

## Permanent TSB Group Holdings plc

### Compliance with the Capital Requirements Directive Governance Disclosures

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#### Compliance Statement – European Union Capital Requirements Directive 2013/36/EU

Regulation 84 of the European Union (Capital Requirements) Regulations 2014<sup>1</sup> (as amended) ('CRD') requires Permanent TSB plc (the 'Bank') to disclose on its website how it complies with the requirements of Regulations 76 to 83 of CRD which relate to governance, disclosure and remuneration.

In addition, 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 which are designated as High Impact Institutions. The Bank has been designated as a High Impact Credit Institution under the CBI Code and is therefore subject to the additional obligations set out in Appendix 1 therein. The Bank has been designated as a 'significant institution' for the purposes of CRD and is subject to the additional obligations set out in Appendix 2 to the CBI Code, including in relation to Remuneration Committee composition.

#### Board Governance Framework

The Board retains accountability for corporate governance within the Bank 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 Chief Executive Officer ('CEO') for the Bank's operations, compliance and performance. The CEO is the principal executive accountable to the Board for the day-to-day management of the Bank. The CEO has established the Executive Committee whose terms of reference 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 Board has established four permanent Committees to assist in the execution of its responsibilities. These Committees are the: Board Audit Committee, Board Risk & Compliance Committee, Board Nomination, Culture & Ethics Committee and Board Remuneration Committee. The Board Committees are composed entirely of Non-Executive Directors.

Without prejudice to the powers delegated to it, the Board, directly or through its Committees, has exclusive powers regarding a number of matters including overseeing the day-to-day affairs of the business, ensuring the Bank's sustainability by collectively directing the company's affairs, while meeting the appropriate interests of its shareholders, customers, colleagues and other key stakeholders. In addition to business and financial issues, the Board determines the business strategies and plans that underpin the corporate strategy, whilst ensuring that the Bank's organisational structure and capability are appropriate for implementing the chosen strategies. The Board deals with challenges and issues relating to corporate governance, sustainability and corporate ethics.

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<sup>1</sup> Capital Requirements Directive (SI 158/2014)

## 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 responsible for ensuring the Bank is performing against the agreed corporate strategy, that the Board and Senior Executives confirm to be effective, the prudent and ethical standards of corporate governance, and that risk and compliance is properly managed. 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:

- 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.
- Set the Bank's purpose, ambition and values, and monitor culture and alignment to the Bank's purpose and values.
- Embed the Bank's Organisational Culture and Diversity, Equity and Inclusion Programmes.
- Question, challenge, assist in the development of, and approve the strategic, financial and operating plans proposed for the Bank by Management, and ensure that an appropriate level of balance exists between its strategic contribution and that of its monitoring and policing activity.
- Have oversight of the ESG factors considered material to the business and ensure they are monitored and managed as part of the Bank's strategic formulation.
- Ensure regular engagement and effective communication with stakeholders in order to understand their views on governance and performance against strategy.
- Ensure Directors develop a clear understanding of shareholder views.
- Ensure the Bank enables support for customers, colleagues and communities while it conducts and manages all areas of its business in a responsible way through integrating sustainability within strategic planning.
- Define the strategy for the ongoing management of material risks and ensure 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.
- Set and oversee the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Bank, and be accountable, particularly to those who provide the Bank's capital.
- Ensure there is a remuneration framework that is in line with the risk strategies of the Bank and ensure 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 while ensuring the workforce is able to raise any matters of concern.
- Make well informed and high-quality decisions based on a clear line of sight into the business.
- Ensure the Bank has a robust finance function responsible for accounting and financial data.
- 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 Bank frameworks, terms of reference and succession plans.

Directors must act in a way they consider, in good faith, would promote the success of the Company 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 business strategy, major acquisitions and disposals, Board membership, the appointment and removal of senior executives, executive remuneration, trading and capital budgets, risk management and compliance policies. 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 (Integrated Strategic Plan). The RAS is a description of the level and types of risk the Bank is willing to accept or 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 its Risk Appetite and the delivery of Integrated Strategic Plan to be implemented by the CEO, the Bank's Executive Committee and its 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.

### **Division of responsibilities**

The roles and responsibilities of the Board collectively, the Executive and Non-Executive Directors, the Chairperson, the Senior Independent Director and the 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 Bank requires the position of Chairperson and CEO are not held by the same person.

### **The Chairperson**

The Chairperson ensures the efficient and effective working of the Board. The role of the Chairperson is to lead and manage the business of the Board, promoting the highest standards of corporate governance and 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 Chairperson fosters 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 Chairperson has a strong working relationship with the CEO and acts as a confidential sounding board for the Directors. The Chairperson also chairs the Nomination, Culture and Ethics Committee.

### **The Senior Independent Director**

The role of the Senior Independent Director ('SID') is to support the Chairperson on all governance related matters. In addition, the SID 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. The SID is also available to shareholders should they wish to raise any matter directly.

### **The Chief Executive Officer**

The Board delegates executive responsibility to the Chief Executive Officer ('CEO') for directing the business of the Bank and overall responsibility for managing and steering the Bank's business activities, operations, compliance and performance. The role of the CEO is to select and lead an effective team to manage the Bank. The Bank's executive management team is called the Executive Committee ('ExCo'). 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**

The 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.

### **Board Size Composition and Appointment<sup>2</sup>**

The composition of the Board and its Committees is reviewed by the Nomination, Culture and Ethics Committee ('NomCo') and the Board annually to ensure there is an appropriate mix of knowledge, experience and skills (Collective Suitability Assessment). 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 five 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 that there is sufficient independent challenge and oversight of management and that no individual or small group of individuals can dominate Board decision making.

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<sup>2</sup> The Board has regard to Guidelines issued by the European Banking Authority under paragraph 12 of Article 91 of CRD IV

The Board is comprised of: the Chairperson, who is independent on appointment, the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO') and Non-Executive Directors, the majority of whom have been determined by the Board to be independent Non-Executive Directors. The wide range of knowledge, experience and skills of the Directors 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.

### **Appointment of Board and Senior Management**

All Board appointments are made on merit and objective criteria, in the context of the relevant knowledge, experience and skills that the Board as a whole requires to be effective and having regard to the Diversity Policy. There is an established Suitability Policy, which is reviewed annually, for the appointment of Directors and members of Senior Management.

The NomCo is responsible for bringing recommendations to the Board regarding the appointment of new Directors (including the Board Chairperson), the Company Secretary, ExCo members, and appointments to Pre-Approval Controlled Functions. The Chair of the Board Risk and Compliance Committee ('BRCC') oversees the appointment of the Chief Risk Officer ('CRO') and Head of Compliance (separate roles). The Chair of the Board Audit Committee ('BAC') oversees the appointment of the Head of Internal Audit.

The balance and mix of appropriate skills and experience of Non-Executive Directors are taken into account when considering a proposed appointment and is reviewed at least annually by the Board (Board Suitability Matrix). This comprehensive assessment allows the Board to recognise strengths and address weaknesses, plan for relevant knowledge, experience, skills and other diversity needs of the Bank for the future in line with its strategic priorities and evolving risk profile, in addition to developing a diverse pipeline and effective succession planning for departures from the Board. The behaviours likely to be demonstrated by potential Non-Executive Directors are also considered when interviewing for new appointments to ensure that 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 and beyond. In reviewing composition, NomCo considers the benefits of diversity, including gender and other characteristics, and looks to ensure there is appropriate representation from other industry sectors.

NomCo discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. When setting diversity objectives, the Board will consider diversity benchmarking results published by competent authorities, the European Banking Authority or other relevant international bodies or organisations. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

### **Non-Executive Director Term of Office and other Directorships**

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. 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 three-year period and any term beyond this 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.

Executive Directors' service contracts are reviewed by the Remuneration Committee and approved by the Board. All Executive Directors' contracts provide for an 11.5 month notice period (subject to approval by shareholders at the 2026 AGM). Holders of Executive office in the Bank will vacate the office of Director on ceasing to hold Executive office although it is at the discretion of the Board to extend Board membership until such time as the Executive office has ceased. Directors who hold any directorship in a subsidiary of the Bank will vacate said directorship on ceasing to be a Director of the Bank and no Director will receive compensation for loss of office as a Director of a subsidiary of the Bank.

All Non-Executive Directors of the Bank are briefed on the limits of the number of other directorships that they can hold under CRD. Each Director is required to consult with the Chairperson and/or Company Secretary before accepting any new office, role or directorship to ensure that no conflict of interest arises and, depending on the nature of the proposed commitment, seek approval of the Board before accepting additional commitments that might affect the time the Director is able to devote to his or her role as a Non-Executive Director of the Bank. All Directors are within the directorship limits set out under Regulation 79 (7)<sup>3</sup>.

A letter detailing the terms of their appointment, responsibilities and the expected time commitment for the role is provided to all Directors upon appointment.

### **Board Diversity Policy**

The Bank recognises the benefits of having a diverse and inclusive Board whose members reflect a wide range of relevant knowledge, skills and experience with differences in educational and professional background, ethnicity, gender, age, cognitive and personal strengths, and other qualities as set out in the Board Suitability Matrix (desired mix of knowledge, experience and skills), 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 Bank sees diversity at Board level as an important element in delivering on the Bank's strategic objectives.

The Board has adopted a Diversity Policy which 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. These differences are considered in determining the optimum composition of the Board, and where possible, balanced appropriately.

The Board had set a target to achieve gender balance (50% between Directors identifying as male or female) and also for at least one of the Chairperson, Chief Executive Officer, Senior Independent Director or Chief Financial Officer positions to be held by a female (including those self-identifying as a female) which it has achieved. The Board has also set a target that a majority of Non-Executive Directors, including the Board Chairperson, together with the Chairs 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

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<sup>3</sup> Further details on the number of directorships held by the Board are set out in the Bank's Annual Report

financial institution) which will be taken into account when recommending appointments. The Bank is committed to having a diverse Board, achieving the target set in this regard and ensuring an open and fair recruitment process.

### **Director Induction, Training & Professional Development and Ongoing Business Awareness**

On appointment to the Board, all Directors receive a comprehensive induction 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 Bank's operations, management and governance structures, including the functioning of the Board and the role of Board Committees and the key issues facing the Bank. Directors will also be encouraged, where appropriate, to make site visits to see the Bank'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.

In addition, a number of Board Training Sessions, Board Briefings and Individual Director Development training plans are developed and provided to support both on-going business awareness and Director development. The purpose of which 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 the Board's responsibilities, the Bank's progress in implementing such changes, or to present industry updates. 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.

Procedures are in place for Directors, in furtherance of their duties, to take independent professional advice and training, if necessary, at the Bank's expense. The Bank has arranged Directors' and Officers' liability insurance cover in respect of legal action against its Directors.

### **Board Performance Evaluation**

The Board is committed to enhancing its performance and the effectiveness of its activities on an ongoing basis. Regular Board and Committee assessments play a vital role in fostering continuous improvement and ensuring effective governance. These assessments provide valuable insights into how the Board operates, how directors collaborate, and areas for development. Led by the Board Chairperson, the Bank conducts an annual evaluation of the Board performance including that of its Board Committees and individual Directors, with an externally facilitated evaluation every three years. The Senior Independent Director leads the annual review of the Board Chairperson's performance. The 2025, Board Performance evaluation was externally internally<sup>4</sup>.

The Board performance evaluation assesses the balance of skills, experience, independence, and knowledge within the Board, as well as its diversity, including gender balance, and how effectively the Board functions as a cohesive unit. It also evaluates whether Board committees possess the expertise

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<sup>4</sup> Further details on the Performance evaluation of the Board is set out in the Bank's Annual Report

necessary to discharge their responsibilities effectively, and, in the case of individual Directors, determines whether each Director continues to contribute effectively and to demonstrate commitment to the role. These evaluations are a cornerstone of the Bank's commitment to maintaining high standards of governance and accountability.

### **Conflicts of Interest**

The Board has an approved Conflicts of Interest Policy, which sets out how actual, potential or perceived conflicts of interest are identified, reported and managed to ensure that Directors act at all times in the best interests of the Bank. This policy is reviewed on an annual basis by the Board.

### **Fitness & Probity**

The Bank reviews the fitness and probity of members of the Board on a regular basis and, at least annually, Directors are asked to attest their ongoing compliance with the Central Bank of Ireland Fitness and Probity Standards ('F&P Standards'), the joint guidelines issued by the European Banking Authority ('EBA') and the European Securities and Markets Authority ('ESMA') on the assessment of the suitability of members of the management body and key function role holders under Directive 2013/36/EU and Directive 2014/65/EU, as amended, and the Conduct Standards as set out in the Central Bank (Individual Accountability Framework) Act 2023.

Directors notify the Bank of any changes in circumstances that may affect their ability to continue in their roles and comply with the F&P Standards, Conduct Standards or any other relevant information which they would be expected to disclose to the Bank as a Director. All changes in circumstances are assessed including time commitments, other directorships and conflicts of interest to ensure the Directors have sufficient capacity to perform their role. Before accepting any additional external commitments, including other Directorships that might impact on the time available to devote to their role, the approval of the Board is sought. In certain cases, prior approval of the Central Bank of Ireland must also be sought.

### **Internal Controls**

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, and for reviewing the effectiveness of the Bank's system of risk management and internal control. This requires a review to cover all material controls including financial, operational and compliance controls.

The Bank has a well-established internal control framework underpinned by an enterprise risk management framework, divisional operational frameworks and has risk frameworks and policies in place for each of the Bank's material risk categories. The Bank also has a well-defined approach to setting and monitoring its appetite for risk, operates a 'Three Lines of Defence' model and has the required resources and governance structures in place to support this model.

### **Board Communication and Stakeholder Engagement**

Transparent and frequent communication with stakeholders is a key priority for the Bank. In line with its Purpose of working together to build trust with its customers and communities, effective and proactive engagement with key stakeholders is an integral part of the Bank's corporate affairs strategy. One of the responsibilities of the Board Chairperson is to ensure regular engagement and effective

communication with shareholders and other key stakeholders in order to understand their views on governance and performance against strategy and ensure that Directors develop a clear understanding of the views of stakeholders. The Bank also has established a dedicated Investor Relations team, led by the Head of Investor Relations and headed by the CFO, together with an appointed Chief Sustainability and Corporate Affairs Officer.

A key role of NomCo is to ensure that there is effective engagement with and participation from the Bank's key stakeholders. Stakeholder relationship owners across the Bank interact with a variety of stakeholders at regular intervals throughout the year and provide regular updates to the Board on same. Key stakeholders for the Group include shareholders, customers, colleagues, suppliers, society and the Bank's regulators.

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 Bank 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). Following Board approval, the Bank publishes all results, including the webcasts, to a dedicated Investor Relations section on its website. The Bank also reports other relevant information to the market on a timely basis. Following the release of results, the CEO and CFO facilitate a roadshow which provides an opportunity for institutional shareholders to provide feedback directly. Investor conferences are also a valuable tool.

The Investor Relations team, together with the CEO and 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 continues to evolve and will always apply best practice principles.

### **Nomination Culture and Ethics Committee**

The Board Nomination Culture and Ethics Committee ('NomCo') ensures that the nomination, appointment, ethics and conduct policies, practices and decisions of the Bank are carried out appropriately and are properly aligned to the Bank strategy and the interests of its shareholders, customers, and other stakeholders, while operating within applicable regulatory and legal requirements. The NomCo supports the Board in providing leadership and oversight on the development of, and embedding a positive ethical culture, conduct standards, corporate reputation, employee engagement and wellbeing, stakeholder management, diversity, inclusion, and equal opportunity within the Bank.

The NomCo is responsible for making recommendations to the Board regarding the appointment of new Directors and of a new Chairperson in line with the Board Diversity Policy together with ongoing training and development of Directors. The Board Chairperson does not attend the Committee when it is dealing with the appointment of its successor. 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 practical opportunity following appointment. NomCo keeps under review the leadership needs of the Bank, both Executive and Non-Executive, with a view to ensuring the continued ability of the Bank to

compete effectively in the marketplace. NomCo is also responsible for reviewing the effectiveness of the Board's operations and composition of Board Committees.

The NomCo is composed of Independent Non-Executive Directors. The Board requires that the Chairperson of the Board and the Senior Independent Director are members of the Nomination Committee.

### **Board Remuneration Committee**

The Board Remuneration Committee ('RemCo') oversees and provides guidance to the Board on the Bank's remuneration policies, practices and decisions to ensure they align the interests of its employees with those of its shareholders while operating within the applicable regulatory and legal requirements and are free from any form of bias relating to gender, age or social or ethnic background. It also supports the Board in the oversight of remuneration and reward strategies as aligned to the Company's appetite for risk, business strategy, values, culture and ambitions, and oversees senior management reward.

The RemCo is comprised of at least three independent, Non-Executive Directors. The RemCo is chaired by an Independent Non-Executive Director who has served on the RemCo for a minimum of twelve months. There is cross-membership between the Board Remuneration Committee, Board Risk & Compliance Committee and Board Nomination, Culture & Ethics Committee to ensure alignment of performance with remuneration policies and practices, including incentives, consistent with the risk profile, capital structure and liquidity requirements of the Bank

The CEO, CRO, CFO and Head of Compliance are invited to attend meetings where specialist input is required relating to their remit in respect of remuneration. Neither the Chairperson nor any Director shall participate in a decision with regard to their own remuneration.

### **Board Risk and Compliance Committee**

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 Bank's strategy is consistent with the approved Risk Appetite. This includes making recommendations to the Board on current and future risk exposure, tolerance and appetite. BRCC also 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 Bank of a supportive culture in relation to the management of risk and compliance.

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 Committee and the Board Remuneration Committee.

## Board Audit Committee

The Board Audit Committee ('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 and monitoring the integrity of the financial statements of the Company, and recommends approval of the Annual and Interim Reports to the Board. The BAC also monitors and reviews the effectiveness of the internal audit function, safeguards the independence of the internal audit function and provides oversight of the function and the Head of Internal Audit, considers the External Auditor's independence and objectivity and the effectiveness of the audit process, and reviews instances of fraud and violations of laws and regulations as raised by the Head of Internal Audit.

BAC is composed entirely of Independent Non-Executive Directors. To ensure cross-committee collaboration and alignment, the Board requires at least one member of the Board Risk and Compliance Committee also sits on the Board Audit Committee.

Further details on the role and responsibilities of the Board Committees are set out in the Terms of Reference which are available on the Bank's website: [Document Centre](#) | [Permanent TSB](#).

## Material Risk Taker Identification

The Capital Requirement Directive ('CRD') amended by CRDV requires the Bank to identify all members of staff whose professional activities have a material impact on the institution's risk profile (MRTs). Detailed requirements are set out in the EU Regulation 2021/923.

The Remuneration Policy is designed to comply with regulation together with the additional guidance included in the EBA Guidelines on Sound Remuneration Policies. The Bank sets out the MRT identification definitions and interpretations in a document which is reviewed and approved by the BRCC prior to approval by RemCo.

The Bank's HR Function is responsible for carrying out the identification process in line with the approved definitions and interpretations. The Risk and Compliance functions, as well as relevant business support functions and the Company Secretary, will be involved in the identification process.

The ExCo members and CRO undertake a review of MRTs to ensure that all individuals whose professional activities have a material impact on an institution's risk profile, are captured prior to BRCC review and RemCo approval. RemCo is also provided with details of staff who are excluded, as permitted under the Regulation, together with the rationale for such exclusions.

## Remuneration Policy

The Remuneration Policy (the 'Policy') sets out how the remuneration components used by the Bank operate. The Bank's Policy is to offer competitive, market-aligned, performance-based remuneration, fully compliant with regulatory requirements, which links the strengthening of our corporate culture and values, our risk culture, optimal customer outcomes, the highest standards of integrity and accountability, our environmental, social and governance agenda and individual, team and Bank-wide performance to pay and reward.

The Policy is intended to support the Bank in achieving its strategic objectives, while operating within the Bank's risk appetite, and delivering long-term sustainable performance.

The Policy is adopted by the Board upon recommendation from RemCo. The Policy applies at Bank, Bank subsidiary and Bank parent company level.

RemCo supports the Board in the oversight of the Policy, which is reviewed by RemCo at least annually and, if necessary, RemCo will make proposals to the Board for approval in respect of any changes. The CEO is ultimately responsible for the implementation of this Policy. However the HR, Risk and Compliance functions play key roles in its development and implementation by reviewing the Policy prior to RemCo consideration.

The Policy applies to all remuneration components which may be received by any employee, director (including non-executive directors) but excluding any staff seconded from a third party. It applies across the whole of the Bank including all operations and legal entities with the PTSB Group.

HR regularly reviews compensation levels within the Bank to ensure that they remain appropriate and, with the supporting perspective of Second and Third Line of Defence oversight functions, that remuneration structures operate in line with Policy.

The Bank complies with the conditions on remuneration set out in the Agreements with the Irish Government, which were entered into following the capital injection. With regard to forms of pay with a variable component: RemCo considers the impact of any such payments on the maintenance of a sound capital base and appropriate liquidity buffers and on ensuring compliance with the terms of State Agreements and CRDV requirements.

The Policy is subject to an annual review to ensure that the policy remains compliant with both CRDV requirements and the provisions of the European Banking Authority Guidelines on Sound Remuneration Policies.

RemCo gives due consideration to the impact of remuneration policies and practices on the risk profile and long-term interests of the Bank. The Policy at the Bank also considers conflicts of interest and sets out processes to be followed in order to safeguard against them.

With regard to pay with a variable component, it is the policy of the Bank to adhere to all relevant regulation relating to the remuneration of MRTs including: (i) the principles of performance assessment; (ii) the cap on variable pay and (iii) the application of malus and clawback.

Based on the structure of the Bank's Variable Pay offering i.e., involving a maximum individual payout (aggregated) of €20,000 per annum, PTSB has chosen to apply a derogation provided under CRDV where a payout does not exceed €50,000 and does not represent more than one third of the staff members total annual remuneration in respect of the rules on deferral and payment in instruments.

MRTs at the Bank are required to undertake not to use personal hedging strategies and are required not to engage in activities that undermine the risk alignment effect embedded in their remuneration arrangements and to sign a letter to declare that they will comply with such conditions.

RemCo reviews and recommends remuneration proposals for Heads of Control Functions to the Board for approval and the structure of the Bank's Variable Pay offering is designed to ensure they are supported in retaining appropriate independence from the functions under their governance.

The remuneration policies at the Bank comply with the requirements under CRDV regarding pensions and guaranteed variable pay. The Bank's policy does not provide for buy-out awards and/or sign-on awards to individuals without pre-approval from the Board in respect of the individuals under its remit, the Remuneration Committee in the case of any other Control Function Material Risk Taker, or the CEO and Chief Customer & People Officer in respect of any other individual. The Finance and/or Risk functions will be consulted to consider the impact on the maintenance of a sound capital base and appropriate liquidity ratios including buffer requirements. It is not normal practice to provide either of these types of award to new joiners.

The implementation of the remuneration policy is subject to an annual review by Internal Audit for compliance with policies and procedures adopted by the Bank. The Bank does not pay variable remuneration through vehicles or methods that facilitate non-compliance with CRDV.

Further information on remuneration policies and practices at the Bank can be found within the Corporate Governance section of the Annual Report and in the Remuneration Section of the Pillar III disclosure on the Bank's website: [Document Centre | Permanent TSB](#). The Bank's Remuneration Policy is available to staff on the Bank's intranet site.

## **Reporting**

### Regulation 77: Country-by country reporting

The Bank has met its reporting obligations in accordance with this Regulation. Details of the Bank's Country-by-Country report can be found in the Document Centre of the Bank's website: [Document Centre | Permanent TSB](#)

### Regulation 78: Public disclosure of return on assets

The Bank has met its reporting obligations in accordance with this Regulation and has set out this data point in its Annual Report which can be found in the Reports and Presentation Section of the Bank's website: [Results Centre | Permanent TSB](#).