is appropriate to continue to recognise a deferred tax asset on the full quantum of tax losses carried forward in PTSB. This information is based on the following supporting evidence: (i) A review of the quantum of tax losses carried forward in PTSB in conjunction with forecasted profitability (the projections used having been approved by the Board of Directors). This review demonstrated that it is probable that there will be sufficient future taxable profits within PTSB against which the full quantum of tax losses carried forward can be utilised; (ii) The consideration of forecasting risks, including sensitivity analysis on the financial projections used (including an analysis of the effects of higher than expected impairment levels and lower than expected net interest margin). This analysis demonstrated, were certain adverse events to occur, it would remain probable that there would be sufficient future taxable profits within PTSB against which the full quantum of tax losses carried forward could be utilised, albeit that the period of time over which such utilisation would occur would be extended; and (iii) The consideration of a number of other factors which may impact the utilisation of the tax losses including the macroeconomic environment, progress made on the Group's NPL strategy and the Group's financial position. These factors are set out in further details in note 2, Critical accounting estimates and judgements.

In 2021 the Economic Co-operation and Development (OECD) released the 15% minimum effective tax rate ("Pillar Two") Model Rules. In December 2023, Pillar Two legislation has been enacted in Ireland, effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. Based on the assessment performed, the Group is not currently in scope of the Pillar Two legislation. The Group will continue to assess the application of Pillar Two legislation for future reporting periods.

It should also be noted that under current Irish tax legislation there is no time restriction on the utilisation of trading losses. Therefore, the tax losses carried forward in PTSB are available for utilisation against profits of the same trade in any future period. Also, the Directors are satisfied that taxable future profits should be available to recover the remaining deferred tax assets.

The total unrecognised deferred tax assets on carried forward tax losses at 31 December 2023 amounted to €36m (31 December 2022: €20m).

Included in the overall deferred tax asset is a deferred tax asset of €nil in relation to Permanent TSB Group Holdings plc (31 December 2022: €nil)

In accordance with IFRS these balances are recognised on an undiscounted basis.

Pillar Two – minimum effective tax rate

In 2021 the Economic Co-operation and Development (OECD) released the 15% minimum effective tax rate ("Pillar Two") Model Rules. In December 2023, Pillar Two legislation has been enacted in Ireland, effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. Based on the assessment performed, the Group is not currently in scope of the Pillar Two legislation. The Group will continue to assess the application of Pilllar Two legislation for future reporting periods. The Group has applied the IAS 12 temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two rules.

28. Deposits by banks

	31 December 2023 €m	31 December 2022 €m
Placed by other banks and institutions on repurchase agreements	380	611
Other deposits	18	3
Deposits by banks	**398**	**614**

Securities which are sold under agreements to repurchase are secured by Irish and other eligible bonds. These agreements are completed under market standard Global Master Repurchase Agreements. The fair value of the financial assets pledged under existing agreement to repurchase is €529m at 31 December 2023 (31 December 2022: €654m). Other deposits include €18m (31 December 2022: €3m) of cash collateral placed with PTSB in relation to derivative positions and repurchase agreements.

29. Customer accounts

	31 December 2023 €m	31 December 2022 €m
Term deposits	3,028	1,509
Demand deposits	8,451	8,871
Current accounts	9,329	8,983
Notice and other accounts	2,158	2,367
Customer accounts	22,966	21,730

All customer accounts above are held at amortised cost.

At 31 December 2023, the Group held corporate deposits of €1,316m (31 December 2022: €1,214m).

An analysis of the contractual maturity profile of customer accounts is set out in the liquidity risk section of note 38 of the consolidated financial statements.

30. Debt securities in issue

	31 December 2023 €m	31 December 2022 €m
At amortised cost		
Bonds and medium-term notes	1,512	658
	1,512	658
Maturity analysis		
Repayable in less than 1 year	54	10
Repayable in greater than 1 year but less than 5 years	960	648
Repayable in greater than 5 years	498	-
	1,512	658

Bonds and medium-term notes

In the first half of 2023, PTSBGH issued €650m of Senior Unsecured Medium Term Notes at a fixed rate of 6.625% per annum maturing on 25 April 2028 and €500m of Senior Unsecured Medium Term Notes at a fixed rate of 6.625% per annum maturing on 30 June 2029. Interest is payable on the nominal amount annually in arrears on the coupon date. Senior Unsecured Medium Term Notes of €350m with a fixed rate of 2.125% were redeemed on the optional redemption date of 26 September 2023.

€950m of Senior Unsecured Medium Term Notes are currently hedged for interest rate risk. At 31 December 2023, debt securities in issue contains €14m hedge adjustment (31 December 2022: €nil). Further details are included in note 16 of the financial statements.

31. Other liabilities

	31 December 2023 €m	31 December 2022 €m
Amounts falling due within one year		
PAYE and social insurance	6	5
Other taxation including deposit interest retention tax (DIRT)	4	-
Creditor accruals	95	84
Other*	8	54
Lease liability (see note 34 for further information on lease liabilities)	6	6
Total amounts falling due within one year	119	149
Amounts falling due greater than one year		
Lease liability (see note 34 for further information on lease liabilities)	29	32
Total amounts falling due greater than one year	29	32
Total other liabilities	148	181

*Other includes liability of €8m for Visa balances. In 2022, other includes €38m relating to additional equity cash consideration payable for Project Sun acquired by the Group in 2022 and other miscellaneous items.

32. Provisions

	2023				2022			
	Restructuring costs €m	Provision for legacy, legal and compliance liabilities €m	Other €m	Total €m	Restructuring costs €m	Provision for legacy, legal and compliance liabilities €m	Other €m	Total €m
As at 1 January	4	23	53	80	6	28	21	55
Provisions made during the year	-	2	6	8	2	8	39	49
Write-back of provisions during the year	-	(1)	(6)	(7)	-	(3)	(6)	(9)
Provisions used during the year	(2)	(11)	(28)	(41)	(4)	(10)	(1)	(15)
As at 31 December	2	13	25	40	4	23	53	80

The provision at 31 December 2023 is €40m (31 December 2022: €80m) which is comprised of the following:

Restructuring costs

During 2020, the Group announced an Enterprise Transformation programme. At 31 December 2020, a provision for restructuring of €27m was recognised based on the estimate of the costs of this programme. During 2021 an additional provision of €7m was made and an amount of €29m was utilised as part of this programme. During 2022 a further provision of €2m was made and an amount of €4m utilised. A further €2m was utilised in 2023. The remaining provision of €1m is based on an estimate of the remaining costs to bring the programme to a conclusion. This programme is expected to conclude in 2024.

The Group remains a lessee on a number of non-cancellable leases over properties that it no longer occupies following a restructure in 2013. The remaining provision of €2m relates to dilapidation costs associated with the remaining properties.

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32. Provisions (continued)

Provision for legacy, legal and compliance liabilities

As at 31 December 2023, the Group has provisions of €13m relating to legal, compliance and other costs of on-going disputes in relation to legacy business issues (31 December 2022: €23m).

A provision of €2m and a write-back of €1m were made during 2023 relating to legal, compliance and other costs of on-going disputes in relation to legacy business issues.

Management has exercised judgment in arriving at the estimated provision in respect of the potential liabilities.

Other

As at 31 December 2023, the provision of €25m (31 December 2022: €53m) primarily relates to indemnities and guarantees provided by the Group, together with further costs, relating to the purchasing and deleveraging of various asset portfolios.

At 31 December 2022, a provision relating to Stamp Duty arising as a result of the Ulster Bank asset acquisition was recognised for €25m. This was increased further by €3m in H1 2023 and fully utilised in H2 2023.

33. Subordinated liabilities

	31 December 2023 €m	31 December 2022 €m
At amortised cost:		
€250m Tier 2 capital notes due August 2031, Callable 2026	257	252
	257	252

	31 December 2023 €m	31 December 2022 €m
Maturity date		
Repayable in less than 1 year	3	3
Repayable in greater than 1 year but less than 5 years	-	-
Repayable in greater than 5 years	254	249
	257	252

Tier 2 capital notes – PTSBGH

In May 2021, PTSBGH issued €250m of Tier 2 capital notes at a fixed rate of 3% per annum. The notes mature on 19 August 2031 with a call date of any date from and including 19 May 2026 to and including 19 August 2026. The call is subject to approval of the regulatory authorities, with approval conditional on meeting the requirements of the Capital Requirement Regulations.

The interest rate will be reset, in the event that the securities are not called, on 19 August 2026 to Euro 5 year Mid Swap rate plus a margin of 3.221% per annum. The loan is subordinated and ranks as Tier 2 capital with interest paid annually in arrears on 19 August. The loan may be subject to the exercise of Irish Statutory loss absorption powers by the relevant resolution authority.

The Tier 2 capital notes are currently hedged for interest rate risk. At 31 December 2023, subordinated liabilities contain €5m hedge adjustment (31 December 2022: €nil). Further details on hedging are included in note 16 of the financial statements.

In the event of winding up of PTSBGH, the Tier 2 capital notes will be:

- junior in right of payment to all Senior Claims;
- pari passu with all other subordinated claims against PTSBGH which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 capital notes or that rank or are expressed to rank pari passu with the obligations of PTSBGH under Tier 2 capital notes; and
- in priority to PTSBGH ordinary shares, preference shares, additional Tier 1 capital notes and junior subordinated obligations or other securities of PTSBGH which by law rank, or by their terms are expressed to rank, junior to the Tier 2 capital notes.

The Group did not have any defaults of principal or interest or other breaches with respect to its subordinated liabilities during the years ended 31 December 2023 and 31 December 2022.

34. Leases

Right-of-use assets*	Land and buildings €m	Motor vehicles €m	Total €m
As at 1 January 2023	36	1	37
Additions	4	-	4
Lease exits and cancellations	-	-	-
Depreciation of right-of-use assets	(6)	(1)	(7)
Balance as at 31 December 2023	34	-	34

Right-of-use assets*	Land and buildings €m	Motor vehicles €m	Total €m
As at 1 January 2022	29	-	29
Additions	13	1	14
Lease exits and cancellations	(1)	-	(1)
Depreciation of right-of-use assets	(5)	-	(5)
Balance as at 31 December 2022	36	1	37

Lease liabilities*	Land and buildings €m	Motor vehicles €m	Total €m
As at 1 January 2023	37	1	38
Additions	4	-	4
Lease exits or cancellations	-	-	-
Repayment of lease liabilities	(6)	(1)	(7)
Balance as at 31 December 2023	35	-	35

Lease liabilities*	Land and buildings €m	Motor vehicles €m	Total €m
As at 1 January 2022	31	-	31
Additions	13	1	14
Lease exits or cancellations	(1)	-	(1)
Repayment of lease liabilities	(6)	-	(6)
Balance as at 31 December 2022	37	1	38

*Right-of-use assets are included in PPE and lease liabilities are included in Other liabilities.

34. Leases (continued)

Lease liabilities	31 December 2023 €m	31 December 2022 €m
Maturity analysis - contractual undiscounted cash flows*		
Less than one year	7	7
One to five years	18	18
More than five years	12	15
Total undiscounted lease liabilities	37	40
Lease liabilities included in the statement of financial position	35	38
Current lease liability	6	6
Non-current lease liability	29	32

*The maturity analysis of undiscounted lease liabilities are disclosed in note 38.

Amounts recognised in income statement*

	31 December 2023 €m	31 December 2022 €m
Interest on lease liabilities	(1)	-
Expenses relating to short-term leases	-	(1)
Depreciation of right-of-use assets	(7)	(5)
Total charge in income statement	(8)	(6)

*Interest expense on the lease liabilities amounted to €0.9m (31 December 2022: €0.4m) whereas expenses relating to short-term leases amounted to €0.5m (31 December 2022: €0.6m) and is included in Administrative, staff and other expenses (excluding exceptional items).

Amounts recognised in statement of cash flow

	31 December 2023 €m	31 December 2022 €m
Cash outflow for leases	(7)	(6)
Total	(7)	(6)

As a lessee

(i) Real estate

The Group leases retail properties for its branch operations. The lease term of retail properties typically run for a period of 10-35 years. The Group does not have variable lease payments and its leases do not contain extension options.

(ii) Vehicles

The Group leases vehicles with lease terms of three to five years. The Group has no option to purchase the assets at the end of the contract term and it does not guarantee the residual value of the leased assets at the end of the contract term.

(iii) Sub-leases

The Group has no sub leases as at 31 December 2023 (31 December 2022: no sub leases). Further details on 'leases as a lessor' are included in note 22 of the financial statements.

35. Share capital, reserves and other equity instruments

Share capital

Share capital is the funds raised as a result of a share issue and comprises the ordinary shares of the holding company Permanent TSB Group Holdings plc.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Bank. All ordinary rank equally with regard to the Bank's residual assets.

Authorised share capital

31 December 2023	Number of shares	31 December 2023 €m
Ordinary shares of €0.50 each	**1,550,000,000**	**775**

31 December 2022	Number of shares	31 December 2022 €m
Ordinary shares of €0.50 each	1,550,000,000	775

Issued share capital

The movement in the number of paid up ordinary shares is as follows:

Balances as at 31 December 2023	€ 0.50 Ordinary shares	Total
As at 1 January 2023	**545,589,119**	
Movement	**-**	
As at 31 December 2023	**545,589,119**	
Issued share capital (€m)	**273**	**273**
Shares held under employee benefit trust	**4,580**	
% of authorised capital issued		**35%**

Balances as at 31 December 2022	€ 0.50 Ordinary shares	Total
As at 1 January 2022	454,695,492	
Movement	90,893,627	
As at 31 December 2022	545,589,119	
Issued share capital (€m)	273	273
Shares held under employee benefit trust	4,580	
% of authorised capital issued		35%

Share Premium

The share premium reserve represents the excess of amounts received for share issues less associated issue costs over the par value of those shares of the Company.

Other Reserves

Revaluation reserve (Non-distributable)

The revaluation reserve is a non-distributable reserve comprising unrealised gains or losses, net of tax, on the revaluation of owner occupied properties.

Fair value reserve (Non-distributable)

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities measured at FVOCI; and
- the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified. This amount is increased by the amount of loss allowance and is disposed of by the end of the year.

35. Share capital, reserves and other equity instruments (continued)

Other capital reserves (Non-distributable)

Other capital reserves includes €1,087m capital issued by the Company net of €7m capital redemption reserve from the repurchase and cancellation of shares and €224m incurred in the cancellation of the share capital and share premium of PTSB on the incorporation of the Company.

Retained earnings

Retained earnings include distributable and non-distributable earnings. This reserve represents the retained earnings of the holding Company and subsidiaries after consolidation adjustments.

Other equity instruments - Non-distributable

Additional Tier 1 Securities

	31 December 2023 €m	31 December 2022 €m
As at 1 January	368	123
Issued during the year		
Additional Tier 1 Securities - net of the transaction costs	-	245
Profit	43	10
AT1 coupon paid	(43)	(10)
Additional Tier 1 securities	368	368

On 26 October 2022, PTSBGH issued additional €250m AT1 Fixed Rate Reset Perpetual Temporary Write Down Securities. The transaction costs incurred were €5m. The first reset date for the fixed rate is 26 April 2028.

The AT1 securities are perpetual and redeemable financial instruments with a semi-annual coupon of 13.25% paid in arrears on 26 April and 26 October of each year, commencing on 26 April 2023. On the first reset date on 26 April 2028, in the event the securities are not redeemed, interest will be reset to Euro 5 year Mid Swap rate plus a margin of 10.546% (converted from an annual to a semi-annual rate). The Company may elect at its full discretion at any time to cancel permanently (in whole or in part) the interest amount otherwise scheduled to be paid on an interest payment date.

On 25 November 2020, PTSBGH issued €125m nominal value of AT1 Perpetual Temporary Write Down Securities as part of capital raise. The transaction costs incurred were €2m. The first reset date for the fixed rate is 25 May 2026.

The AT1 securities are perpetual and redeemable financial instruments with a semi-annual coupon of 7.875% paid in arrears on 25 May and 25 November. On the first reset date on 25 May 2026, in the event the securities are not redeemed, interest will be reset to Euro 5 year Mid Swap rate plus a margin of 8.468% (converted from an annual to a semi-annual rate). The Company may elect at its full discretion at any time to cancel permanently (in whole or in part) the interest amount otherwise scheduled to be paid on an interest payment date.

The Company may use such cancelled payments without restriction, including to make distributions or any other payments to the holders of its shares or any other securities issued by the Company. Any cancellation of interest payments will be permanent and on a non-cumulative basis and such cancellation will not give rise to or impose any restriction on the Company.

Although the AT1 securities are perpetual, the Company may, in its sole discretion, redeem the AT1 securities in full on any day falling in the period commencing 25 November 2025 and the first reset date above and on every interest payment date thereafter (subject to the approval of the Supervisory Authority) at the prevailing principal amount together with accrued but unpaid interest. In addition, the securities are redeemable at the option of the Company for certain regulatory or tax reasons, subject to regulatory approval.

Under the EU (Bank Recovery and Resolution) Regulations 2015, these securities are loss absorbing at the point of non-viability.

On the occurrence of a trigger event, at any time, any accrued and unpaid interest up to (but excluding) the write down date shall be automatically and irrevocably cancelled, and the then Prevailing Principal Amount of each Security shall be automatically and irrevocably reduced by the write down amount. This will occur if the CET1 Capital Ratio of PTSB or the Group at any time falls below 7%. Subsequent to any write-down event the Company may, at its sole discretion, write-up some or all of the written-down principal amount of the AT1 instrument provided regulatory capital requirements and the securities rank behind the claims against the Group of all other subordinated and unsubordinated creditors.

36. Analysis of other comprehensive income/(expense)

The analysis of other comprehensive income below provides additional analysis to the information provided in the primary statements and should be read in conjunction with the consolidated statement of changes in equity.

31 December 2023	Revaluation reserve €m	Fair value reserve €m	Total €m
Other comprehensive income/(expense) (net of tax)			
Revaluation of property	(7)	-	(7)
Fair value reserve (equity instruments):			
Change in fair value of equity instruments	-	3	3
Total other comprehensive income/(expense), net of tax	(7)	3	(4)

31 December 2022	Revaluation reserve €m	Fair value reserve €m	Total €m
Other comprehensive income (net of tax)			
Revaluation of property	(6)	-	(6)
Fair value reserve (equity instruments):			
Change in fair value of equity instruments	-	2	2
Total other comprehensive income/(expense), net of tax	(6)	2	(4)

37. Measurement basis and fair values of financial instruments

The Group's accounting policy on valuation of financial instruments is described in note 1. The table below sets out an overview of financial instruments held by the Group and their fair values.

(a) Measurement basis and fair value of financial instruments

31 December 2023		Held at amortised cost €m	At fair value through OCI €m	At fair value through profit or loss €m	Designated as fair value hedges €m	Total carrying value €m	Fair value €m
Financial assets							
Cash at bank	14	71	-	-	-	71	71
Items in course of collection	14	40	-	-	-	40	40
Loans and advances to banks	15	2,051	-	-	-	2,051	2,051
Derivative financial instruments	16	-	-	-	36	36	36
Debt securities	19	3,256	-	-	-	3,256	3,137
Equity securities	20	-	5	-	-	5	5
Loans and advances to customers	22	21,427	-	-	-	21,427	21,343
Financial liabilities							
Deposits by banks	28	398	-	-	-	398	398
Customer accounts	29	22,966	-	-	-	22,966	22,907
Derivative financial instruments	16	-	-	1	-	1	1
Debt securities in issue	30	1,498	-	-	14	1,512	1,593
Subordinated liabilities	33	252	-	-	5	257	240
Other financial liabilities	31	148	-	-	-	148	148

37. Measurement basis and fair values of financial instruments (continued)

31 December 2022	Note	Held at amortised cost €m	At fair value through OCI €m	At fair value through profit or loss €m	Designated as fair value hedges €m	Total carrying value €m	Fair value €m
Financial assets*							
Cash at bank	14	58	-	-	-	58	58
Items in course of collection	14	40	-	-	-	40	40
Loans and advances to banks	15	2,123	-	-	-	2,123	2,123
Derivative financial instruments	16	-	-	-	-	-	-
Debt securities	19	3,177	-	-	-	3,177	2,929
Equity securities	20	-	30	-	-	30	30
Loans and advances to customers	22	19,593	-	-	-	19,593	20,059
Financial liabilities*							
Deposits by banks	28	614	-	-	-	614	614
Customer accounts	29	21,730	-	-	-	21,730	21,726
Derivative financial instruments	16	-	-	13	-	13	13
Debt securities in issue	30	658	-	-	-	658	634
Subordinated liabilities	33	252	-	-	-	252	204
Other financial liabilities	31	143	-	38	-	181	181

The following table sets out the fair value of financial instruments that the Group holds at 31 December 2023. It categorises these financial instruments into the relevant level on the fair value hierarchy.

The fair values of financial instruments are measured according to the following fair value hierarchy:

Level 1 – financial assets and liabilities measured using quoted market prices (unadjusted).

Level 2 – financial assets and liabilities measured using valuation techniques which use observable inputs including quoted prices of financial instruments themselves or quoted prices of similar instruments – in either active or inactive markets.

Level 3 – financial assets and liabilities measured using valuation techniques which use unobservable market data inputs.

Basis and fair values of financial instruments

31 December 2023	Note	Total carrying value €m	Level 1 €m	Level 2 €m	Level 3 €m	Total fair value €m
Financial assets						
Cash at bank	14	71	71	-	-	71
Items in course of collection	14	40	-	40	-	40
Loans and advances to banks	15	2,051	-	2,051	-	2,051
Derivative financial instruments	16	36	-	36	-	36
Debt securities	19	3,256	3,137	-	-	3,137
Equity securities	20	5	-	-	5	5
Loans and advances to customers	22	21,427	-	-	21,343	21,343
Financial liabilities						
Deposits by banks	28	398	-	398	-	398
Customer accounts	29	22,966	-	22,907	-	22,907
Derivative financial instruments	16	1	-	1	-	1
Debt securities in issue	30	1,512	-	1,593	-	1,593
Subordinated liabilities	33	257	-	240	-	240
Other financial liabilities	31	148	-	148	-	148

37. Measurement basis and fair values of financial instruments (continued)

31 December 2022	Note	Total carrying value	Level 1	Level 2	Level 3	Total fair value
		€m	€m		€m	€m
Financial assets						
Cash at bank	14	58	58	-	-	58
Items in course of collection	14	40	-	40	-	40
Loans and advances to banks	15	2,123	-	2,123	-	2,123
Derivative financial instruments	16	-	-	-	-	-
Debt securities	19	3,177	2,929	-	-	2,929
Equity securities	20	30	26	-	4	30
Loans and advances to customers	22	19,593	-	-	20,059	20,059
Financial liabilities						
Deposits by banks	28	614	-	614	-	614
Customer accounts	29	21,730	-	21,726	-	21,726
Derivative financial instruments	16	13	-	1	12	13
Debt securities in issue	30	658	634	-	-	634
Subordinated liabilities	33	252	204	-	-	204
Other financial liabilities	31	181	-	181	-	181

(b) Fair value measurement principles

The Group's accounting policy on valuation of financial instruments is described in note 1 and note 2 and contains details on the critical accounting estimates and judgements made by management in relation to the fair value measurement of financial instruments. The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where possible, the Group calculates fair value using observable market prices in an active market. Where market prices are not available, fair values are determined using valuation techniques. These techniques are subjective in nature and may involve assumptions which are based upon management's view of market conditions at year end, which may not necessarily be indicative of any subsequent fair value. Any minor changes in the assumptions used could have a significant impact on the resulting estimated fair values and, as a result, it may be difficult for the users to make a reasonable comparison of the fair value information disclosed in this note, against that disclosed by other financial institutions or to evaluate the Group's financial position and, therefore, are advised to exercise caution in interpreting these fair values. Also the fair values disclosed above do not represent, nor should it be interpreted to represent, the underlying value of the Group as a going concern at the reporting date.

Financial assets and financial liabilities not subsequently measured at fair value

Other than the HTC&S debt securities, derivative financial instruments and equity securities, all other financial assets and liabilities are not measured at fair value at the reporting date. A description of the methods and assumptions used to calculate fair values of these assets and liabilities is set out below.

Cash at bank

The fair value of these financial instruments is equal to their carrying value due to these instruments being repayable on demand and short-term in nature in an active market.

Items in course of collection

The fair value of these financial instruments is equal to their carrying value due to these instruments being repayable on demand and short-term in nature.

Loans and advances to banks

For the purposes of fair value valuation, loans and advances to banks have been treated as cash and cash equivalents. These loans and advances are repayable on demand and short-term in nature; hence, the fair value of each financial instrument is equal to their carrying value.

37. Measurement basis and fair values of financial instruments (continued)

Loans and advances to customers

Loans and advances to customers are carried net of impairments. The Group uses a discounted cash flow valuation model to estimate the fair value for the ROI residential and commercial mortgages. Cash flows are discounted using the current weighted average interest rate based on the specific portfolio. The fair value calculation also takes into account loan impairment provisions at the balance sheet date. The carrying value of the consumer finance portfolio is considered equal to its fair value due to its short duration.

Debt securities (HTC securities)

Debt securities at 31 December 2023 are €3,256m (31 December 2022 €3,177m) and consist of HTC securities. HTC securities are derived from observable inputs through independent pricing sources such as Bloomberg. A weighted average method is used to apply the prices to the Group's retained holding in the securitisation.

Deposits by banks/customer accounts

The estimated fair value of deposit liabilities and current accounts with no stated maturity which are repayable on demand (including non-interest bearing deposits), approximates to their book value. The estimated fair value of fixed-interest bearing deposits and other borrowings is based on discounted cash flows using interest rates for new deposits with similar remaining maturities.

Debt securities in issue/subordinated liabilities

The fair values of debt securities in issue/subordinated liabilities are estimated using market prices of instruments that are substantially the same as those issued by the Group. Where a readily available market price is unavailable in relation to the instrument, an estimated price is calculated using observable market data for similar instruments. If observable market data is not available, an appropriate credit spread linked to similar instruments, is used within the valuation technique. The fair values of debt securities in issue and subordinated liabilities include the fair value hedge adjustment in relation to interest rate swaps. Further details on hedging are included in note 16 of the financial statements. During 2023, due to changes in market conditions, quoted prices in active markets were no longer available for these instruments. However, there was sufficient information available to measure the fair value of these instruments based on observable market inputs. Therefore, debt securities in issue with a carrying amount of €1,512m and subordinated liabilities with a carrying amount of €257m, were transferred from Level 1 to Level 2 of the fair value hierarchy.

Financial assets and financial liabilities subsequently measured at fair value

On initial recognition, all financial instruments are measured at fair value. Following this, the Group measures HTC&S financial assets at fair value through other comprehensive income. Derivative financial instruments are held for trading and fair valued through profit or loss.

Derivative financial instruments

The fair values of derivatives are determined using valuation techniques such as discounted cash flow and pricing models which are commonly used by market participants. These valuations are provided by third party brokers and the models used incorporate observable market inputs such as current interest rate, time to maturity, forward foreign exchange rates, yield curves and volatility measures.

Equity securities

PTSB Group holds Series B preferred stock in Visa Inc. at 31 December 2023. During 2023 PTSB disposed of its holding of Visa A shares for €30m. A gain on sale of €14m was recognised in other comprehensive income. PTSB Group holds B preferred stock in Visa Inc. at 31 December 2023 with a value of €5m (2022: A&B shares valued at €30m) and are recognised in the statement of financial position at FVOCI.

The fair values of the Series A preferred stock in Visa Inc. is classified as Level 1 and the fair value of the Series B preferred stock is classified as Level 3, as the valuation of these preferred stock includes inputs that are based on unobservable data.

37. Measurement basis and fair values of financial instruments (continued)

Fair value measurements recognised in the Statement of financial position

31 December 2023	Notes	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value					
Derivative financial instrument	16	-	36	-	36
Equity instruments	20	-	-	5	5
Financial liabilities measured at fair value					
Derivative financial instrument	16	-	1	-	1

31 December 2022	Notes	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value					
Derivative financial instrument	16	-	-	-	-
Equity instruments	20	26	-	4	30
Financial liabilities measured at fair value					
Derivative financial instrument	16	-	1	12	13

Reconciliation of level 3 fair value measurements of financial assets

	2023 €m	2022 €m
Equity Instruments		
As at 1 January	4	9
Revaluation movement in OCI – Fair value reserve (equity instruments)	1	-
Conversion of Series B preferred stock to Series A preferred stock	-	(5)
As at 31 December	5	4

There were no transfers between level 1, level 2 or level 3 of the fair value hierarchy during 2023 or 2022 for financial assets.

Level 3 fair value measurements of financial liabilities

There were no transfers between level 1, level 2 or level 3 of the fair value hierarchy during 2023 or 2022 for financial liabilities. The level 3 of €12m relates to business combination forwards as at 31 December 2022. The fair value of the forward derivative at the acquisition date was a liability of €16m.

This is calculated as the difference between the fair value of the consideration to be paid and the fair value of the assets to be acquired.

See notes 2 and 3 for further detail.

37. Measurement basis and fair values of financial instruments (continued)

Level 3 sensitivity analysis

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Financial instruments

31 December 2023	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Fair value €m	Ranges of estimates changes in the fair value
Visa Inc. Series B Preferred Stock	Quoted market price (Discounted)*	Final share conversion rate	0 - 90%	5	0 - 90%

* Discount has been applied for illiquidity and the conversion rate variability of the Visa Inc. Series B Preferred stock.

31 December 2022	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Fair value €m	Ranges of estimates changes in the fair value
Visa Inc. Series B Preferred Stock	Quoted market price (Discounted)*	Final share conversion rate	0 - 90%	4	0 - 90%

*Discount has been applied for illiquidity and the conversion rate variability of the Visa Inc. Series B Preferred stock.

Significant unobservable inputs

Visa Inc. Series A and Series B preferred stock

The Visa Inc. Series A preferred stock held by PTSB was acquired during 2020 upon the partial conversion of Series B preferred stock by Visa Inc. These Series A and B preferred stock were fair valued at €nil and €5m respectively at 31 December 2023 (31 December 2022: €26m and €4m) and are recognised in the statement of financial position at FVOCI. During 2023 PTSB disposed of its holding of Visa A shares for €30m.

Valuation Methodology: The Visa Inc. Class A Common stock price and conversion ratios were applied to the PTSB shareholding of Visa Inc. Series A and Series B preferred shares at 31 December 2023 and 31 December 2022. Future conversions are calculated using discounted cash follows. The stock was revalued at the year-end exchange rate.

Unobservable input: The unobservable inputs are the discount factor used to discount the future conversions of Series B preferred stock.

The Visa Inc. Series A and Series B preferred stock is denominated in US dollars and is exposed to FX risk.

Business Combination Forwards

The level 3 of €12m as at 31 December 2022 related to business combination forwards. The business combination derivatives were derecognised in 2023 as the remaining Retail lending assets and the entirety of the Asset Financing and SME assets and branch properties were transferred during the year. See Note 3 for further detail. The fair value of the forward derivative is calculated as the difference between the fair value of the consideration to be paid and the fair value of the assets to be acquired. See notes 2 and 3 for further detail.

Valuation methodology: The fair value of the forward derivative at 31 December 2023 was €nil (31 December 2022: liability of €12m). This is calculated as the difference between the fair value of the consideration to be paid and the fair value of the assets to be acquired.

Unobservable input: The unobservable inputs are the prepayment rate, redemption rate, transition rate (from fixed to variable rates and vice versa), probability of default (PD) and loss given default assumptions, servicing cost, risk weights based on the asset characteristics and a discount rate based on cost of funding, capital and targeted capital ratio. Taking account of the various uncertainties, Management estimate the range of changes in fair value on the receive leg (loans acquired) to be 95% to 105%, with no material change expected on the pay leg (the consideration).

38. Financial risk management

Maximum exposure to credit risk before collateral held or other credit enhancements

The following table outlines the maximum exposure to credit risk before collateral held or other credit enhancements in respect of the Group's financial assets as at the statement of financial position date.

	Notes	31 December 2023 €m	31 December 2022 €m
Cash at bank	14	71	58
Items in course of collection	14	40	40
Loans and advances to banks (iii)	15	2,051	2,123
Derivative financial instruments (ii)	16	36	-
Other assets	17	60	1
Debt securities (i)	19	3,256	3,177
Loans and advances to customers (iv)	22	21,427	19,593
		26,941	24,992
Commitments	43	1,380	1,342
		28,321	26,334

The following tables outline the Group's exposure to credit risk by asset class

(i) Debt securities

The Group is exposed to the credit risk on third parties where the Group holds debt securities (primarily sovereign debt). These exposures are subject to the limitations contained within Board approved policies, with sovereign debt restricted to those countries that have an External Credit Assessment Institution (ECAI) rating of investment grade.

The following table gives an indication of the level of the credit worthiness of the Group's debt securities and is based on the Group's internal rating policy which was approved by the CBI. The inputs to the ratings used in the table below are those prescribed by Moody's Investor Services Limited.

	31 December 2023 €m	31 December 2022 €m
Rating		
Aaa	309	49
Aa1	30	110
Aa2	356	250
Aa3	1,578	-
A1	-	1,734
A3	448	-
Baa1	432	497
Baa2	-	456
Baa3	103	81
Total	3,256	3,177

38. Financial risk management (continued)

The following table discloses, by country, the Group's exposure to sovereign debt and corporate debt as at:

	31 December 2023 €m	31 December 2022 €m
Country		
Ireland	1,559	1,783
Portugal	448	456
Spain	432	497
France	356	250
EU	309	81
Italy	103	110
Austria	30	-
Belgium	19	-
Total	3,256	3,177

(ii) Derivative financial instruments

The Group has executed standard ISDA agreements with all of its counterparties. The Group has also executed CSAs with all of its counterparties in respect of all derivative instruments to mitigate its credit risk. As part of these agreements, the Group exchanges collateral in line with movements in the market values of derivative positions daily. FX forward derivatives are settled gross. The Group manages its collateral derivative positions with counterparties on a net basis. The uncollaterised derivative positions are held with investment grade counterparties. The cumulative positive market value of derivative assets at 31 December 2023 was €36m (31 December 2022: €nil) which relates to fair value hedge interest rate swaps used to hedge interest rate risk on fixed rate debt securities in issue. See note 16 for further detail.

(iii) Loans and advances to banks

The Group has a policy to ensure that, where possible, loans and advances to banks are held with investment grade counterparties with any exceptions subject to prior approval by the BRCC. The following table gives an indication of the level of creditworthiness of the Group's loans and advances to banks and is based on the ratings prescribed by Moody's Investor Services Limited and Standard and Poor's for the CBI.

	31 December 2023 €m	31 December 2022 €m
Rating		
AAA	1,687	1,620
Aa2	75	199
Aa3	231	286
A1	2	10
A2	56	-
Ba1	-	8
Total	2,051	2,123

38. Financial risk management (continued)

The following sections detail additional disclosures on asset quality

(iv) Loans and advances to customers

Gross customer loans and advances

The tables below outline total loans and advances to customers for the Group analysed by home loan, buy-to-let, commercial, consumer finance and finance leases and hire purchase receivables.

Measured at amortised cost	31 December 2023 €m	31 December 2022 €m
Residential mortgages:		
Home loan	19,557	18,340
Buy-to-let	749	824
Total residential mortgages	20,306	19,164
Commercial	437	239
Consumer finance	499	401
Finance leases and hire purchase receivables	446	-
Total measured at amortised cost	21,688	19,804
Analysed by ECL staging:		
Stage 1	19,057	17,455
Stage 2	1,913	1,699
Stage 3	718	649
POCI	-	1
Total measured at amortised cost	21,688	19,804
Of which at the reporting date		
Neither past due nor Stage 3	20,909	19,118
Past due but not Stage 3	61	36
Stage 3	718	650
Total measured at amortised cost	21,688	19,804
Of which are reported as non-performing loans	718	650
Deferred fees, discounts & business combination related fair value adjustments	309	310

38. Financial risk management (continued)

The following table provides an aged analysis of home loan, buy-to-let and commercial mortgages which are past due but not Stage 3.

31 December 2023

	Home loans €m	Buy-to-let €m	Commercial €m	Total €m
0-30 days	29	3	1	33
31-60 days	7	3	1	11
61-90 days	6	-	-	6
Total past due not Stage 3	42	6	2	50
Fair value of collateral held	42	6	2	50

Fair value of collateral held	Home loans €m	Buy-to-let €m	Commercial €m	Total €m
0-30 days	29	3	1	33
31-60 days	7	3	1	11
61-90 days	6	-	-	6
Total past due not Stage 3	42	6	2	50

31 December 2022

	Home loans €m	Buy-to-let €m	Commercial €m	Total €m
0-30 days	16	2	-	18
31-60 days	4	1	-	5
61-90 days	5	-	-	5
Total past due not Stage 3	25	3	-	28
Fair value of collateral held	25	3	-	28

Fair value of collateral held	Home loans €m	Buy-to-let €m	Commercial €m	Total €m
0-30 days	16	2	-	18
31-60 days	4	1	-	5
61-90 days	5	-	-	5
Total past due not Stage 3	25	3	-	28

Collateral held against residential mortgages is principally comprised of residential properties; their fair value has been estimated based upon the last actual valuation, adjusted to take into account subsequent movement in house prices and is capped at the lower of the loan balance or the valuation amount.

Non-performing loans

Non-performing loans (NPLs) are loans which are credit impaired or loans which are classified as defaulted in accordance with the Group's definition of default. The Group's definition of default considers objective indicators of default including the 90 days past due criterion, evidence of exercise of concessions or modifications to terms and conditions is designed to be consistent with European Banking Authority (EBA) guidance on the definition of forbearance.

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

Non-performing assets are defined as NPLs plus foreclosed assets.

38. Financial risk management (continued)

31 December 2023	Stage 3					
	Home loans	Buy-to-let	Commercial	Consumer finance	Finance leases and hire purchase receivables	Total
	€m	€m	€m	€m	€m	€m
NPL is < 90 days	167	86	11	4	6	274
NPL is > 90 days and < 1 year past due	77	51	2	4	4	138
NPL is 1-2 years past due	44	16	1	2	1	64
NPL is 2-5 years past due	60	86	1	2	1	150
NPL is > 5 years past due	55	28	5	4	-	92
POCI	-	-	-	-	-	-
Non-performing loans	403	267	20	16	12	718
Foreclosed assets	2	9				11
Non-performing assets	405	276	20	16	12	729
NPLs as % of gross loans	2.1%	35.6%	4.6%	3.2%	2.7%	3.3%

31 December 2022	Stage 3					
	Home loans	Buy-to-let	Commercial	Consumer finance	Finance leases and hire purchase receivables	Total
	€m	€m	€m	€m	€m	€m
NPL is < 90 days	175	118	17	2	-	312
NPL is > 90 days and < 1 year past due	31	15	-	3	-	49
NPL is 1-2 years past due	31	80	-	2	-	113
NPL is 2-5 years past due	51	28	-	2	-	81
NPL is > 5 years past due	54	29	6	5	-	94
POCI	-	-	-	1	-	1
Non-performing loans	342	270	23	15	-	650
Foreclosed assets	3	15	-	-	-	18
Non-performing assets	345	285	23	15	-	668
NPLs as % of gross loans	1.9%	32.8%	9.6%	3.7%	-	3.3%

Non-performing loans as a percentage of total loans and advances was 3.3% at 31 December 2023, no change from 3.3% at 31 December 2022.

38. Financial risk management (continued)

Total portfolio loss allowance: statement of financial position

The tables below outline the ECL loss allowance total at 31 December 2023 in respect of total customer loans and advances.

The impairment charge in respect of the total loans and advances for year ended 31 December 2023 was €56m, compared to €7m charge for the year ended 31 December 2022.

	31 December 2023 €m	31 December 2022 €m
Loss allowance - statement of financial position		
Stage 1	165	136
Stage 2	164	163
Stage 3	241	222
Total loss allowance	570	521

	31 December 2023 %	31 December 2022 %
Provision coverage ratio*		
Stage 1	0.9%	0.8%
Stage 2	8.6%	9.6%
Stage 3	33.5%	34.1%
Total provisions/total loans	2.6%	2.6%

*Provision coverage ratio is calculated as loss allowance/impairment provision as a percentage of gross loan balance.

38. Financial risk management (continued)

Origination profile

Loan origination profile of the residential mortgage loan portfolio before provision for impairment:

The table below illustrates that €2bn or 9% (31 December 2022: 11%) of the residential mortgage portfolio originated before 2006. Between 2006 and 2008 origination was €4bn or 21% (31 December 2022: 24%) of the residential mortgages. The remaining 70% (31 December 2022: 65%) of residential mortgages were originated between 2009 and 2023.

31 December 2023	Residential mortgages portfolio		Stage 3 residential mortgages portfolio	
	Number	Balance €m	Number	Balance €m
2000 and before	3,055	64	253	8
2001	2,004	60	114	4
2002	2,811	116	139	8
2003	4,443	232	219	16
2004	7,579	471	278	25
2005	11,015	943	454	61
2006	13,837	1,624	753	174
2007	11,944	1,591	773	209
2008	7,407	925	452	97
2009	2,311	212	73	8
2010	914	66	22	2
2011	789	65	9	1
2012	1,225	108	18	1
2013	1,638	158	17	2
2014	2,877	294	26	4
2015	3,949	442	52	4
2016	4,665	617	46	7
2017	5,642	843	49	6
2018	7,352	1,239	71	11
2019	9,408	1,735	64	12
2020	7,820	1,624	39	5
2021	9,065	2,135	20	3
2022	9,618	2,539	8	1
2023	8,394	2,203	4	1
Total	139,762	20,306	3,953	670

38. Financial risk management (continued)

31 December 2022	Residential mortgages portfolio		Stage 3 residential mortgages portfolio	
	Number	Balance €m	Number	Balance €m
1999 and before	1,786	30	113	4
2000	1,483	40	57	3
2001	1,938	66	79	4
2002	2,801	127	99	6
2003	5,360	255	166	14
2004	7,729	514	220	23
2005	11,134	1,006	397	57
2006	14,396	1,796	723	169
2007	12,439	1,730	740	203
2008	7,912	1,006	408	90
2009	2,301	213	65	7
2010	936	70	14	1
2011	819	69	5	1
2012	1,190	110	3	-
2013	1,673	163	4	-
2014	2,960	316	13	3
2015	4,058	471	29	1
2016	4,664	639	23	4
2017	5,804	899	24	4
2018	7,607	1,345	52	8
2019	9,633	1,863	37	7
2020	7,940	1,735	14	1
2021	8,871	2,164	8	1
2022	9,409	2,537	4	1
Total	134,843	19,164	3,297	612

Loan-to-value profile

Loan-to-value (LTV) of mortgage lending (index linked):

The LTV ratio is calculated at a property level and is the average of indexed property values in proportion to the outstanding loan balance. LTV is a key input to the impairment provisioning process. The tables below outline the composition of this ratio for the residential loan portfolio.

38. Financial risk management (continued)

Actual and average LTVs across principal mortgage portfolios:

The tables below outline the weighted average LTVs for the total residential mortgage portfolios analysed across home loan and buy-to-let facilities by value. The weighted average LTV on the residential mortgage portfolios is 52% at 31 December 2023 compared to 54% at 31 December 2022.

31 December 2023	Home loans %	Buy-to-let %	Total %
Less than 50%	45%	33%	45%
50% to 70%	38%	23%	37%
71% to 90%	16%	18%	16%
91% to 100%	-	8%	1%
Subtotal	99%	82%	99%
101% to 110%	1%	6%	1%
111% to 120%	-	2%	-
121% to 130%	-	3%	-
131% to 140%	-	2%	-
141% to 150%	-	1%	-
151% to 160%	-	1%	-
161% to 170%	-	1%	-
171% to 180%	-	-	-
Greater than 180%	-	2%	-
Subtotal	1%	18%	1%
Total	100%	100%	100%
Weighted average LTV:			
Stock of existing residential mortgages	52%	70%	52%
Residential mortgages originated in the year	69%	55%	69%
Acquired residential mortgages	47%	41%	47%
Stage 3 mortgages	68%	100%	81%

38. Financial risk management (continued)

31 December 2022	Home loans %	Buy-to-let %	Total %
Less than 50%	44%	32%	44%
50% to 70%	40%	18%	39%
71% to 90%	14%	24%	14%
91% to 100%	1%	8%	1%
Subtotal	99%	82%	98%
101% to 110%	1%	5%	1%
111% to 120%	-	4%	-
121% to 130%	-	3%	-
131% to 140%	-	1%	-
141% to 150%	-	2%	-
151% to 160%	-	1%	-
161% to 170%	-	-	-
171% to 180%	-	-	-
Greater than 180%	-	2%	1%
Subtotal	1%	18%	2%
Total	100%	100%	100%
Weighted average LTV:			
Stock of existing residential mortgages	53%	76%	54%
Residential mortgages originated in the year	68%	58%	68%
Acquired residential mortgages	47%	39%	47%
Stage 3 mortgages	74%	100%	85%

38. Financial risk management (continued)

Loan-to-value profile (continued)

Analysis by LTV of the Group's residential mortgage lending which is neither past due nor Stage 3:

The tables below illustrates that 100% of residential home loan mortgages (31 December 2022: 100%) and 95% of residential buy-to-let mortgages (31 December 2022: 94%) that are neither past due nor stage 3 are in positive equity as at 31 December 2023.

31 December 2023	Home loans %	Buy-to-let %	Total %
Less than 50%	46%	48%	46%
50% to 70%	38%	29%	38%
71% to 90%	16%	14%	16%
91% to 100%	-	4%	-
Subtotal	100%	95%	100%
101% to 110%	-	2%	-
111% to 120%	-	1%	-
121% to 130%	-	-	-
131% to 140%	-	1%	-
141% to 150%	-	-	-
151% to 160%	-	-	-
161% to 170%	-	-	-
171% to 180%	-	-	-
Greater than 180%	-	1%	-
Subtotal	-	5%	-
Total	100%	100%	100%

31 December 2022	Home loans %	Buy-to-let %	Total %
Less than 50%	45%	44%	45%
50% to 70%	41%	23%	40%
71% to 90%	14%	23%	14%
91% to 100%	-	4%	1%
Subtotal	100%	94%	100%
101% to 110%	-	2%	-
111% to 120%	-	1%	-
121% to 130%	-	1%	-
131% to 140%	-	-	-
141% to 150%	-	1%	-
151% to 160%	-	-	-
161% to 170%	-	-	-
171% to 180%	-	-	-
Greater than 180%	-	1%	-
Subtotal	-	6%	-
Total	100%	100%	100%

38. Financial risk management (continued)

Loan-to-value profile (continued)

Analysis by LTV of the Group's residential mortgage lending which are classified as Stage 3:

The tables below illustrate that 83% of residential home loan mortgages (31 December 2022: 79%) and 60% of residential buy-to-let mortgages (31 December 2022: 55%) that are classified as Stage 3 are in positive equity as at 31 December 2023.

31 December 2023	Home loans %	Buy-to-let %	Total %
Less than 50%	38%	7%	26%
50% to 70%	24%	11%	19%
71% to 90%	15%	26%	19%
91% to 100%	6%	16%	10%
Subtotal	83%	60%	74%
101% to 110%	3%	13%	7%
111% to 120%	3%	6%	4%
121% to 130%	2%	8%	4%
131% to 140%	1%	2%	2%
141% to 150%	2%	2%	2%
151% to 160%	2%	2%	2%
161% to 170%	1%	2%	1%
171% to 180%	-	1%	1%
Greater than 180%	3%	4%	3%
Subtotal	17%	40%	26%
Total	100%	100%	100%
	€m	€m	€m
Stage 3	403	267	670

31 December 2022	Home loans %	Buy-to-let %	Total %
Less than 50%	33%	7%	22%
50% to 70%	22%	8%	16%
71% to 90%	19%	27%	22%
91% to 100%	5%	13%	8%
Subtotal	79%	55%	68%
101% to 110%	3%	12%	7%
111% to 120%	5%	10%	7%
121% to 130%	4%	9%	6%
131% to 140%	2%	3%	2%
141% to 150%	1%	3%	2%
151% to 160%	1%	2%	2%
161% to 170%	1%	1%	1%
171% to 180%	-	1%	1%
Greater than 180%	4%	4%	4%
Subtotal	21%	45%	32%
Total	100%	100%	100%
	€m	€m	€m
Stage 3	342	270	612

38. Financial risk management (continued)

(v) Group portfolios: Collateral in possession

Collateral in possession occurs where the obligor either (i) voluntarily surrenders the property or (ii) the Group takes legal ownership due to the non-repayment of the loan facility. The following tables outline the main movements in this category during the year.

Stock of collateral in possession

	31 December 2023		31 December 2022	
	Number	Balance outstanding at transfer of ownership	Number	Balance outstanding at transfer of ownership
Residential collateral in possession		€m		€m
Home loans	10	6	14	7
Buy-to-let	52	13	105	27
Total	62	19	119	34

Collateral in possession assets are sold as soon as practicable. These assets which total €11m as at 31 December 2023 (31 December 2022: €18m) are included in assets held for sale (see note 18 for further details).

During the year the ownership of 4 properties was transferred to the Group.

The details of the transfers are provided in the table below:

	Number
Home loans	-
Buy-to-let	4
Total	4

31 December 2023	Number of disposals	Balance outstanding at transfer of ownership	Gross sales proceeds	Costs to sell	Pre provisioning loss on sale*
		€m	€m	€m	€m
Collateral in possession					
Home loans	4	1	2	1	-
Buy-to-let	57	16	10	-	6
Year ended 31 December 2023	61	17	12	1	6

*Calculated as gross sales proceeds less balance outstanding at transfer of ownership less costs to sell. These losses are provided for as part of the impairment provisioning process.

38. Financial risk management (continued)

31 December 2022	Number of disposals	Balance outstanding at transfer of ownership €m	Gross sales proceeds €m	Costs to sell €m	Pre provisioning loss on sale* €m
Collateral in possession					
Home loans	13	3	2	-	1
Buy-to-let	76	18	13	1	6
Year ended 31 December 2022	89	21	15	1	7

*Calculated as gross sales proceeds less balance outstanding at transfer of ownership less costs to sell. These losses are provided for as part of the impairment provisioning process.

(vi) Additional disclosures on forborne loans

The Group operates a number of mechanisms which are designed to assist borrowers experiencing credit and loan repayment difficulties, which have been developed in accordance with the current Code of Conduct on Mortgages Arrears (CCMA).

The tables below of analyse loans for which the Group has entered formal temporary and permanent forbearance arrangements with customers for the years ended 31 December 2023 and 2022.

(a) Weighted Average - LTV
LTV on total residential mortgages in forbearance

The tables below illustrate that 89% of residential home loan mortgages (31 December 2022: 85%) and 73% of residential buy-to-let mortgages (31 December 2022: 69%) that are in forbearance are in positive equity as at 31 December 2023.

31 December 2023

	Home loans %	Buy-to-let %	Total %
Less than 50%	42%	10%	37%
50% to 70%	29%	13%	26%
71% to 90%	13%	36%	17%
91% to 100%	5%	14%	6%
Subtotal	89%	73%	86%
101% to 110%	2%	10%	3%
111% to 120%	2%	3%	2%
121% to 130%	1%	3%	2%
131% to 140%	1%	2%	2%
141% to 150%	1%	2%	1%
151% to 160%	1%	1%	1%
161% to 170%	1%	1%	1%
171% to 180%	-	1%	-
Greater than 180%	2%	4%	2%
Subtotal	11%	27%	14%
Total	100%	100%	100%
Weighted average LTV:			
Stock of residential mortgages	61%	91%	66%
Residential mortgages originated in the year	66%	-	66%
Stage 3 mortgages	71%	99%	76%

38. Financial risk management (continued)

31 December 2022

	Home loans %	Buy-to-let %	Total %
Less than 50%	37%	7%	31%
50% to 70%	27%	11%	24%
71% to 90%	17%	42%	23%
91% to 100%	4%	9%	5%
Subtotal	85%	69%	83%
101% to 110%	3%	11%	4%
111% to 120%	3%	4%	3%
121% to 130%	3%	4%	3%
131% to 140%	1%	2%	1%
141% to 150%	1%	2%	1%
151% to 160%	1%	2%	1%
161% to 170%	1%	1%	1%
171% to 180%	-	1%	-
Greater than 180%	2%	4%	3%
Subtotal	15%	31%	17%
Total	100%	100%	100%
Weighted average LTV:			
Stock of residential mortgages	66%	92%	72%
Residential mortgages originated in the year	73%	-	73%
Stage 3 mortgages	75%	97%	80%

(b) Forbearance arrangements - mortgages

The tables below set out the volume of loans for which the Group has entered formal temporary and permanent forbearance arrangements with customers as at 31 December 2023 and 31 December 2022.

(i) Residential home loan mortgages:

The incidence of the main type of forbearance arrangements for owner occupied residential mortgages are analysed below:

31 December 2023	All loans		Stage 3	
	Number	Balances €m	Number	Balances €m
Interest only	19	4	17	3
Reduced payment (less than interest only)	47	8	32	6
Reduced payment (greater than interest only)	1,362	193	672	105
Payment moratorium	48	7	33	4
Arrears capitalisation	821	88	419	49
Term extension	481	34	232	19
Hybrid*	238	33	178	24
Split mortgages**	158	26	158	26
Total	**3,174**	**393**	**1,741**	**236**

* Hybrid is a combination of two or more forbearance arrangements.
** Split mortgage is where a portion of outstanding debt is deferred until financial ability or circumstances improve.

38. Financial risk management (continued)

31 December 2022	All loans		Stage 3	
	Number	Balances €m	Number	Balances €m
Interest only	21	6	19	3
Reduced payment (less than interest only)	34	3	22	2
Reduced payment (greater than interest only)	1,369	192	782	120
Payment moratorium	32	5	19	3
Arrears capitalisation	433	53	252	31
Term extension	428	32	209	17
Hybrid*	277	41	178	26
Split mortgages**	153	26	153	26
Total	2,747	358	1,634	228

* Hybrid is a combination of two or more forbearance arrangements.
** Split mortgage is where a portion of outstanding debt is deferred until financial ability or circumstances improve.

The tables above reflect an increase of 427 cases in the year to 31 December 2023 for the Group in the number of residential home loan mortgages in forbearance arrangements, an increase of €35m. The average balance of forborne loans is €0.124m at 31 December 2023 (31 December 2022: €0.130m).

(ii) Residential buy-to-let mortgages:
The incidence of the main type of forbearance arrangements for residential buy-to-let mortgages only is analysed below:

31 December 2023	All loans		Stage 3	
	Number	Balances €m	Number	Balances €m
Interest only	16	6	14	6
Reduced payment (less than interest only)	2	2	2	2
Reduced payment (greater than interest only)	82	25	61	21
Payment moratorium	3	1	1	-
Arrears capitalisation	24	6	10	3
Term extension	16	4	12	3
Hybrid*	61	28	46	19
Split mortgages**	22	7	22	7
Total	226	79	168	61

* Hybrid is a combination of two or more forbearance arrangements.
** Split mortgage is where a portion of outstanding debt is deferred until financial ability or circumstances improve.

31 December 2022	All loans		Stage 3	
	Number	Balances €m	Number	Balances €m
Interest only	19	8	17	7
Reduced payment (less than interest only)	-	-	-	-
Reduced payment (greater than interest only)	99	29	76	24
Payment moratorium	1	-	-	-
Arrears capitalisation	18	8	10	4
Term extension	27	6	12	3
Hybrid*	70	41	51	23
Split mortgages**	22	7	22	7
Total	256	99	188	68

* Hybrid is a combination of two or more forbearance arrangements.
** Split mortgage is where a portion of outstanding debt is deferred until financial ability or circumstances improve.

38. Financial risk management (continued)

The tables above reflect a decrease of 30 cases in the year to 31 December 2023 for the Group in the number of residential buy-to-let in forbearance arrangements, a decrease of €20m in balances. The average balance of forborne loans is €0.35m at 31 December 2023 (31 December 2022: €0.39m).

(iii) Commercial mortgages

The incidence of the main type of forbearance arrangements for commercial mortgages are analysed below:

	31 December 2023		31 December 2022	
	Number	Balances €m	Number	Balances €m
Commercial mortgages				
Interest only	-	-	-	-
Reduced payment (greater than interest only)	7	3	11	5
Payment moratorium	-	-	-	-
Arrears capitalisation	24	2	1	1
Term extension	7	1	7	1
Hybrid*	4	1	6	1
Split mortgages	-	-	-	-
Total	42	7	25	8

*Hybrid is a combination of two or more forbearance arrangements.

The table above reflects an increase of 17 cases in the year to 31 December 2023 for the Group in the number of commercial mortgages in forbearance arrangements, a decrease of €1m in balances.

(c) Reconciliation of movement in forborne loans for all classes

The tables below provide an analysis of the movement of total forborne loans and Stage 3 forborne loans during the year. It outlines the number and balances of forbearance treatments offered, expired and loans paid down during the year.

(i) Reconciliation of movement of total forborne loans

	Residential mortgages							
31 December 2023	Home loans cases	Home loans balances €m	Buy -to-let cases	Buy-to-let balances €m	Commercial cases	Commercial balances €m	Total cases	Total balances €m
Opening balance 1 January 2023	2,747	358	256	99	25	8	3,028	465
New forbearance extended during the year*	1,133	118	35	7	23	1	1,191	126
Deleveraged loans	-	-	-	-	-	-	-	-
Exited forbearance								
- re-classified to Stage 3 non-forborne	(24)	(3)	(4)	(3)	(1)	-	(29)	(6)
- expired forbearance treatment	(450)	(52)	(30)	(15)	(2)	(1)	(482)	(68)
- expired loan paid down	(232)	(18)	(31)	(6)	(3)	-	(266)	(24)
Balance shift**	-	(10)	-	(3)	-	(1)	-	(14)
Closing balance of loans in forbearance as at 31 December 2023	3,174	393	226	79	42	7	3,442	479

* Balance movements are stated net of portfolio re-classification.
** Balance movements in respect of loans which are in forbearance at the start and end of the year.

38. Financial risk management (continued)

31 December 2022	Residential mortgages Home loans cases	Home loans balances €m	Buy -to-let cases	Buy-to-let balances €m	Commercial cases	Commercial balances €m	Total cases	Total balances €m
Opening balance 1 January 2022	3,524	467	449	166	37	37	4,010	670
New forbearance extended during the year*	307	39	30	17	-	-	337	56
Deleveraged loans	(3)	(1)	(138)	(51)	-	-	(141)	(52)
Exited forbearance								
- re-classified to Stage 3 non-forborne	(18)	(3)	(7)	(4)	-	-	(25)	(7)
- expired forbearance treatment	(816)	(106)	(34)	(13)	(4)	(21)	(854)	(140)
- expired loan paid down	(247)	(25)	(44)	(12)	(8)	(8)	(299)	(45)
Balance shift**	-	(13)	-	(4)	-	-	-	(17)
Closing balance of loans in forbearance as at 31 December 2022	2,747	358	256	99	25	8	3,028	465

* Balance movements are stated net of portfolio re-classification.
** Balance movements in respect of loans which are in forbearance at the start and end of the year.

(ii) Reconciliation of movement in forborne loans Stage 3

31 December 2023	Home loan cases	Home loan balances €m	Buy-to-let cases	Buy-to-let balances €m	Commercial cases	Commercial balances €m	Total cases	Total balances €m
Opening balance 1 January 2023	1,634	228	188	68	19	6	1,841	302
New Stage 3 forborne extended during the year*	615	69	30	11	12	-	657	80
Deleveraged loans	-	-	-	-	-	-	-	-
Exited forborne Stage 3, now performing forborne	(352)	(43)	(21)	(11)	-	-	(373)	(54)
Exited forbearance								
- exited forborne Stage 3, now Stage 3 non-forborne	(12)	(1)	-	-	(1)	-	(13)	(1)
- expired forbearance treatment	(13)	(3)	(4)	(2)	(1)	-	(18)	(5)
- expired loan paid down	(131)	(12)	(25)	(5)	(2)	-	(158)	(17)
Balance shift**	-	(2)	-	-	-	-	-	(2)
Closing balance loans in forbearance as at 31 December 2023	1,741	236	168	61	27	6	1,936	303

* Balance movements are stated net of portfolio re-classification.
** Balance movements in respect of loans which are in forbearance at the start and end of the year.

38. Financial risk management (continued)

31 December 2022	Home loan cases	Home loan balances €m	Buy-to-let cases	Buy-to-let balances €m	Commercial cases	Commercial balances €m	Total cases	Total balances €m
Opening balance 1 January 2022	2,010	289	267	94	32	33	2,309	416
New Stage 3 forborne extended during the year*	354	43	29	15	-	-	383	58
Deleveraged loans	(3)	(1)	(32)	(10)	-	-	(35)	(11)
Exited forborne Stage 3, now performing forborne	(550)	(70)	(29)	(11)	(4)	(1)	(583)	(82)
Exited forbearance								
- exited forborne Stage 3, now Stage 3 non-forborne	(10)	(2)	(4)	(4)	-	-	(14)	(6)
- expired forbearance treatment	(19)	(9)	(4)	(3)	(1)	(17)	(24)	(29)
- expired loan paid down	(148)	(18)	(39)	(11)	(8)	(8)	(195)	(37)
Balance shift**	-	(4)	-	(2)	-	(1)	-	(7)
Closing balance of loans in forbearance as at 31 December 2022	1,634	228	188	68	19	6	1,841	302

* Balance movements are stated net of portfolio re-classification.
** Balance movements in respect of loans which are in forbearance at the start and end of the year.

(vii) Funding profile
The below amounts for non-derivative financial liabilities is calculated using undiscounted cash flows which include an estimate of future interest payments. Derivative liabilities include contractual undiscounted cash flows on a gross basis if the instrument is settled gross and on a net basis if settled net.

The ALCo monitors sources of funding and their respective maturities with a focus on establishing a stable and cost effective funding profile. Excluding equity, the Group's funding profile as at the 31 December 2023 can be broken down into the below component parts:

	31 December 2023 %	31 December 2022 %
Customer accounts	91	93
Long-term debt	7	4
Short-term debt	2	3
	100	100

Long-term debt refers to debt with a maturity greater than 12 months from year-end and short-term debt is that which has a maturity of less than 12 months from year-end.

38. Financial risk management (continued)

In accordance with IFRS 7, Financial Instruments: Disclosures, the following tables present the maturity analysis of financial liabilities on an undiscounted basis, by remaining contractual maturity at the statement of financial position date. These will not agree directly with the balances on the consolidated statement of financial position due to the inclusion of future interest payments.

31 December 2023	Up to 1 month €m	1-3 months €m	3-6 months €m	6-12 months €m	1-2 years €m	Over 2 years €m	Total €m
Liabilities							
Deposits by banks	398	-	-	-	-	-	398
Customer accounts	19,640	664	415	864	671	764	23,018
Debt securities in issue	8	15	23	46	384	1,366	1,842
Derivative financial instruments	1	-	-	-	-	-	1
Subordinated liabilities	1	1	2	4	7	292	307
Other financial liabilities	115	0	2	3	5	25	150
Total liabilities	20,163	680	442	917	1,067	2,447	25,716

31 December 2022	Up to 1 month €m	1-3 months €m	3-6 months €m	6-12 months €m	1-2 years €m	Over 2 years €m	Total €m
Liabilities							
Deposits by banks	614	-	-	-	-	-	614
Customer accounts	19,906	689	261	385	157	342	21,740
Debt securities in issue	2	4	6	11	371	308	702
Derivative financial instruments	10	169	1,343	-	-	-	1,522
Subordinated liabilities	1	1	2	4	7	300	315
Other financial liabilities	145	-	2	3	6	27	183
Total liabilities	20,678	863	1,614	403	541	977	25,076

The maturity analysis for credit commitments and guarantees are presented in Note 43.

When managing the Group's liquidity and funding profile, for products where the contractual maturity date may be different from actual behaviour, the Group uses statistical methodologies to manage liquidity on an expected or behaviourally adjusted basis.

38. Financial risk management (continued)

The following table details the Group's liquidity analysis for derivative instruments that do not qualify as hedging instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates from the yield curves at the end of the reporting year.

31 December 2023	Up to 1 month €m	1-3 months €m	3-6 months €m	6-12 months €m	1-2 years €m	Over 2 years €m	Total €m
Gross settled:							
FX forwards							
- inflow	58	-	-	-	-	-	58
- outflow	(59)	-	-	-	-	-	(59)
Balance at 31 December 2023	**(1)**	**-**	**-**	**-**	**-**	**-**	**(1)**

31 December 2022	Up to 1 month €m	1-3 months €m	3-6 months €m	6-12 months €m	1-2 years €m	Over 2 years €m	Total €m
Gross settled:							
FX forwards							
- inflow	82	-	-	-	-	-	82
- outflow	(83)	-	-	-	-	-	(83)
Business combination forwards							
- inflow	-	-	-	-	-	-	-
- outflow	(9)	(169)	(1,343)	-	-	-	(1,521)
Balance at 31 December 2022	(10)	(169)	(1,343)	-	-	-	(1,522)

38. Financial risk management (continued)

(viii) Interest rate gap position

Gap analysis is a technique for measuring the Group's interest rate risk exposure beginning with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities, and derivative positions into "time bands" according to their maturity (if fixed rate), time remaining to their next re-pricing (if floating rate) or behavioural convention in order to identify any sources of significant mismatches. The below December 2023 IRRBB profile also includes interest cash flows based on the next re-price date i.e. one month's interest included for variable rate products and lifetime interest for fixed rate products.

A summary of the Group's interest rate gap position is as follows:

Interest rate re-pricing

31 December 2023	Not more than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Over 1 year but not more than 5 years	Over 5 years	Total
	€m	€m	€m	€m	€m	€m
Assets	9,806	999	2,224	13,574	2,018	28,621
Liabilities	(6,438)	(1,152)	(2,434)	(13,420)	(4,570)	(28,014)
Derivatives	(1,155)	343	-	978	-	166
Interest rate re-pricing gap	2,213	190	(210)	1,132	(2,552)	773
Cumulative interest rate re-pricing gap	2,213	2,403	2,193	3,325	773	

31 December 2022	Not more than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Over 1 year but not more than 5 years	Over 5 years	Total
	€m	€m	€m	€m	€m	€m
Assets	9,884	697	1757	11516	2148	26002
Liabilities	(6,048)	(996)	(2,425)	(12,932)	(2,836)	(25,237)
Derivatives	81	-	-	-	-	81
Interest rate re-pricing gap	3,917	(299)	(668)	(1,416)	(688)	846
Cumulative interest rate re-pricing gap	3,917	3,618	2,950	1,534	846	

Sensitivity analysis

The following table outlines the sensitivity of the Bank's NII to a change in interest rates. The NII sensitivity is calculated on a constant balance sheet basis in line with the EBA Guidelines on Interest Rate Risk in the Banking Book (EBA 2022/03).

31 December 2023	100bps	200bps
	m	m
Upwards	32	65
Downwards	(31)	(62)

31 December 2022	100bps	200bps
	m	m
Upwards	58	116
Downwards	(57)	(116)

39. Capital management

The core objective of the Group's capital management policy is to ensure that the Group complies with its regulatory capital requirements and maintains sufficient capital to cover its business risks and support its strategy. The Group has established an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that it is adequately capitalised against the inherent risks to which its business operations are exposed and to maintain an appropriate level of capital to meet the minimum capital requirements. The Board has overall responsibility for the completeness and implementation of the ICAAP. The ICAAP is subject to review and evaluation by the Regulator.

The management of capital within the Group is monitored on an ongoing basis by the Board and various Executive Committees in accordance with Board approved policy.

The Group's regulatory capital comprises of three tiers:

1. CET1 capital, consisting of ordinary share capital, share premium, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes;
2. Additional Tier 1 Capital, consisting of CET1 capital and qualifying convertible perpetual financial instruments with discretionary coupons; and
3. Tier 2 Capital, consisting of Additional Tier 1 capital and qualifying subordinated liabilities, revaluation reserves and other regulatory capital adjustments.

The Group's 31 December 2023 regulatory Pillar 2 Requirement (P2R) has reduced by 0.20% to 3.25% (31 December 2022: 3.45%) following the 2023 SREP Assessment.

The Group's 31 December 2023 regulatory CET1 (transitional) capital requirement is 9.83% (31 December 2022: 8.94%). The CET1 ratio requirement of 9.83% consists of Pillar 1 minimum requirement of 4.50% (31 December 2022: 4.50%), P2R of 1.83% (31 December 2022: 1.94%), Capital Conservation Buffer (CCB) of 2.50% (31 December 2022: 2.50%) and Countercyclical Buffer (CCyB) of 1.0% (31 December 2022: 0%).

The Group's Total Capital requirement of 14.75% at 31 December 2023 (31 December 2022: 13.95%) consists of Pillar 1 minimum requirement of 8% (31 December 2022: 8%), P2R of 3.25% (31 December 2022: 3.45%), CCB of 2.5% (31 December 2022: 2.50%) and CCyB of 1.0% (31 December 2022: 0%).

These requirements exclude Pillar 2 Guidance (P2G) which is not publicly disclosed.

40. Current/non-current assets and liabilities

The following table provides an analysis of certain asset and liability line items as at 31 December 2023 and 31 December 2022. The analysis includes amounts expected to be recovered or settled no more than 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current).

		31 December 2023			31 December 2022		
	Note	Current	Non-current	Total	Current	Non-current	Total
		€m	€m	€m	€m	€m	€m
Assets							
Cash and balances at central banks	14	71	-	71	58	-	58
Items in the course of collection	14	40	-	40	40	-	40
Loans and advances to banks	15	2,051	-	2,051	2,123	-	2,123
Derivative financial instruments	16	6	30	36	-	-	-
Other Assets	17	60	-	60	1	-	1
Assets classified as held for sale	18	12	-	12	18	-	18
Debt securities	19	190	3,066	3,256	735	2,442	3,177
Equity Securities	20	-	5	5	-	30	30
Prepayments and contract assets	21	80	-	80	207	-	207
Loans and advance to customers	22	2,775	18,652	21,427	2,521	17,072	19,593
Liabilities							
Deposits by banks including central banks	28	398	-	398	614	-	614
Customer accounts	29	21,558	1,408	22,966	21,240	490	21,730
Derivative financial instruments	16	1	-	1	13	-	13
Debt securities in issue	30	54	1,458	1,512	10	648	658
Other Liabilities	31	119	29	148	149	32	181
Accruals		13	-	13	6	-	6
Provisions	32	13	27	40	52	28	80
Subordinated liabilities	33	3	254	257	3	249	252

41. Transfer of financial assets

In the ordinary course of business, the Group enters into transactions that result in the transfer of financial assets of loans and advances to customers and debt securities. In accordance with note 1.5 (vii), the transferred financial assets continue to be either recognised in their entirety or to the extent of the Group's continuing involvement, or are derecognised in their entirety.

The Group transfers financial assets primarily through the following transactions:

1. sale and repurchase of securities; and
2. securitisation activities in which loans and advances to customers are sold to Structured Entities (SEs) that in turn issue notes to investors which are collateralised by purchased assets.

(a) Transferred financial assets that are not derecognised in their entirety

Sale and repurchase agreements

Sale and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Group continues to recognise the securities in their entirety in the statement of financial position as loans and advances to customers (note 22) and debt securities (note 19) because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and a financial liability is recognised for the obligation to pay the repurchase price. As the Group sells the contractual rights to the cash flows of the securities it does not have the ability to use or pledge as collateral the transferred assets during the term of the arrangement. The carrying value of repurchase agreements at 31 December 2023 is €380m (31 December 2022: €611m).

Securitisations

The Group sells loans and advances to customers to SEs that in turn issue notes to investors which are collateralised by the purchased assets. For the purpose of disclosure in this note, a transfer of such financial assets may arise if the Group sells assets to a consolidated SE, the transfer of financial assets is from the Group (that includes the consolidated SE) to investors in the notes issued by the SE. The transfer is in the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the notes.

Although the Group does not own more than half of the voting power of the Fastnet entities, it has the power to control the relevant activities of the SE and the ability to affect the variable returns of the investee and hence these SEs are consolidated. In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised. Therefore, the Group is exposed to substantially all the risks and rewards of ownership including credit and market risk of the transferred assets.

When the Group transfers assets as part of the securitisation transactions it does not have the ability to use or pledge as collateral the transferred assets during the term of the arrangement.

The table below sets out an overview of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and associated liabilities.

	31 December 2023		31 December 2022	
	Sale and repurchase agreements	Securitisations	Sale and repurchase agreements	Securitisations
	€m	€m	€m	€m
Carrying amount of assets	530	-	678	-
Carrying amount of associated liabilities	382	-	612	-
Liabilities that have recourse only to the transferred financial assets				
Fair value of assets	529	-	654	-
Fair value of associated liabilities	382	-	612	-
Net position	147	-	42	-

(b) Transferred financial assets that are derecognised in their entirety

The Group has not transferred any financial assets that were derecognised in their entirety where the Group has continuing involvement in a transferred asset.

42. Offsetting financial assets and financial liabilities

In accordance with IAS 32, Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is disclosed in the table below in the "Effect of offsetting on the statement of financial position" section.

The gross amounts of derivative assets and liabilities and their net amounts disclosed in the below tables have been measured in the statement of financial position at fair value.

The tables below also disclose (in the "Related amounts not offset in the statement of financial position" section) the impact of master netting agreements and other similar agreements on all derivative financial instruments and similar financial instruments that are subject to master netting agreements or similar agreements, but do not qualify for netting on the balance sheet. The similar financial agreements include securitisations and sale and repurchase agreements. The similar agreements include global master repurchase agreements. It highlights the amounts that could be potentially offset on the statement of financial position and those amounts covered by collateral placed with or by counterparties to these trades.

The tables highlight the amounts that have been offset on the statement of financial position and those amounts covered by collateral placed with or by counterparties to these trades. It does not highlight where right of offset is available in the event of a default, as allowed under ISDA master agreements.

The tables below also provide analysis of derivative financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar agreements:

	31-Dec-23					
	Effect of offsetting on the statement of financial position			Related amounts not offset in the statement of financial position		
	Gross financial assets/ (liabilities) recognised	Gross financial (liabilities)/ assets offset	Net amounts reported on the statement of financial position	Financial instruments	Cash collateral	Net amount
	€m	€m	€m	€m	€m	€m
Assets						
Derivative financial instruments	36	-	36	-	(16)	20
Total	36	-	36	-	(16)	20
Liabilities						
Derivative financial instruments	1	-	1	-	-	1
Total	1	-	1	-	-	1

	31 December 2022					
	Effect of offsetting on the statement of financial position			Related amounts not offset in the statement of financial position		
	Gross financial assets/ (liabilities) recognised	Gross financial (liabilities)/ assets offset	Net amounts reported on the statement of financial position	Financial instruments	Cash collateral	Net amount
	€m	€m	€m	€m	€m	€m
Assets						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-
Liabilities						
Derivative financial instruments	1	-	1	-	-	1
Total	1	-	1	-	-	1

43. Commitments and Contingencies

The table below gives the contractual amounts of irrevocable capital commitments. Even though these obligations are not recognised in statement of financial position they do involve credit risk. The maximum exposure to credit loss under commitments is the contractual amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security prove worthless. The transfer of economic resources is uncertain and cannot be reasonably measured to be recognised on the SOFP.

Credit commitments	31 December 2023 €m	31 December 2022 €m
Guarantees and irrevocable letters of credit	2	2
Commitments to extend credit		
- less than 1 year	1,333	1,284
- 1 year and over	45	56
Total commitments to extend credit	1,378	1,340
Total credit commitments	1,380	1,342

Other contingencies

The Group, like all other banks, is subject to litigation in the normal course of its business. Based on legal advice, other than matters referred to in note 32, the Group does not believe that any such litigation will have a material effect on its income statement or SOFP.

A number of different statutory and regulatory bodies, including the CBI, commenced investigations into a series of transactions involving deposits placed by Irish Life Assurance plc with Irish Bank Resolution Corporation (formerly Anglo Irish Bank) (on 31 March 2008, 26 September 2008, 29 September 2008 and 30 September 2008). While these investigations commenced a number of years ago, they were put on hold pending the determination of criminal proceedings against a number of individuals in respect of the same transactions. The Bank understands that those criminal proceedings have concluded and so the Bank is waiting to see if the investigations, which, from the Bank's perspective, have been dormant for some time will now be re-commenced.

As part of the agreement in August 2011 to dispose of Irish Life International Limited, the Group provided certain indemnities and warranties to the purchaser under a number of identified scenarios. If the Bank is required to make any reimbursements under these identified scenarios, the impact on the financial statements could be material. Based on the facts currently known, it is not practicable at this time to predict the final outcome this could have, nor the timing and possible impact on the Bank.

Like other banks, in the normal course of business, customers bring complaints to the Financial Services and Pensions Ombudsman (FSPO) in relation to a variety of issues. The Bank considers the applicability of FSPO decisions and findings to other customers in similar circumstances. The Bank provides for these cases, where based on legal advice, the directors believe that it is more likely than not that an outflow of resources embodying economic benefits, will be required to settle a present obligation arising from a past event. The Bank is involved in appeals against two FSPO decisions in tracker mortgage related complaints to the High Court and, while the timing and outcome of these appeals is uncertain, based on legal advice received, no provision has been made for these cases. However, if the Bank is unsuccessful in these appeals processes, the impact on the financial statements could be material. Based on the facts currently known and the current stages that the legal process is at, it is not practicable at this time to predict the final outcome of this litigation/FSPO complaints, nor the timing and impact on the Bank. The Bank is aware that there are other legal proceedings on-going in which decisions of the FSPO, upholding customers' claims to a tracker interest rate on their mortgage, are being challenged. While the facts of each case differ, the Bank is keeping other cases under review to see whether any issues raised in these other proceedings could have implications for the Bank's on-going appeals and its position in respect of whether there could be a liability to customers who are in similar circumstances to the customers who are the subject of the Bank's appeals.

ECL held against commitments are reported under loans and advances to customers.

On 1 July 2022, The Group entered into a joint venture with First Home Scheme Ireland DAC, along with the State, AIB and Bank of Ireland. The Group committed €54m in funding to the Joint venture. €15m was recognised in the Statement of Financial Position in respect of the scheme as at 31 December 2023.

44. Related parties

Related parties include individuals and entities that can exercise significant influence on operational and financial policies of the Group.

The Group has a related party relationship with its Directors, Senior Executives, the Group's pension schemes, the Minister for Finance and with the Irish Government and Irish Government related entities on the basis that the Irish Government is deemed to have control over the Group.

(a) Directors' and Secretary's interest

The interests of the Directors and the Company Secretary, including interests of their close family members in the share capital of the Company are as follows:

Number of beneficial ordinary shares held	Position	31 December 2023 Ordinary shares	31 December 2022 Ordinary shares
Julie O'Neill (appointed to Board 17 January 2023 and appointed Chairperson 31 March 2023)	Chairperson	10,000	-
Robert Elliott (retired 31 March 2023)	Chairperson	16,500	16,500
Eamonn Crowley	Chief Executive Officer	50,000	50,000
Nicola O'Brien	Chief Financial Officer	-	-
Conor Ryan	Company Secretary	10	10
Ken Slattery (retired 12 December 2023)	Non-Executive Director	10,000	10,000
Andrew Power (retired 19 May 2023)	Non-Executive Director	-	-
Ronan O'Neill	Non-Executive Director	4	4
Donal Courtney	Non-Executive Director	-	-
Ruth Wandhofer	Non-Executive Director	-	-
Marian Corcoran	Non-Executive Director	-	-
Paul Doddrell	Non-Executive Director	-	-
Celine Fitzgerald	Non-Executive Director	-	-
Anne Bradley	Non-Executive Director	-	-
Catherine Moroney (Appointed 12 December 2023)	Non-Executive Director	-	-
Rick Gildea (Appointed 12 December 2023)	Non-Executive Director	-	-

Conor Ryan, as trustee of the employee benefit trust set up under the terms of the long-term incentive plan, has non-beneficial interest in 4,580 shares held in the plan (31 December 2022: 4,580).

There were no transactions in the above Directors' and Secretary's interests between 31 December 2023 and 6 March 2024.

Details of the Directors' remuneration is included in the Directors' Remuneration Report on pages 169 to 174.

(b) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include Non-Executive Directors, Executive Directors and members of the Executive Committee (ExCo). The Executive Directors and members of the ExCo are listed below:

Members of the ExCo at 31 December 2023

Eamonn Crowley	Chief Executive
Nicola O'Brien	Chief Financial Officer
Patrick Farrell	Retail Sales Director
Tom Hayes	Chief Technology Officer
Ger Mitchell	CHRO and Corporate Development Director
Andrew Walsh	Chief Legal Officer
Peter Vance	Chief Operations Officer
Barry D'Arcy	Chief Risk Officer

44. Related parties (continued)

During the year ended 31 December 2023, the following key management personnel changes occurred;

Julie O'Neill was appointed as a member of the Board on 17 January 2023 and on the 31st March 2023 Ms O'Neill was appointed as Board Chairperson following the retirement of Robert Elliott as Chairperson of the Board.

Catherine Moroney and Rick Gildea were appointed as members of the Board on 12 December 2023, following the retirement of Ken Slattery and Andrew Power as members of the Board during 2023.

Barry D'Arcy was appointed Chief Risk Officer, following the retirement of David Curtis as Interim Chief Risk Officer.

David Curtis retired as member of the ExCo during 2023. Their details are included in the comparative figures for 2022.

Non-Executive Directors are compensated by way of fees. In certain circumstances, expenses incurred by Non-Executive Directors during the normal course of business are paid by the Group and are included in taxable benefits. The compensation of Executive Directors and members of the ExCo comprises salary and other benefits together with pension benefits. Previously they also participated in the Group's profit sharing, share option schemes and long-term incentive plans. No awards have been issued under these schemes and plans since 2008.

Number of key management personnel as at year end is as follows:

	31 December 2023	31 December 2022
Non-Executive Directors	10	10
Executive Directors and Senior Management	8	8
	18	18

(b) (i) Total compensation to Executive and Non-Executive Directors is as follows:

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Fees	1,063	1,044
Taxable benefits	4	2
Salary and other benefits	920	742
Pension benefits		
- defined contribution	158	106
Total	2,145	1,894

Total compensation to other key management personnel is as follows:

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Taxable benefits	9	5
Salary and other benefits	2,852	2,395
Pension benefits		
- defined contribution	365	332
Total	3,226	2,732

There were no connected persons to key management personnel employed by the group during 2023 or 2022.

44. Related parties (continued)

(b) (ii) Balances and transactions with key management personnel:

In the normal course of its business, the Group had loan balances and transactions with key management personnel and their connected persons. The loans are granted on normal commercial terms and conditions with the exception of certain home loans where Executive Directors and Senior Managers may avail of subsidised loans on the same terms as other eligible management of the Group. All of the loans in the scope of the related party guidelines as outlined under the Companies Act 2014, the Central Bank Related Party lending code 2013 and IAS 24 Related party disclosures are secured, and all interest and principal due at the statement of financial position date has been repaid on schedule and therefore, no provision for loan impairment is required. Total outstanding balances of loans, credit cards, overdrafts and deposits are as follows:

	31 December 2023 €'000	31 December €'000
Balances		
Loans	1,147	1,059
Unsecured credit card balances and overdrafts	8	1
Deposits	4,139	3,354

	Year ended 31 December 2023 €'000	Year ended 31 December €'000
Transactions during the year		
Loan advances	-	-
Loan repayments	56	892
Interest received on loans	45	41
Interest paid on deposits	(2)	(1)

Loans to Directors

31 December 2023	Balance as at 1 Jan €'000	Advances during year €'000	Principal repaid €'000	Balance as at 31 Dec €'000	Interest paid €'000	Maximum balance €'000
Ronan O'Neill*	640	-	11	629	20	640
	640	-	11	629	20	640

31 December 2022	Balance as at 1 Jan €'000	Advances during the year during year €'000	Principal repaid €'000	Balance as at 31 Dec as at 31 Dec €'000	Interest paid paid €'000	Maximum balance €'000
Ronan O'Neill*	652	-	12	640	16	652
	652	-	12	640	16	652

*Represents a loan for a person connected with this Director in accordance with section 307(3) of the Companies Act 2014.

44. Related parties (continued)

(c) Irish Government and Irish Government related entities

The Minister for Finance continues to be the majority shareholder of the Group (and the ultimate controlling party per IAS 24). The Irish Government is recognised as a related party as the Government is deemed to have control over the Group as defined by IAS 24. The Group has applied the amended IAS 24 which exempts an entity from the related party disclosure requirements in respect of the Government and Government related entities unless transactions are individually or collectively significant. In the normal course of business, the Group has entered into transactions with the Government and Government related entities involving deposits and senior debt.

The following are transactions and balances between the Group and the Government and Government related entities that are collectively significant:

- The Group holds securities issued by the Government of €1,559m (31 December 2022: €1,734m).
- The Group had an investment in associated undertakings of €16m for the year ended 31 December 2023 involving participants that are deemed related parties due to the common ownership by the Government. The amount and nature is referenced in note 24.
- The Group entered into banking transactions in the normal course of business with local Government and Semi-State Institutions such as local authorities and county councils. These transactions principally include the granting of loans, the acceptance of deposits and clearing transactions.
- A bank levy imposed by the Government through the Finance Bill 2014 is payable in the second half of each calendar year. A bank levy payable to government, is provided for on the occurrence of the event identified by the legislation that triggers the obligation to pay the levy. In 2023, the amount recognised in the income statement was €22m (31 December 2022: €22m). As announced by the Minister for Finance on 10 October 2023, a revised bank levy was announced for 2024.
- During 2023, the Group also paid €28m DGS fees to the CBI (2022: €19m) as part of the Deposit Guarantee Scheme.
- During 2013, following the Transfer Order requested by the Central Bank and issued by the High Court dated 10 November 2013, the Group acquired certain assets, liabilities, books and records of NCU and all its employees transferred to the Group. As part of this transaction, along with the assets and liabilities of NCU, a cash financial incentive of €23m was paid from the Credit Institutions Resolution Fund, which forms part of the Financial Incentives Agreement (FIA) signed between the Central Bank and the Group dated 10 November 2013. It was also agreed in the FIA that the Central Bank will use the Credit Institution Resolution Fund to compensate the Group for 50% of any future impairment losses incurred on NCU loans and advances to customers. Similarly, it was also agreed that if any provision write-backs or future recoveries of previously written off NCU loans and advances to customers occurs, the Group will pay a cash amount equivalent to 50% of the provision write-back or the recoveries to the Credit Institutions Resolution Fund. As per the FIA, this arrangement will continue for ten years from the transfer date. At 31 December 2023, the Group had recorded a payable of €2.4m due under the FIA (31 December 2022: €2.3m).

(d) Other related party transactions

- At 31 December 2023 the Company had an intercompany balance of €1,512m (31 December 2022: €658m) with its principal subsidiary PTSB plc relating to the MREL issuance.
- In November 2020, PTSB Group made an investment of €123m in PTSB plc. This investment was through the issuance of AT1 securities by the Company. In October 2022, PTSB Group made an additional investment of €245m in PTSB plc through the issuance of AT1 securities by the Company.
- In May 2021, PTSB plc borrowed €250m from the Group at a fixed rate of 3% per annum plus a margin of 0.181% per annum which mature on 19 August 2031. The loan is subordinated and ranks as Tier 2 capital notes with interest paid annually in arrears on 19 August.

45. Sale of loans and advances to customers

Project Glenbeigh IV

On 21 September 2022, the Group agreed the sale of a predominately performing buy-to-let loan portfolio ('Glenbeigh IV'). The portfolio gross balance on the Statement of Financial Position was €767m with a net book value of €703m.

In line with IFRS 9, the assets have been derecognised from the Statement of Financial Position.

As a result of the transaction, an impairment write-back on the sale of the portfolio of €8m was recorded through the impairment line of the income statement. On 17 November 2022, the deal completed with the receipt of the sales proceeds.

46. Principal subsidiary undertakings and interest in subsidiaries and structured entities

Under IFRS 10 'Consolidated financial statements', the Group has control over an entity when it has the power to direct relevant activities that significantly affect the investee return, it is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its powers over the entity.

A subsidiary is considered material if the value of the consolidated total assets at the end of the financial year of the subsidiary and the entities it controls (if any) is more than 1% of the total assets of the Group.

The key subsidiary of the parent meeting the criteria outlined above is:

Name and registered office	Nature of business	Incorporated in	% of ordinary shares held
Held directly by the company:			
Permanent TSB plc			
56-59 St. Stephen's Green, Dublin 2	Retail banking	Ireland	100

In presenting details of the principal subsidiary undertakings, the exemption permitted by section 315 (a) (i) of the Companies Act 2014 in relation to disclosing related undertaking net assets or profit or loss, has been availed of, and the Company will annex a full listing of Group undertakings to its annual return to the Companies Registration Office.

The reporting date for each of the Group's principal subsidiary entities is 31 December.

The principal country of operation of each company is the country in which it is incorporated.

The registered office of Permanent TSB Group Holdings plc is 56-59 St. Stephen's Green, Dublin 2.

(a) Company's interest in subsidiary undertakings

The Company is the ultimate holding company of the Group while PTSB is a 100% subsidiary of the Company. The investment in PTSB is carried at the recoverable amount in the holding company's statement of financial position.

At 31 December 2023 the investment amounted to €2,346m (31 December 2022: €2,346m). The Group carried out an impairment assessment using a combination of internal group models and externally available data to inform their view of the recoverable amount of investment. As the value in use was higher than the carrying value, in line with IAS 36, no impairment charge was taken (31 December 2022: impairment write back €697m). See Company SOFP on page 292 for further details.

(b) Structured entities (SEs)

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. SEs are generally created to achieve a narrow and well defined objective with restrictions around their on-going activities. Depending on the Group's power to direct the relevant activities of the investee and its exposure or rights to variable returns from its involvement in the investee and the ability to use its power over the investee to affect the amount of the investor's return, it may consolidate the entity.

Control and voting rights

The Directors of the individual SEs are independent of the Group and neither the Group nor any of its subsidiaries have voting rights in the share capital of these entities. The Group initiated the setup of these SEs and, as architect dictated the terms relating to the operation of these SEs. The Group, as administrator, provides services to the individual SEs. The Group, as administrator, has power to:

- Exercise rights, powers and discretions of the Issuers in relation to the mortgage loans and their related security and to perform its duties in relation to the mortgage loans and their related securities: and
- To do or cause to be done any and all other things which it reasonably considers necessary, convenient or incidental to the administrator of the mortgage loans and their related security or the exercise of such rights, powers and discretions.

46. Principal subsidiary undertakings and interest in subsidiaries and structured entities (continued)

The key activities performed by the Group's subsidiaries as administrator is:

To manage the credit risk associated with the mortgages contained in the individual SEs; and

To determine and set rates of interest applicable to loans on each rate setting date in accordance with the terms of the loans and negotiate the cost of funds associated with these mortgages which may result in a variable return in the entity.

These two items highlight the power the Group has to direct the relevant activities of these entities that significantly affect the investee returns and the ability to use its power to affect variable returns of investors.

The Group provides funding to each of these vehicles by way of a subordinated loan and has an entitlement to deferred consideration.

Through the subordinated loan and the deferred consideration the Group is exposed to the variable returns of the SEs.

The Group currently has five SEs in issue in the ROI the details of which are outlined below. During 2023, Fastnet Securities 11 DAC collapsed and subsequently went into liquidation:

	Sub loan provided
SEs setup with ROI Residential Mortgages	
- Fastnet Securities 14 DAC	√
- Fastnet Securities 15 DAC	√
- Fastnet Securities 16 DAC	√
- Fastnet Securities 17 DAC	√
- Fastnet Securities 18 DAC	√

Although the Group does not own more than half of the voting power, it has the power to control the relevant activities of the SE and the ability to affect the variable returns of the investee and hence these SEs are consolidated. In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised.

At 31 December 2023, restricted cash of €217m (31 December 2022: €405m) relates to cash held by the Group's securitisation.

47. Reporting currency and exchange rates

The consolidated financial statements are presented in millions of Euro.

The following table shows the closing and average rates used by the Group for the current year-end and prior year-end

	31 December 2023	31 December 2022
€ / £ exchange rate		
Closing	0.8691	0.8869
Average	0.8688	0.8549
€ / US$ exchange rate		
Closing	1.1050	1.0666
Average	1.0830	1.0500

48. Events after the reporting period

No items, transactions or events that would materially impact the consolidated financial statements and require adjustment or disclosure to these consolidated financial statements have occurred between the reporting date of 31 December 2023 and the date of the approval of these financial statements by the Board of Directors of 6 March 2024.

Fastnet 14 Securities DAC and Fastnet 15 Securities DAC collapsed on 19th February 2024. The Fastnets redeemed all outstanding notes at their aggregate principal amounts outstanding, together with any accrued but unpaid interest. PTSB repurchased the mortgage portfolio at par.

Company Financial Statements and Notes to the Company Financial Statements

Company Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 €m	31 December 2022 €m
Assets			
Loans and advances to banks	B	**1,753**	911
Investment in subsidiary undertakings	C	**2,346**	2,346
Total assets		**4,099**	3,257
Liabilities			
Debt securities in issue	D	**1,497**	658
Other liabilities		**2**	1
Subordinated liabilities	E	**252**	252
Total liabilities		**1,751**	911
Equity			
Share capital	F	**273**	273
Share premium	F	**804**	804
Retained earnings	F	**903**	901
Shareholders' equity		**1,980**	1,978
Other equity instruments	F	**368**	368
Total equity		**2,348**	2,346
Total liabilities and equity		**4,099**	3,257

The accompanying notes form an integral part of these financial statements.

The Company's profit for the financial year determined in accordance with IFRS was €46m (2022: €707m profit).

On behalf of the Board:

Julie O'Neill
Chairperson

Eamonn Crowley
Chief Executive

Nicola O'Brien
Chief Financial Officer

Conor Ryan
Company Secretary

Company Statement of Changes in Equity

For the year ended 31 December 2023

Company	Share capital	Share premium	Retained earnings	Attributable to equity holders of the parent	Other equity instrument	Total
	€m	€m	€m		€m	€m
Balance as at 1 January 2022	227	333	204	764	123	887
Profit for the year ended 2022*	-	-	697	697	10	707
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	697	697	10	707
Transactions with equity holders of the Bank, recorded directly in equity:						
Issue of share capital	46	472	-	518	-	518
Issue of other equity instruments	-	-	-	-	250	250
Issuance cost of share capital and other equity	-	(1)	-	(1)	(5)	(6)
AT1 coupon paid	-	-	-	-	(10)	(10)
Total contributions by and distributions to owners	46	471	-	507	245	752
Balance as at 31 December 2022	**273**	**804**	**901**	**1,978**	**368**	**2,346**
Balance as at 1 January 2023	**273**	**804**	**901**	**1,978**	**368**	**2,346**
Profit for the year ended 2023	**-**	**-**	**2**	**2**	**43**	**45**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**2**	**2**	**43**	**45**
Transactions with equity holders of the Bank, recorded directly in equity:						
Issue of share capital	**-**	**-**	**-**	**-**	**-**	**-**
Issue of other equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
AT1 coupon paid	**-**	**-**	**-**	**-**	**(43)**	**(43)**
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**(43)**	**(43)**
Balance as at 31 December 2023	**273**	**804**	**903**	**1,980**	**368**	**2,348**

*2022 Profit for the year has been re-presented to reflect the allocation of profits to other equity holders

Company Statement of Cash Flows
For the year ended 31 December 2023

	31 December 2023 €m	31 December 2022 €m
Cash flows from operating activities:		
Operating profit/(loss) before taxation	**46**	707
Adjusted for non-cash items and other adjustments:	**(46)**	(688)
	-	19
Increase in operating assets:		
Loans and advances to banks	**(761)**	(307)
Increase/(decrease) in operating liabilities:		
Debt securities in issue	**770**	306
Other liabilities	**(2)**	-
Net cash inflow/(outflow) from operating activities before tax	**7**	18
Tax paid	**-**	-
Net cash inflow/(outflow) from operating activities	**7**	18
Cash flow from investing activities		
Investments in subsidiary undertakings	**44**	(245)
Net cash flow from investing activities	**44**	(245)
Cash Flow from Financing Activities		
Issuance of AT1 securities (net of issuance costs)	**-**	245
Interest paid on Tier 2 capital notes	**(8)**	(8)
AT1 Coupon payment	**(43)**	(10)
Net cash flow from financing activities	**(51)**	(227)
Increase/(decrease) in cash and cash equivalents	**-**	-
Analysis of changes in cash and cash equivalents		
Cash and cash equivalents as at 1 January	**-**	-
Increase/(decrease) in cash and cash equivalents	**-**	
Cash and cash equivalents as at 31 December	**-**	-

Net cash flows from operating activities includes interest/dividends received of €57m (2022: €26m) and interest/dividends paid of €74 m (2022: €25m).

Reconciliation of liabilities arising from financing activities

	31 December 2023 €m	31 December 2022 €m
1 January	**252**	252
Financing cash flows:		
Issuance of Tier 2 capital notes		-
Interest paid on Tier 2 capital notes	**(8)**	(8)
Interest accrued on Tier 2 capital notes	**8**	8
31 December	**252**	252

Notes to the Company Financial Statements

A. Accounting policies

The accounting policies adopted by Permanent TSB Group Holdings plc ('Company') are the same as those of the Group as set out in note 1 to the consolidated financial statements where applicable. These financial statements reflect the financial position of the Company only and do not consolidate the results of any subsidiaries.

The individual financial statements of the ultimate holding company, Permanent TSB Group Holdings plc have also been prepared in accordance with IFRS as adopted by the EU and comply with those parts of the Companies Act 2014. In accordance with section 304 (2) of the Companies Act 2014, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies.

B. Loans and advances to banks

	31 December 2023 €m	31 December 2022 €m
Held at amortised cost		
Funds placed with subsidiary, Permanent TSB plc ('PTSB')	**1,754**	912
ECL allowance	**(1)**	(1)
Loans and advances to banks	**1,753**	911

Funds placed with the principal subsidiary, PTSB are stage 1 under IFRS 9. The ratings for PTSB are as follows:

- Standard & Poor's (S&P): Long-Term Rating "BBB+" with Outlook "Stable";
- Moody's: Long-Term Rating "A2" with Outlook "Positive";
- Fitch: Long-Term Rating "BBB-" with Outlook "Positive"; and
- DBRS: Long-Term Rating "BBBL" with Outlook "Positive".

In June 2022, the Company subscribed to the €300m of Senior Unsecured Medium Term Note issued by PTSB to meet the subsidiary's internal MREL requirements, which represents down streaming of the proceeds raised by the Company via the external Senior Unsecured issuance. The terms of the Non-Preferred Senior loan were a placement at a base rate of 5.25% plus a margin of 0.14% per annum maturing on 30 June 2025. The interest is received annually in arrears on 30 June.

During 2021, the Company subscribed to the €250m of subordinated loan issued by PTSB to meet the subsidiary's internal MREL requirements, which represents down streaming of the proceeds raised by the Company via the external subordinated Tier 2 capital note issuance. The terms of the subordinated loan were a placement at a base rate of 3% plus a margin of 0.181% per annum maturing on 19 August 2026. The interest is received annually in arrears on 19 August.

During 2020, the Company subscribed to the €51m Non-Preferred Senior loan issued by PTSB to meet the subsidiary's internal MREL requirements, which represents down streaming of the proceeds raised by the Company via the external Senior Unsecured issuance. The terms of the Non-Preferred Senior loan were a placement at a base rate of 1.659% plus a margin of 0.211% per annum maturing on 26 September 2024. The interest is received annually in arrears on 26 September.

During 2019, the Company subscribed to the €300m Non-Preferred Senior loan issued by PTSB to meet the subsidiary's internal MREL requirements, which represents down streaming of the proceeds raised by the Company via the external Senior Unsecured issuance. The terms of the Non-Preferred Senior loan were a placement at a base rate of 2.149% plus a margin of 0.211% per annum maturing on 26 September 2024. The interest is received annually in arrears on 26 September

The expected credit losses on these placements were €1m at 31 December 2023 (31 December 2022: €1m).

The maximum exposure to credit risk for financial assets carried at amortised costs at 31 December 2023 is €1,753m (31 December 2022: €911m).

Notes to the Company Financial Statements (continued)

C. Investment in subsidiary

	31 December 2023 €m	31 December 2022 €m
At 1 January	**2,346**	888
Additional Investment	**-**	516
Additional Tier 1 securities - net of the transaction costs	**-**	245
Write-back/(Impairment) of investment	**-**	697
At 31 December	**2,346**	2,346

The Company is the ultimate holding company of the Group while PTSB is a 100% subsidiary of the Company. The investment in PTSB is carried at the recoverable amount in the holding company's statement of financial position. At 31 December 2023 the investment amounted to €2,346m (31 December 2022: €2,346m).

The Company carries its investment in its subsidiary undertaking at cost and reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying value of the investment to its recoverable amount. The recoverable amount is the higher of the investment's fair value or its value-in-use (VIU).

An impairment charge arises if the carrying value exceeds the recoverable amount and where the carrying value is not supported by the estimated discounted future cash flows of the underlying business. The recoverable amount of the investment is the higher of its fair value less costs to sell or it's VIU. The recoverable amount based on the VIU was €2,838m, resulting in no impairment write back or charge for the year (31 December 2022: impairment write back €697m). The VIU calculation considers the future free cash flows following the repayment of any amounts due on the Loans and advances to banks.

While the recoverable amount based on the VIU exceeds market capitalisation at the 31 December 2023, the depressed share price is the result of the overall subdued banking environment currently in which the entity operates along with various entity specific factors that affect the liquidity of the shares.

The VIU is the present value of the future free cash flows expected to be derived from the investment, based upon a VIU calculation that discounts expected pre-tax free cash flows at a discount rate appropriate to the investment. The discount rate used for the 2023 VIU calculation was 11.5% (2022: 10%)

On 19 October 2022, PTSBGH plc ('Company') issued additional €245m AT1 Fixed Rate Reset Perpetual Contingent Temporary Write Down Securities. The first reset date for the fixed rate is 26 April 2028.

See note 2 to the consolidated financial statements for a sensitivity analysis on the key assumptions used in the calculation.

D. Debt securities in issue

	31 December 2023 €m	31 December 2022 €m
At amortised cost		
Bonds and medium-term notes	**1,497**	658
	1,497	658
Maturity analysis		
Repayable in less than 1 year	**54**	10
Repayable in greater than 1 year but less than 5 years	**945**	648
Repayable in greater than 5 years	**498**	-
	1,497	658

E. Subordinated liabilities

	31 December 2023 €m	31 December 2022 €m
At amortised cost		
€250m Tier 2 capital notes due August 2031, Callable 2026	**252**	252
	252	252
Maturity analysis		
Repayable in less than 1 year	**3**	3
Repayable in greater than 5 years	**249**	249
	252	252

Tier 2 capital notes – PTSBGH
In May 2021, PTSBGH issued €250m of Tier 2 capital notes at a fixed rate of 3% per annum. The notes mature on 19 August 2031 with a call date of any date from and including 19 May 2026 to and including 19 August 2026 with the call subject to approval of the regulatory authorities, with approval conditional on meeting the requirements of the EU CRR.

The interest rate will be reset, in the event that the securities are not called, on 19 August 2026 to Euro 5 year Mid Swap rate plus a margin of 3.221% per annum. The loan is subordinated and ranks as Tier 2 capital with interest paid annually in arrears on 19 August (short first coupon period). The loan may be subject to the exercise of Irish Statutory loss absorption powers by the relevant resolution authority.

In the event of winding up of PTSBGH, the Tier 2 capital notes will be:
- junior in right of payment to all Senior Claims;
- pari passu with all other subordinated claims against PTSBGH which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 capital notes or that rank or are expressed to rank pari passu with the obligations of PTSBGH under Tier 2 capital notes; and
- in priority to PTSBGH ordinary shares, preference shares and junior subordinated obligations or other securities of PTSBGH which by law rank, or by their terms are expressed to rank, junior to the Tier 2 capital notes.

F. Share capital and reserves
The share capital of Permanent TSB Group Holdings plc is detailed in note 35 to the consolidated financial statements, all of which relates to Permanent TSB Group Holdings plc.

G. Related parties
Related parties include individuals and entities that can exercise significant influence on operational and financial policies of the Group.

The Group has a related party relationship with its Directors, Senior Executives, the Group's pension schemes, the Minister for Finance and with the Irish Government and Irish Government related entities on the basis that the Irish Government is deemed to have control over the Group.

Related parties of Permanent TSB plc include subsidiary undertakings, associated undertakings, joint undertakings, post-employment benefit schemes, Key Management Personnel and connected parties. The Irish Government is also considered a related party by virtue of its effective control of Permanent TSB. See note 44 of the consolidated financial statements for further details.

At 31 December 2023, the Company had an intercompany balance of €1,497m (31 December 2022: €658m) with its principal subsidiary PTSB relating to the MREL issuance and €252m (31 December 2022: €252m) relating to Tier 2 capital issuances.

H. Audit Fees

€0.05m audit fees were paid to the auditors, KPMG, for services relates to the audit of the separate financial statements of PTSBGH during the year to 31 December 2023 (31 December 2022: €0.04m).

This document contains certain forward-looking statements with respect to Permanent TSB Group Holdings plc's (the 'Group') intentions, beliefs, current goals and expectations concerning, among other things, the Group's results of operations, financial condition, performance, liquidity, prospects, growth, strategies, the banking industry and future capital requirements. These forward looking statement often can be identified by the fact that they do not relate only to historical or current facts.

Generally but not always words such as "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 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 Group's present and future business strategies and the environment in which the Group 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 Group 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 Group'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 Group operates or in economic or technological trends or conditions. Material economic assumptions underlying the forward looking statements are discussed further in Market and Regulatory context.

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 Group expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Group'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.

Investor and shareholder information and services including these Annual Reports, are available on-line at www.permanenttsbgroup.ie.

Appendix

Alternative Performance Measures

The financial performance of the Group is assessed by Management using various financial measures, some of which are not defined by IFRS and do not have a standard guidance for calculation. Therefore, these measures may not be directly comparable to other peers. Management believes that these measures provide useful information in assessing the Group's financial performance. Preference should be given to IFRS measures over non-IFRS measures when assessing financial performance of the Group.

The definitions and calculation methodology for the Alternative Performance Measures noted below are consistent with the prior year.

1. Underlying profit

The underlying profit is the measure of adjusted profits realised by the Group. This measure is used by the Group for its strategic planning process and reflects the true economic substance of the Group's financial performance. The table below details the calculation of underlying profit. Exceptional items and non-recurring items are excluded from the operating expenses as Management considers these items as non-reflective of core operating costs.

	Year ended 31 December 2023 €m	Year ended 31 December 2022 €m
Operating profit per IFRS income statement	**79**	267
Other exceptional items in IFRS total operating expenses	**28**	(265)
Non-IFRS adjustments		
Other non-recurring items*	**59**	43
Underlying profit per management income statement	**166**	45

Management's definition of underlying profit excludes exceptional items and other items that Management view as non-recurring. In the current year, Non-recurring items include the Day 1 ECL booked as part of the purchase of the Ulster Bank transaction and additional impairment charges that are as a result of deleveraging.

*Full breakdown of Other non-recurring items in Financial Review Table 7

2. Exceptional and Other Non-Recurring Items

A reconciliation of exceptional costs as set out in the financial statements and exceptional and other non-recurring costs as set out in the Financial Review is detailed below.

	Source/Cross Reference	31 December 2023 €m	31 December 2022 €m
Gain on bargain purchase	Income Statement	**-**	(362)
Restructuring and other costs	Income Statement	**2**	13
Costs incurred in relation to Ulster Bank business combination	Income Statement	**31**	92
Exceptional impairment write-back arising from deleveraging of loans	Income Statement	**(5)**	(8)
Exceptional items		**28**	(265)
Other non-recurring items	Financial Review	**59**	43
Exceptional and other non-recurring items	Financial Review	**87**	(222)

3. Adjusted cost income ratio

Operating expenses (excluding exceptional, other non-recurring items and regulatory charges) divided by total operating income. Management considers adjusted cost income ratio to be an important metric to assess the profitability of the Group after adjusting for non-controllable costs.

	Source/Cross Reference	31 December 2023 €m	31 December 2022 €m
Total operating expenses (after exceptional, other non-recurring items and regulatory charges)	Income statement	**538**	509
Exceptional and other non-recurring items (excluding gain on bargain purchase)	Financial Review	**(33)**	(105)
Non-recurring items (included within total operating expenses)	Note 9	**(1)**	(9)
Bank levy	Note 10	**(22)**	(22)
Regulatory charges	Note 10	**(38)**	(29)
Total operating expenses (excluding exceptional, other non-recurring items and regulatory charges)	Financial Review	**444**	344
Total operating income (excluding gain on bargain purchase)	Income statement	**668**	409
Adjusted cost income ratio		**66%**	84%

4. Headline cost income ratio

Total operating expenses (excluding exceptional items) divided by total operating income. The difference between adjusted cost to income ratio and headline cost income ratio is due to regulatory charges and bank levy.

	Source/Cross Reference	31 December 2023 €m	31 December 2022 €m
Total operating expenses	Income statement	**538**	509
Exceptional and other non-recurring items	Financial review	**(33)**	(105)
Non-recurring items (included in total operating expenses)	Note 9	**(1)**	(9)
Total operating expenses (excluding exceptional and other non-recurring items)		**504**	395
Total operating income	Income statement	**668**	409
Headline cost income ratio	Financial review	**75%**	97%

5. CET 1 fully loaded basis*

Total common equity tier 1 capital on a fully loaded basis divided by total risk weighted assets on a fully loaded basis. CET1 ratio provides an insight into how well the Bank can withstand financial stress and remain solvent.

	Source/Cross Reference	31 December 2023 Fully Loaded €m	31 December 2022 Fully Loaded €m
Common equity tier 1	Capital Management	**1,616**	1,616
Risk weighted assets	Capital Management	**11,546**	10,627
CET 1 fully loaded	Capital Management	**14.0%**	15.2%

* The full year profits recognised in the year end capital ratios remain subject to approval by the Regulator.

Alternative Performance Measures (continued)

6. CET 1 transitional basis*

Total CET 1 capital on a transitional basis divided by total RWAs on a transitional basis. CET1 ratio provides an insight into how well the Bank can withstand financial stress and remain solvent.

	Source/Cross Reference	31 December 2023 Transitional €m	31 December 2022 Transitional €m
Common equity tier 1	Capital Management	**1,647**	1,718
Risk weighted assets	Capital Management	**11,546**	10,627
CET 1 transitional basis	Capital Management	**14.3%**	16.2%

* The full year profits recognised in the year end capital ratios remain subject to approval by the Regulator.

7. Leverage ratio*

The leverage ratio is calculated by dividing Tier 1 capital by gross balance sheet exposures (total assets and off balance sheet exposures). Leverage ratios give an insight to the Group's financial health and its capability to meet its financial liabilities and obligations.

		31 December 2023		31 December 2022	
	Source/Cross Reference	Transitional €m	Fully Loaded €m	Transitional €m	Fully Loaded €m
Tier 1 Capital	Capital Management	**2,015**	**1,984**	2,087	1,985
Gross balance sheet exposures					
Leverage ratio exposure measure		**27,699**	**27,669**	25,979	25,876
Leverage ratio	Capital Management	**7.3%**	**7.2%**	8.0%	7.7%

* The full year profits recognised in the year end capital ratios remain subject to approval by the Regulator.

8. Liquidity coverage ratio (LCR)

Calculated based on the Commission Delegated Regulation (EU) 2015/61. The Group uses this measure to assess the resistance of the liquidity profile of the Group over a 30 day stressed horizon.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Liquidity coverage ratio	Financial Review	**220%**	178%

9. Net stable funding ratio (NSFR)

Defined as the ratio of available stable funding to required stable funding. The NSFR is a liquidity standard requiring banks to hold sufficient stable funding over a 1 year time horizon. A minimum 100% requirement becomes binding in June 2022.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Net stable funding ratio (minimum 100%)	Financial Review	**155%**	154%

10. Loan to deposit ratio (LDR)

Ratio of loans and advances to customers compared to customer accounts as presented in the statement of financial position. LDR reflects the Group's ability to cover loan losses and withdrawals by its customers. Management considers LDR to be an important metric for assessing liquidity.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Loans and advances to customers	Note 22	**21,427**	19,593
Customer accounts	Note 29	**22,966**	21,730
Loan to deposit ratio		**93%**	90%

11. Net interest margin (NIM)

NIM is derived by dividing the net interest income by the average interest earning assets. Management considers NIM to be an important operating metric and reflects the differential yield over the average interest earning assets and cost of funding those assets.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Net interest income	Income Statement	**620**	362
Total average interest earning assets	Financial Review (Table 2)	**26,584**	23,469
Net interest margin (NIM)		**2.32%**	1.54%

12. Non-performing loans (NPLs)

NPLs are loans which are credit impaired or loans which are classified as defaulted in accordance with the Group's definition of default. Management considers NPLs to be an important metric as it reflects the risk profile of the Group.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Residential:			
-Home loans	Note 23	**403**	342
-Buy to let	Note 23	**267**	270
Commercial	Note 23	**20**	23
Consumer finance	Note 23	**16**	15
Finance leases and hire purchase receivables	Note 23	**12**	-
Non-performing loans		**718**	650

13. Foreclosed Assets

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.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Foreclosed assets	Note 38	**11**	18

Alternative Performance Measures (continued)

14. Non-performing assets (NPAs)

NPAs are NPLs plus foreclosed assets.

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.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Non-performing loans	Note 23	**718**	650
Foreclosed assets	Note 38	**11**	18
Non-performing assets		**729**	668

15. Return on equity

Profit for the year after tax (before exceptional items) expressed as a percentage of total average equity. Management considers return on equity to be an important metric for assessing profitability.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Profit for the year after tax	Income Statement	**68**	223
Exceptional items and other non-recurring items	Table 7 - Financial Review	**87**	(222)
Profit for the period after tax (before exceptional items)		**155**	1
Total average equity	Table 2 -Financial Review	**2,424**	1,885
Return on equity		**6.36%**	0.05%

16. Risk weighted assets (RWAs)

RWAs are the Group's assets or off balance sheet exposures, weighted according to risk.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Risk weighted assets	Capital Management	**11,546**	10,627

17. Total capital ratio (fully loaded basis)*

The total capital ratio is the ratio of a bank's total capital (Tier 1 and Tier 2 capital) to its RWAs.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Tier 1 Capital	Capital Management	**1,984**	1,985
Tier 2 Capital	Capital Management	**290**	282
Total Capital	Capital Management	**2,274**	2,267
Risk weighted assets	Capital Management	**11,546**	10,627
Total capital ratio (fully loaded basis)	Capital Management	**19.7%**	21.3%

*The full year profits recognised in the year end capital ratios remain subject to approval by the Regulator.

18. Total capital ratio (transitional basis)*

The total capital ratio is the ratio of a bank's total capital (Tier 1 and Tier 2 capital) to its RWAs.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Tier 1 Capital	Capital Management	**2,015**	2,087
Tier 2 Capital	Capital Management	**290**	282
Total Capital	Capital Management	**2,305**	2,369
Risk weighted assets	Capital Management	**11,546**	10,627
Total capital ratio (transitional basis)	Capital Management	**20.0%**	22.3%

*The full year loss recognised in the year end capital ratios remain subject to approval by the Regulator.

19. Average interest earning assets

Interest earning assets include loans and advances to banks, loans and advances to customers, debt securities and derivative assets.

Average balances on interest earning assets are calculated as the average of the monthly interest earning asset balances from December 2022 to December 2023, thirteen months in total.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Average interest earning assets			
Loans and advances to banks	Financial Review	**2,795**	5,521
Loans and advances to customers	Financial Review	**20,547**	15,099
Debt securities and derivative assets	Financial Review	**3,242**	2,849
Total average interest earning assets		**26,584**	23,469

20. Average interest bearing liabilities

Interest bearing liabilities include customer accounts, deposits by banks, debt securities in issue, and lease liabilities.

Average balances on interest bearing liabilities are calculated as the average of the monthly interest bearing liabilities balances from December 2022 to December 2023, thirteen months in total.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Average interest bearing liabilities			
Customer accounts	Table 2 - Financial Review	**22,340**	20,171
Debt securities in issue and derivative liabilities	Table 2 - Financial Review	**1,222**	628
Lease liabilities	Table 2 - Financial Review	**29**	29
Subordinated liabilities	Table 2 - Financial Review	**254**	252
Deposits by banks	Table 2 - Financial Review	**1,051**	1,377
Total average interest bearing liabilities		**24,896**	22,457

Alternative Performance Measures (continued)

21. Average yield on average interest earning assets

Average yield on average interest earnings assets is defined as the average interest income on interest earning assets, divided by the total average interest earning assets balances.

Average interest income on interest earning assets is calculated as the average of the interest income arising on each of the interest earning assets from December 2022 to December 2023, thirteen months in total.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Average interest income on interest earning assets			
Loans and advances to customers	Table 2 - Financial Review	**661**	387
Debt securities and derivative assets	Table 2 - Financial Review	**36**	15
Loans and advances to banks	Table 2 - Financial Review	**81**	15
Total average interest income from interest-earning assets		**778**	417
Negative interest earning assets – loans and advances to banks	Table 2 - Financial Review		-
Total average interest from assets	Table 2 - Financial Review	**778**	417
Total average earning assets	Table 2 - Financial Review	**26,584**	23,469
Average yield on average interest earning assets		**2.94%**	1.78%

22. Average rate on average interest bearing liabilities

Average rate on average interest bearing liabilities is defined as average interest expense on interest bearing liabilities divided by the total average interest bearing liabilities balances.

Average interest expense on interest bearing liabilities is calculated as the average of the interest expense arising on each of the interest bearing liabilities from December 2022 to December 2023, thirteen months in total.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Average interest expense on interest bearing liabilities			
Customer accounts	Table 2 - Financial Review	**43**	11
Debt securities in issue	Table 2 - Financial Review	**71**	16
Lease liabilities	Table 2 - Financial Review	**1**	-
Subordinated liabilities	Table 2 - Financial Review	**8**	8
Deposits by banks	Table 2 - Financial Review	**35**	20
Total average interest income on interest bearing liabilities		**158**	55
Negative interest earning liabilities – deposits by banks	Table 2 - Financial Review		-
Total average interest from liabilities		**158**	55
Total average bearing liabilities	Table 2 - Financial Review	**24,896**	22,457
Average rate on average interest bearing liabilities		**0.64%**	0.24%

23. NPLs as % of gross loans

NPLs as % of gross loans are defined as NPLs divided by gross loans and advances to customers. Management considers NPLs as % of gross loans to be an important metric as it reflects the risk profile of the Group.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Non-performing loans	Note 23	**718**	650
Gross loans and advances to customers	Note 23	**21,688**	19,804
NPLs as % of gross loans		**3.3%**	3.3%

24. Average equity attributable to owners

This is an average of the equity position of each individual month from December 2022 to December 2023, thirteen months in total. Management considers average equity attributable to owners to be an important metric for assessing profitability and generation of returns from its investments.

	Source / Cross Reference	31 December 2023 €m	31 December 2022 €m
Average equity attributable to owners	Table 2 - Financial Review	**2,424**	1,885

Abbreviations

The following information has not been subject to audit by the Group's Independent Auditor.

BRCC Board Risk and Compliance Committee
CDF Career Development Framework
CEO Chief Executive
CFO Chief Financial Officer
CET 1 Common Equity Tier 1
CFP Contingency Funding Plan
CODM Chief Operating Decision Maker
CPI Consumer Price Index
CRD IV Capital Requirements Directive IV
CRE Commercial Real Estate
CRO Chief Risk Officer
CRR Capital Requirements Regulation
CSAs Credit Support Annex
CSO Central Statistics Office
CSR Corporate Social Responsibility
CVA Credit Valuation Adjustment
DDI Debt to Disposable Income
DGS Deposit Guarantee Scheme
DIRT Deposit Interest Retention Tax
DoF Department of Finance
DTA Deferred Tax Asset
DVA Debit Valuation Adjustment
EAR Earnings at Risk
EBA European Banking Authority
EC European Commission
ECAI External Credit Assessment Institution
ECB European Central Bank
ECL Expected Credit Loss
EIR Effective Interest Rate
ELG Eligible Liabilities Guarantee
ESG Environmental Social Governance
ESMA European Securities and Markets Authority
ESRI Economic & Social Research Institute
EU European Union
EV Economic Valuation
EWI Early Warning Indicator
ExCo Executive Committee
FIA Financial Incentives Agreement
FLI Forward looking information
FSPO Financial Services and Pensions Ombudsman Bureau of Ireland
FTE Full Time Equivalent
FVOCI Fair value through other comprehensive income
FVTPL Fair value through profit or loss
FX Foreign Exchange
GCC Group Credit Committee
GDP Gross Domestic Product
GIA Group Internal Audit
GPPC Global Public Policy Committee
GRC Group Risk Committee
GRMA Group Risk Management Architecture
GRMF Group Risk Management Framework
HFT Held for Trading
HICP Harmonised Index of Consumer Prices
HPI House Price Index
HTC Hold to Collect
HTC&S Hold to Collect and Sell
HTM Held to Maturity
HQLA High Quality Liquid Assets
IAS International Accounting Standards
IASB International Accounting Standards Board
IBCB Irish Banking Culture Board
IBNR Incurred But Not Reported
ICAAP Internal Capital Adequacy Assessment Process
IFRIC International Financial Reporting Standards Interpretations Committee
IFRS International Financial Reporting Standards
IIA Institute of Internal Auditors
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
IOB Institute of Banking
IOM Isle of Man
IPP Integrated Planning Process
IRB Internal rating based approach
IRRBB Interest Rate Risk in the Banking Book
ISA International Standards on Auditing
ISDA International Swaps and Derivatives Association
LCR Liquidity Coverage Ratio
LDR Loan to Deposit Ratio
LGD Loss Given Default
L&R Loans and Receivables
LSI Less Significant Institution
LTIP Long Term Incentive Plan
LTV Loan to value
MCO Maximum Cumulative Outflow
MGC Model Governance Committee
MREL Minimum Requirement for own funds and Eligible Liabilities
MRP Mortgage Redress Programme
MTN Medium Term Note
MTP Medium Term Plan
NCU Newbridge Credit Union
NII Net Interest Income
NIM Net Interest Margin
NPL Non Performing Loan
NPS Net Promoter Score
NSFR Net Stable Funding Ratio
OCI Other Comprehensive Income
OTC Over the counter
P2G Pillar 2 Guidance
P2R Pillar 2 Requirement
PBI PBI Limited (formerly Permanent Bank International Limited)
PD Probability of Default
PDH Principal Dwelling House
POCI Purchased or Originated Credit Impaired
PSD2 Payment Services Directive 2
PTSB Permanent TSB plc.
PTSBGH Permanent TSB Group Holding plc.
PwC PricewaterhouseCoopers
RAF Risk Appetite Framework
RAS Risk Appetite Statement
RCA Root Cause Analysis
RCSA Risk and Control Self Assessment
RMBS Residential Mortgage Backed Securities
RNPS Relationship Net Promoter Score
ROI Republic of Ireland
RP Restructuring Plan
RPA Robotic Process Automation
RPPI Residential Property Price Index
RWA Risk Weighted Assets
SBCI Strategic Banking Corporation of Ireland
SE Structured Entities
SEAI Sustainable Energy Authority of Ireland
SEI Social Entrepreneurs Ireland
SFS Standard Financial Statement
SFT Securities Financing Transaction
SICR Significant increase in Credit Risk
SID Senior Independent Director
SME Small and medium sized enterprises
SOFP Statement of Financial Position
SPP Strategic Performance Priorities
SPPI Solely Payments of Principle and Interest
SPV Special Purpose Vehicle
SREP Supervisory Review & Evaluation Process
SSM Single Supervisory Mechanism
TCPID Trinity Centre for People with Intellectual Disabilities
TLTRO Targeted Long-Term Refinancing Operations
TME Tracker Mortgage Examination
TRIM Targeted Review of Internal Models
UK United Kingdom
VIP Values in Practice
VIU Value in Use
WTO World Trade Organisation

Definitions

The following information has not been subject to audit by the Group's Independent Auditor.

ALCo Asset and Liability Committee

AFS Available for sale (AFS) are non derivative financial investments that are designated as available for sale and are not classified as a (i) loan receivable (ii) held to maturity investments or (iii) financial assets at fair value through profit or loss.

Arrears Arrears relates to any interest or principal payment on a loan which has not been received on its due date. When customers are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue, they are said to be in arrears.

Basel III Basel III is a global, voluntary regulatory framework on bank capital adequacy, stress testing and market liquidity risk.

Basis point One hundredth of a per cent (0.01%), so 100 basis points is 1%. It is the common unit of measure for interest rates and bond yields.

Brexit is an abbreviation of the term "British Exit". It refers to the United Kingdom's withdrawal from the European Union.

Buy-to-let Residential mortgage loan provided to purchase residential investment property to rent it out.

CET 1 ratio Ratio of a bank's core equity capital compared to its total risk-weighted assets.

Company Permanent TSB Group Holdings plc or PTSBGH

Commercial property Commercial property lending focuses primarily on the following property segments:
a) Apartment complexes;
b) Develop to sell;
c) Office projects;
d) Retail projects;
e) Hotels; and
f) Selective mixed-use projects and special purpose properties.

Common Equity Tier 1 Common Equity Tier 1 (CET1) capital is recognised as the highest quality component of capital. It is subordinated to all other elements of funding, absorbs losses as and when they occur, has full flexibility of dividend payments and has no maturity date. It is predominately comprised of common shares; retained earnings; undistributed current year earnings; but may also include non-redeemable, non-cumulative preferred stock.

Concentration risk The risk that any single (direct or indirect) exposure or group of exposures has the potential to produce losses large enough to threaten the institution's health or its ability to maintain its core business.

Contractual Maturity Date on which a scheduled payment is due for settlement and payable in accordance with the terms of a financial instrument.

Cost to income ratio Total operating expense divided by total operating income.

Credit Default Risk The event in which companies or individuals will be unable to make the required payments on their debt obligations.

CRD Capital Requirements Directives (CRD) is statutory law implemented by the European Union for capital adequacy. CRD have introduced a supervisory framework in the European Union which reflects the Basel II and Basel III rules on capital measurement and capital standards.

Credit-related commitments Commitments to extend credit, standby letters of credit, guarantees and acceptances which are designed to meet the requirements of the customers.

Credit risk The risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions.

Credit Risk Mitigation Methods to reduce the credit risk associated with an exposure by the application of credit risk mitigants. Examples include: collateral; guarantee; and credit protection.

CVA Credit Valuation Adjustment (CVA) is the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.

Customer accounts Money deposited with the Group by counterparties other than banks and classified as liabilities. This includes various types of unsecured deposits, credit current and notice accounts.

Debt securities Instruments representing certificates of indebtedness of credit institutions, public bodies and other undertakings. Debt securities can be secured or unsecured.

Debt securities in issue Transferable certificates of indebtedness of the Group to the bearer of the certificates. They include commercial paper, certificates of deposit, bonds and medium-term notes.

Default When a customer fails to make timely payment of interest or principal on a debt security or to otherwise comply with the provisions of a bond indenture. Depending on the materiality of the default, if left unmanaged it can lead to loan impairment.

DVA Debt Valuation Adjustments (DVA) an adjustment made by an entity to the valuation of over-the-counter derivative liabilities to reflect, within fair value, the entity's own credit risk.

Eurozone The Eurozone, is a monetary union of 19 of the 28 European Union (EU) member states which have adopted the euro (€) as their common currency and sole legal tender. The other nine members of the European Union continue to use their own national currencies. The Eurozone consists of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

Exposure at Default Exposure at default (EAD) is the gross exposure under a facility upon default of an obligor.

Fair value The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Definitions (continued)

Forbearance Forbearance occurs when a borrower is granted a temporary or permanent concession, or agreed change to a loan, for reasons relating to the actual or apparent financial stress or distress of that borrower. Forbearance strategies are employed in order to improve the management of customer relationships, maximise collection opportunities and, if possible, avoid foreclosure or repossession. Such arrangements can include extended payment terms, a temporary reduction in interest or principal repayments, payment moratorium and other modifications.

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

Foreign currency exchange risk The risk of volatility in earnings resulting from the retranslation of foreign currency (e.g. Sterling and US dollar) denominated assets and liabilities from mismatched positions.

GDP Gross Domestic Product (GDP) is a monetary measure of the value of all final goods and services produced in a period of time (quarterly or yearly). GDP estimates are commonly used to determine the economic performance and standard of living of a whole country or region, and to make international comparisons.

Group Permanent TSB plc Group Holdings plc and its subsidiary undertakings.

Guarantee A formal pledge by the Group to pay debtor's obligation in case of default.

HTM Held to maturity (HTM) non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Home loan A loan provided by a bank, secured by a borrower's primary residence or second home.

Hybrid A combination of two or more forbearance arrangements.

ICAAP Internal Capital Adequacy Assessment Process (ICAAP) is a supervisory review and an evaluation process to assess the Group's own calculations and the adequate capital which Group considers necessary to cover the risks they take and which they are exposed to.

ILAAP Internal Liquidity Adequacy Assessment Process (ILAAP) is a supervisory review and an evaluation process to assess the Group's own calculations and the adequate liquidity which the Group consider necessary to cover the risks they take and which they are exposed to.

IRBA The Internal Ratings Based Approach (IRBA) allows banks to use their own estimated risk parameters for the purpose of calculating regulatory capital for credit risk to estimate probability of default (PD), loss given default (LGD), exposure at default (EAD), maturity (M) and other parameters required to arrive at the total risk weighted assets (RWA).

ISDA Master Agreements A standard agreement used in over-the-counter derivatives transactions. The ISDA Master Agreement, published by the International Swaps and Derivatives Association (ISDA), is a document that outlines the terms applied to a derivatives transaction between two parties. Once the two parties agree to the standard terms, they do not have to renegotiate each time a new transaction is entered into.

Loan to deposit ratio The ratio of loans and receivables compared to customer accounts, as presented in the statement of financial position.

LCR Liquidity Coverage Ratio(LCR) is the ratio to ensure that bank has an adequate amount of high quality liquid assets in order to meet short-term obligations under a stress scenario lasting for 30 days.

LGD Loss Given Default (LGD) is the share of an asset that is lost when a borrower defaults on a loan.

Liquidity risk The risk that the Group may experience difficulty in financing its assets and/or meeting its contractual obligations as and when they fall due, without incurring excessive cost.

LTV Loan to Value (LTV) is a lending risk assessment ratio of mortgage amount to value of property.

Market risk The risk of change in fair value of a financial instrument due to adverse movements in equity prices, property prices, interest rates or foreign currency exchange rates.

Medium term notes Medium term notes (MTNs) are debt notes issued by the Group which usually mature in five to ten years. They can be issued on a fixed or floating coupon basis.

NAMA National Asset Management Agency (NAMA) was established in 2009 as one of a number of initiatives taken by the Irish Government to address the Irish financial crisis and the deflation of the Irish bubble.

NII Net Interest Income (NII) is the difference between interest earned on assets and interest paid on liabilities.

NIM Net Interest Margin (NIM) is a performance metric that measures the difference between interest income generated on lending and the amount of interest paid on borrowings relative to the amount of interest-earning assets.

Non-performing assets Non-performing assets are defined as NPLs plus foreclosed assets.

NPLs Non-performing loans are loans which are credit impaired or loans which are classified as defaulted, in accordance with the Group's definition of default. The Group's definition of default considers objective indicators of default including the 90 days past due criterion, evidence of exercise of concessions or modifications to terms and conditions; and are designed to be consistent with European Banking Authority (EBA) guidance on the definition of forbearance.

NSFR Net Stable Funding Ratio (NSFR) is designed to act as a minimum enforcement mechanism to complement the shorter term focused liquidity coverage ratio.

Operational Risk The risks inherently present in the Group's business, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes or systems and human error, fraud, or from external events.

PD Probability of Default (PD) is a financial term describing the likelihood that a borrower will be unable to meet its debt obligations.

Repurchase agreement A short term funding agreement that allows a borrower to create a collateralised loan by selling a financial asset to a lender. As part of the agreement, the borrower commits to repurchase the security at a date in the future repaying the proceeds of the loan. For the counterparty to the transaction, it is termed a reverse repurchase agreement or a reverse repo.

RMBS Residential Mortgage Backed Securities (RMBS) are debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

RWAs Risk weighted assets (RWAs) is a measure of amount of bank's assets or off-balance sheet exposures which are weighted according to risk on prescribed rules and formulas as defined in the under Basel Banking Accord.

Regulator Central Bank of Ireland

Securitisation Securitisation is the process of taking an illiquid asset, or group of assets, and through financial engineering, transforming them into a security.

Settlement Risk The risk that the Group delivers a sold asset or cash to a counterparty and then does not receive the corresponding cash or purchased asset as expected.

SSM The Single Supervisory Mechanism (SSM) is a mechanism which has granted the European Central Bank (ECB) a supervisory role to monitor the financial stability of banks based in participating states. The main aims of the SSM are to ensure the safety and soundness of the European banking system and to increase financial integration and stability in Europe.

SPE/SPV Special purpose entity (SPE) is a legal entity which can be a limited company or a limited partnership created to fulfil specific or temporary objectives. SPEs are typically used by companies to isolate the firm from financial risk. This term is used interchangeably with SPV (Special Purpose Vehicle).

Stress testing A technique used to evaluate the potential effects on an institution's financial condition of an exceptional but plausible event and/or movement in a set of financial variables.

Structured securities Structured securities are complex lending arrangements created to meet needs that cannot be met from traditional financial instruments available in the markets, through the structuring of assets or debt issues in accordance with customer and/or market requirements. Structured debt securities have the potential to decrease risk, create liquidity, and increase yield.

Tier 1 capital A term used to describe the capital adequacy of a bank. Tier 1 capital is core capital; this includes equity capital and disclosed reserves.

Tier 2 capital Tier 2 capital is supplementary bank capital that includes items such as revaluation reserves, undisclosed reserves, hybrid instruments and subordinated term debt.

Tracker mortgage A mortgage which follows the base rate of interest set by the European Central Bank and will be fixed at a certain percentage above this rate.

Annex VI - Template for the KPIs of credit institutions

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

This template requires credit institutions to disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with regulation (EU) No 575/2013, Title II, Chapter 2, Section 2.

In accordance with the Disclosure Delegated Act, PTSB is required to calculate the green asset ratio (GAR) for on-balance sheet exposures covering the following accounting categories of financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals:
(a) financial assets at amortised cost;
(b) financial assets at fair value through other comprehensive income;
(c) investments in subsidiaries;
(d) joint ventures and associates;
(e) financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss; and
(f) real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

The following assets shall be excluded from the numerator of the GAR:
(a) financial assets held for trading;
(b) on-demand interbank loans; and
(c) exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.

PTSB is required to calculate the KPIs for off-balance sheet exposures considering financial guarantees granted by the credit institution and assets under management for guarantee and investee non-financial undertakings. Other off-balance sheet exposures such as commitments are be excluded from that calculation.

For details on the Bank's approach to determining taxonomy alignment, and calculation of these summary KPIs, please see notes in Template 1.

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	474.75	2.03%	-	1.68%	6.51%	17.45%

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	109.90	2.82%	-	2.32%	8.44%	17.49%
	Trading book*	-	-	-			
	Financial guarantees	-	-	-			
	Assets under management	-	-	-			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
** Fees and commissions income from services other than lending and AuM
Institutions shall disclose forward looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
*** % of assets covered by the KPI over banks´ total assets
****based on the Turnover KPI of the counterparty
*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

‘Annex VI - Template for the KPIs of credit institutions (continued)

1. Assets for the calculation of GAR

Template 1 discloses the Bank’s assets used in the calculation of the Green Asset Ratio (GAR). Exposures are reported for 31st December 2023. EU Taxonomy balances are presented gross of ECL and deferred fess, discounts and business combination related fair value adjustments,

For this first disclosure, given the residential mortgage book represents the bank's most significant portion of on-balance sheet exposures in terms of value [94], we have prioritised analysis of alignment with the EU Taxonomy within households, secured against residential immovable property.

The criteria to determine alignment for residential mortgage loans to households vary based on the year of construction. The Group took a phased approach to alignment, initially assessing properties built before 31st December 2020. For this cohort, alignment is determined based on EPC rating criteria, and exposure to physical risk.

			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
Million EUR		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	21,537.72	19,322.96	474.75	474.75	-	-	-	-	-	-	-	-	-	-
2	Financial undertakings	219.25	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	217.20	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	217.20	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	2.06	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	0	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	0	-	-		-	-	-	-		-	-	-		-
24	**Households**	21,307.44	19,322.96	474.75	474.75	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	20,608.21	19,322.96	474.75	474.75	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Taxonomy aligned properties built before 31st December 2020, must have an EPC rating in the top 15% of the national or regional building stock as per Regulation (EC) No 1893/2006. To identify the top 15% of most energy efficient buildings of the national or regional building stock, as per the EU Taxonomy and associated technical screening criteria, we referred to research conducted by an Irish Pillar Bank analysing energy ratings data from the Central Statistics Office (CSO) representing approximately 63.5% of Ireland's housing stock. Based on this weighted national dataset, the Bank estimated the top 15% threshold corresponded to a BER rating of B2 or higher. The Group has adopted this B2 threshold to identify the properties with a valid EPC certificate within the residential mortgage portfolio that meet this technical screening criteria.

In addition to energy efficient criteria, exposure to physical risk must also be considered. For this first disclosure, only those properties assessed as not vulnerable to physical risk, based on the approach outlined in template 5 of this disclosure are reported.

Data availability and quality constraints mean the assessment of alignment with EU Taxonomy has not been possible at this time for all required exposure classes specified by Article 8 Disclosures Delegated Act within Template 1 of Annex VI of same. Initiatives' are underway to enhance the Group's data collection capabilities going forward, with a view to enhancing the ability to determine taxonomy alignment.

Disclosure reference date T																
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-	-	-	-	-	-	-	-	-	-	-	-	19,322.96	474.75	474.75	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-		-	-	-		-	-	-		-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-		-	-	-		-	-	-		-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-		-	-	-		-	-	-		-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-		-	-	-		-	-	-		-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-		-	-	-		-	-	-		-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	19,322.96	474.75	474.75	-	-
-	-	-	-	-	-	-	-	-	-	-	-	19,322.96	474.75	474.75	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-

‘Annex VI - Template for the KPIs of credit institutions (continued)

1.Assets for the calculation of GAR (continued)

			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
Million EUR		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	11.03	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	1844.44	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	692.06													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	687.02													
35	Loans and advances	687.02													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	-													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	5.04													
41	Loans and advances	-													
42	Debt securities														
43	Equity instruments	5.04													
44	**Derivatives**	35.65													
45	**On demand interbank loans**	146.12													
46	**Cash and cash-related assets**	71.14													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	899.48													
48	**Total GAR assets**	23382.17	19322.96	474.75	474.75	-	-								
49	**Assets not covered for GAR calculation**	4943.54													
50	**Central governments and Supranational issuers**	3256.30													
51	**Central banks' exposure**	1687.24													
52	**Trading book**	-													
53	**Total assets**	28325.71	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	1.53	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-										

Disclosure reference date T																
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

'Annex VI - Template for the KPIs of credit institutions (continued)

1.Assets for the calculation of GAR (continued)

Million EUR		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Financial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Disclosure reference date T-1	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Strategic Report Governance Financial Statements General Information

‘Annex VI - Template for the KPIs of credit institutions (continued)

1.Assets for the calculation of GAR (continued)

Million EUR		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	-													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-													
35	Loans and advances	-													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	-													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-													
41	Loans and advances	-													
42	Debt securities	-													
43	Equity instruments	-													
44	**Derivatives**	-													
45	**On demand interbank loans**	-													
46	**Cash and cash-related assets**	-													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	-													
48	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	**Assets not covered for GAR calculation**	-													
50	**Central governments and Supranational issuers**	-													
51	**Central banks’ exposure**	-													
52	**Trading book**	-													
53	**Total assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments														

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.

Disclosure reference date T-1																	
	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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‘Annex VI - Template for the KPIs of credit institutions (continued)

2. GAR sector information

The purpose of this template is to provide information on exposures in the banking book toward those sectors (NFCs subject to NFRD) covered by the Taxonomy (NACE sector 4 levels of detail), using the relevant NACE Codes on the basis of the principle activity of the counterparty.
For the 31st December 2023 disclosure, bank reviewed the book for exposure to NFC’s subject to NFRD.

This assessment resulted in a nil return.

	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)
1	-	-			-	-			-	-		
2	-	-			-	-			-	-		
3	-	-			-	-			-	-		
4	-	-			-	-			-	-		
…	-	-			-	-			-	-		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
	-	-			-	-			-	-			-	-		
	-	-			-	-			-	-			-	-		
	-	-			-	-			-	-			-	-		
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	-	-			-	-			-	-			-	-		

'Annex VI - Template for the KPIs of credit institutions (continued)

3. GAR KPI stock

The purpose of this template is to disclose GAR KPIs on stock of loans calculated based on data disclosed in template 1, by applying the formulas proposed in this template.
For the 31st December 2023 disclosure, bank reviewed the book and expressed as a percentage the proportion of the stock of assets funding activities referred to in Regulation (EU) 2020/852 (i.e. eligible assets) in total stock of covered assets.
This assessment resulted in 2.03%.

The bank's green assets relate to residential mortgage lending which predominately involves financing existing home purchases rather than new capital expenditures. Therefore CapEx lending has been deemed not material for this disclosure.

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	89.72%	2.20%	2.20%	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-		-	-	-		-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	90.69%	2.23%	2.23%	-	-	-	-	-	-				
25	of which loans collateralised by residential immovable property	93.76%	2.30%	2.30%	-	-	-	-	-	-				
26	of which building renovation loans	-	-	-	-	-	-	-	-	-				
27	of which motor vehicle loans	-	-	-	-	-								
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	82.64%	2.03%	2.03%	-	-	-	-	-	-	-	-	-	-

Disclosure reference date T																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
-	-	-	-	-	-	-	-	-	-	-	-	89.72%	2.20%	2.20%	-	-	89.72%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-									90.69%	2.23%	2.23%	-	-	90.69%
-	-	-	-									93.76%	2.30%	2.30%	-	-	93.76%
-	-	-	-									-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	82.64%	2.03%	2.03%	-	-	82.64%

‘Annex VI - Template for the KPIs of credit institutions (continued)

3. GAR KPI stock (continued)

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	-	-	-	-	-	-	-	-	-				
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-				
26	of which building renovation loans	-	-	-	-	-	-	-	-	-				
27	of which motor vehicle loans													
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Information on the GAR (green asset ratio of ‘eligible’ activities) shall be accompanied with information on the proportion of total assets covered by the GAR
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

Disclosure reference date T-1																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total assets covered
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
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‘Annex VI - Template for the KPIs of credit institutions (continued)

4. GAR KPI flow

The purpose of this template is to disclose GAR KPIs on flow of loans calculated (new loans on a net basis) based on data disclosed in template 1, by applying the formulas proposed in this template.
For the 31st December 2023 disclosure, bank reviewed the book and expressed as a percentage the proportion of new assets (i.e. assets originated and acquired within the current disclosure period) funding taxonomy-relevant activities (i.e. eligible assets) for the objective of climate change mitigation in total new eligible assets (i.e. eligible assets originated and acquired within the current disclosure period).

This assessment resulted in 2.82%.

The bank’s green assets relate to residential mortgage lending which predominately involves financing existing home purchases rather than new capital expenditures. Therefore CapEx lending has been deemed not material for this disclosure.

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	76.14%	3.14%	3.14%	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	76.15%	3.14%	3.14%	-	-	-	-	-	-				
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-				
26	of which building renovation loans	-	-	-	-	-	-	-	-	-				
27	of which motor vehicle loans	-	-	-	-	-								
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	68.35%	2.82%	2.82%	-	-	-	-	-	-	-	-	-	-

1. Institution shall disclose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

Disclosure reference date T																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
-	-	-	-	-	-	-	-	-	-	-	-	76.15%	3.14%	3.14%	-	-	76.15%
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-	-	-	-	-	-	-	-	-	-	-	-	76.15%	3.14%	3.14%	-	-	76.15%

'Annex VI - Template for the KPIs of credit institutions (continued)

5. KPI off-balance sheet exposures

The purpose of this template is to disclose information for off-balance sheet exposures calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
For the 31st December 2023 disclosure, owing to bank's prioritised analysis of alignment with the EU Taxonomy within households, secured against residential immovable property this template hasn't been populated.

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

6. KPI on fees and commissions income from services other than lending and asset management

Fees and Commissions (Template 6) KPIs shall only apply starting 2026.

			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)		
			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		
				Of which environmentally sustainable (%)(Taxonomy-aligned)				Of which environmentally sustainable (%) (Taxonomy-aligned)	
		Total (Million EUR)			Of which transitional	Of which enabling			Of which enabling
1	**Fees and commission income from NFRD corporates - Services other than lending**	-	-	-	-	-	-	-	-
2	**Services towards financial undertakings**	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-
4	Other financial undertakings	-	-	-	-	-	-	-	-
5	of which investment firms	-	-	-	-	-	-	-	-
6	of which management companies	-	-	-	-	-	-	-	-
7	of which insurance insurance undertakings	-	-	-	-	-	-	-	-
8	**Non-financial undertakings**	-	-	-	-	-	-	-	-
9	**Counterparties not subject to NFRD disclosure obligations, including third-country counterparties**	-	-	-	-	-	-	-	-

			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)		
			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)		
				Of which environmentally sustainable (%)(Taxonomy-aligned)				Of which environmentally sustainable (%) (Taxonomy-aligned)	
		Total (Million EUR)			Of which transitional	Of which enabling			Of which enabling
1	**Fees and commission income from NFRD corporates - Services other than lending**	-	-	-	-	-	-	-	-
2	**Services towards financial undertakings**	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-
4	Other financial undertakings	-	-	-	-	-	-	-	-
5	of which investment firms	-	-	-	-	-	-	-	-
6	of which management companies	-	-	-	-	-	-	-	-
7	of which insurance undertakings	-	-	-	-	-	-	-	-
8	**Non-financial undertakings**	-	-	-	-	-	-	-	-
9	**Counterparties not subject to NFRD disclosure obligations, including third-country counterparties**	-	-	-	-	-	-	-	-

1. Institutions shall disclose in this template information on the percentage (%) of fees and commission income related to taxonomy relevant sectors and environmentally sustainable activities (with breakdown for transitional and enabling activities) compared to total fees and commission income from NFRD corporates for services other than lending and asset management

Disclosure reference date T

	Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

F&C KPI - Disclosure reference date T

Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			
	Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%) (Taxonomy-aligned)		
		Of which enabling			Of which enabling			Of which enabling			Of which enabling			Of which transitional	Of which enabling
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F&C KPI - Disclosure reference date T-1

Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (%) (Taxonomy-eligible)			
	Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%)(Taxonomy-aligned)			Of which environmentally sustainable (%) (Taxonomy-aligned)		
		Of which enabling			Of which enabling			Of which enabling			Of which enabling			Of which transitional	Of which enabling
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‘Annex VI - Template for the KPIs of credit institutions (continued)

7. KPI Trading book portfolio

Trading Book (Template 7) KPIs shall only apply starting 2026.

		Fair value	Climate Change Mitigation (CCM)						
			Absolute purchases		Absolute sales		Absolute purchases plus absolute sales		
				Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI
1	**Financial assets held for trading (debt securities and equity instruments) - NFRD corporates**	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-
4	Debt securities	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-
6	Other financial undertakings	-	-	-	-	-	-	-	-
7	of which investment firms	-	-	-	-	-	-	-	-
8	Debt securities	-	-	-	-	-	-	-	-
9	Equity instruments	-	-	-	-	-	-	-	-
10	of which asset managers	-	-	-	-	-	-	-	-
11	Debt securities	-	-	-	-	-	-	-	-
12	Equity instruments	-	-	-	-	-	-	-	-
13	of which insurance companies	-	-	-	-	-	-	-	-
14	Debt securities	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	**Non-financial undertakings**	-	-	-	-	-	-	-	-
17	Debt securities	-	-	-	-	-	-	-	-
18	Equity instruments	-	-	-	-	-	-	-	-
19	**Counterparties not subject to NFRD disclosure obligations, including third-country counterparties**	-	-	-	-	-	-	-	-
20	Debt securities	-	-	-	-	-	-	-	-
21	Equity instruments	-	-	-	-	-	-	-	-

		Fair value	Circular economy (CE)						
			Absolute purchases		Absolute sales		Absolute purchases plus absolute sales		
				Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI
1	**Financial assets held for trading (debt securities and equity instruments) - NFRD corporates**	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-
4	Debt securities	-	-	-	-	-	-	-	-
5	Equity instruments	-	-	-	-	-	-	-	-
6	Other financial undertakings	-	-	-	-	-	-	-	-
7	of which investment firms	-	-	-	-	-	-	-	-
8	Debt securities	-	-	-	-	-	-	-	-
9	Equity instruments	-	-	-	-	-	-	-	-
10	of which asset managers	-	-	-	-	-	-	-	-
11	Debt securities	-	-	-	-	-	-	-	-
12	Equity instruments	-	-	-	-	-	-	-	-
13	of which insurance companies	-	-	-	-	-	-	-	-
14	Debt securities	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-
16	**Non-financial undertakings**	-	-	-	-	-	-	-	-
17	Debt securities	-	-	-	-	-	-	-	-
18	Equity instruments	-	-	-	-	-	-	-	-
19	**Counterparties not subject to NFRD disclosure obligations, including third-country counterparties**	-	-	-	-	-	-	-	-
20	Debt securities	-	-	-	-	-	-	-	-
21	Equity instruments	-	-	-	-	-	-	-	-

Climate Change Adaptation (CCA)							Water and marine resources (WTR)						
Absolute purchases		Absolute sales		Absolute purchases plus absolute sales			Absolute purchases		Absolute sales		Absolute purchases plus absolute sales		
	Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Pollution (PPC)							Biodiversity and Ecosystems (BIO)						
Absolute purchases		Absolute sales		Absolute purchases plus absolute sales			Absolute purchases		Absolute sales		Absolute purchases plus absolute sales		
	Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-

'Annex VI - Template for the KPIs of credit institutions (continued)

7. KPI Trading book portfolio (continued)

	Fair value	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						
		Absolute purchases		Absolute sales		Absolute purchases plus absolute sales		
			Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)	Trading KPI
1 **Financial assets held for trading (debt securities and equity instruments) - NFRD corporates**	-	-	-	-	-	-	-	-
2 **Financial undertakings**	-	-	-	-	-	-	-	-
3 Credit institutions	-	-	-	-	-	-	-	-
4 Debt securities	-	-	-	-	-	-	-	-
5 Equity instruments	-	-	-	-	-	-	-	-
6 Other financial undertakings	-	-	-	-	-	-	-	-
7 of which investment firms	-	-	-	-	-	-	-	-
8 Debt securities	-	-	-	-	-	-	-	-
9 Equity instruments	-	-	-	-	-	-	-	-
10 of which asset managers	-	-	-	-	-	-	-	-
11 Debt securities	-	-	-	-	-	-	-	-
12 Equity instruments	-	-	-	-	-	-	-	-
13 of which insurance companies	-	-	-	-	-	-	-	-
14 Debt securities	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-
16 **Non-financial undertakings**	-	-	-	-	-	-	-	-
17 Debt securities	-	-	-	-	-	-	-	-
18 Equity instruments	-	-	-	-	-	-	-	-
19 **Counterparties not subject to NFRD disclosure obligations, including third-country counterparties**	-	-	-	-	-	-	-	-
20 Debt securities	-	-	-	-	-	-	-	-
21 Equity instruments	-	-	-	-	-	-	-	-

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