



Director's Remuneration Policy

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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	<p>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.</p> <p>Basic salaries are normally reviewed by the Remuneration Committee annually, taking into consideration:</p> <ul style="list-style-type: none">• 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. <p>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.</p>
Benefits	<p>Benefits are provided to ensure the overall package is competitive and in accordance with local market practice.</p>

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.

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 to 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.