

RATING ACTION COMMENTARY

Fitch Affirms Permanent TSB Group at 'BBB'/Stable; Upgrades Short-Term IDR to 'F2'

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Fitch Ratings - Frankfurt am Main - 10 Jun 2026: Fitch Ratings has affirmed Permanent TSB Group Holdings plc's (PTSBGH) Long-Term Issuer Default Rating (IDR) at 'BBB' and its operating subsidiary Permanent TSB plc's (PTSB) Long-Term IDR at 'A-'. The Outlooks are Stable. Fitch has also affirmed PTSBGH's and PTSB's Viability Ratings (VRs) at 'bbb'.

Fitch has upgraded PTSBGH's Short-Term IDR to 'F2' from 'F3', reflecting an improved assessment of the bank's funding and liquidity, driven by strong liquidity and stable funding. This follows our upward revision of Irish banks' operating environment score to 'a' from 'a-'. The higher score considers Irish economic growth, which is consistently above that of European peers and an economy that has proved resilient to external shocks and geopolitical uncertainty, which we expect to continue. In our view, these conditions should create sustainable business opportunities and support revenue growth potential for Irish banks.

A full list of rating actions is below.

KEY RATING DRIVERS

Small Irish Mortgage Lender: PTSBGH's ratings are underpinned by a moderate risk profile, with a business weighted towards low-risk residential mortgage loans, and satisfactory asset quality. These balance its small domestic franchise, which lacks the scale and breadth of the two dominant larger Irish banks, and its simple but undiversified business model, which is

concentrated in a small market. The ratings also reflect the bank's satisfactory capitalisation, adequate profitability, and a stable, albeit undiversified, funding profile, underpinned by a granular and stable deposit base.

Simple, Concentrated Business Model: PTSBGH is Ireland's third-largest commercial bank, although its asset base remains considerably smaller than that of its two larger domestic peers. It operates exclusively in its home market, with a strategy focused on retail banking and a product offering focused on mortgage loans and savings products. Residential mortgage loans accounted for more than 90% of the bank's total gross loans at end-2025.

In April 2026, PTSBGH accepted an offer from Austrian lender BAWAG to acquire the full share capital of the group, subject to various approvals. We do not expect the proposed acquisition to have a significant near-term impact on PTSBGH's business profile.

Moderate Risk Profile: Fitch expects PTSBGH to maintain a conservative risk appetite, given its focus on low-risk residential mortgage lending in Ireland. Planned growth in SME lending and asset finance poses some medium-term risks due to the bank's more limited record in these segments. However, we expect these risks to be contained, as overall growth should be fairly modest and highly granular. We do not expect non-mortgage loan growth to result in a material change in the bank's loan mix.

Above-Average Asset Quality: The bank's impaired loans ratio was stable at about 1.6% at end-1Q26, below the 2.1% average of its domestic peers. We expect the loan book to be resilient to indirect effects from geopolitical tensions and the Iran war, and healthy loan growth should keep the ratio below 2% in 2026.

Adequate, Stable Profitability: PTSBGH's profitability is acceptable for its simple and concentrated business model, which results in weaker earnings diversification than peers. The operating profit/risk-weighted assets (RWAs) ratio was stable at 1.6% in 2025, helped by a large reversal of loan impairment charges. We expect the ratio to remain stable in 2026, helped by favourable loan and deposit repricing.

Satisfactory Capitalisation: Our view of PTSBGH's capitalisation considers its satisfactory buffer above the regulatory minimum requirement, its moderate risk profile and improved internal capital generation. Its fully loaded common equity Tier

1 (CET1) ratio of 17.8% at end-1Q26 was comfortably above its long-term target minimum of about 14%.

Stable Deposit Funding: Fitch's improved assessment of PTSBGH's funding and liquidity reflects the bank's record of maintaining a stable funding profile and comfortable liquidity. Stable and granular retail deposits form most of PTSBGH's funding (about 86% at end-2025). Wholesale funding is limited to building a resolution buffer and is more sensitive to investor confidence and more expensive than at larger Irish peers, though the gap has narrowed over the past three years.

Holdco VR Equalised with Opco: Fitch assesses the group on a consolidated basis. PTSBGH acts as the holdco and issuing entity to meet the group's minimum requirements for own funds and eligible liabilities (MREL). PTSBGH's VR is aligned with that of PTSB, the group's operating bank, to reflect the absence of material double leverage at PTSBGH and prudent liquidity management.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

PTSBGH's IDRs are primarily sensitive to changes in its VR, while PTSB's IDRs are sensitive to a change in both its VR and its resolution debt buffer.

The VRs would also be downgraded if the group's impaired loans ratio rises durably above 3%, and the operating profit and the CET1 ratio fall and are sustained below 1% of RWAs and 14%, respectively.

PTSBGH's VR would also be downgraded if the holdco's double leverage is consistently above 120%, which we do not expect.

PTSB's IDR would be downgraded if the resolution debt buffer falls below 15% of RWAs.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the IDRs would require an upgrade of the VR, all else being equal. A VR upgrade could result from a stronger business profile, as reflected in greater earnings diversification, while maintaining the group's market share of residential

mortgage lending. This would result in improved profitability, as reflected in the operating profit rising to above 2% of RWAs on a sustained basis.

An upgrade would also require the impaired loan ratio to be sustained below 2%, while maintaining the group's moderate risk profile and satisfactory capitalisation, with the CET1 ratio above 14%.

Further clarity on the strength of potential support from BAWAG could lead to an upgrade of the IDRs. This would arise if we believe the probability of the group receiving shareholder support, as reflected in the assignment of a Shareholder Support Rating on transaction completion, would be higher than the VR.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

PTSB's Long-Term IDR, long-term deposit and senior unsecured debt ratings are two notches above the VR. This reflects our view of creditor protection from PTSBGH's very large resolution debt buffer. Under the group's single-point-of-entry resolution strategy, senior debt issued by PTSBGH is downstreamed to PTSB and statutorily subordinated to external senior creditors. At end-2025, the resolution debt buffer was about 21% of RWAs and we expect it to remain sustainably above 15%. For the same reasons, PTSBGH's senior unsecured debt rating is in line with the VR.

PTSBGH's Short-Term IDR at 'F2' is the higher of the two options mapping to its Long-Term IDR, reflecting its 'bbb+' funding and liquidity score. PTSB's Short-Term IDR and short-term deposit rating are the lower of the two options mapping to their respective long-term ratings as the bank's funding and liquidity score is not high enough to warrant higher short-term ratings.

PTSBGH's and PTSB's Government Support Ratings of 'no support' reflect Fitch's view that senior creditors cannot rely on extraordinary support from the Irish authorities if the group becomes non-viable. In our opinion, the EU's Bank Recovery and Resolution Directive and Single Resolution Mechanism provide a framework that is likely to require senior creditors to participate in losses for resolving the bank.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

PTSB's Long-Term IDR and long-term senior unsecured debt and deposit ratings are sensitive to changes in the VR and the size of the resolution debt buffer. The Long-Term IDR and long-term senior unsecured debt rating would be downgraded if the buffer falls below 15% of RWAs. PTSBGH's long-term senior unsecured debt rating is sensitive to changes in its VR.

PTSBGH's and PTSB's Short-Term IDRs and PTSB's short-term deposit rating are sensitive to changes in their respective long-term ratings and the bank's funding and liquidity score.

An upgrade of the Government Support Ratings would be contingent on a positive change in the sovereign's propensity to support its banks. While not impossible, this is highly unlikely, in Fitch's view.

VR ADJUSTMENTS

The operating environment score of 'a' is below the 'aa' category implied score due to the following adjustment reason(s): size and structure of economy (negative).

The capitalisation and leverage score of 'bbb' is below the 'a' category implied score due to the following adjustment reason(s): risk profile and business model (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS



ENTITY / DEBT ↕	RATING TYPE ↕	RATING ↕	RATING ACTION ↕	PRIOR ↕
Permanent TSB plc	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Stable
	ST IDR	F2	Affirmed	F2
	Viability	bbb	Affirmed	bbb
	Government Support	ns	Affirmed	ns
senior unsecured	LT	A-	Affirmed	A-
long-term deposits	LT	A-	Affirmed	A-
short-term deposits	ST	F2	Affirmed	F2
Permanent TSB Group Holdings plc	LT IDR	BBB Rating Outlook Stable	Affirmed	BBB Rating Outlook Stable
	ST IDR	F2	Upgrade	F3
	Viability	bbb	Affirmed	bbb

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 08 May 2026\) \(including rating assumption sensitivity\)](#)

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Permanent TSB Group Holdings plc

EU Issued, UK Endorsed

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