Pillar 3 Disclosures 2020

Members of the Mount Sion Choir perform as part of the Marie Keating Foundation's Concert4Cancer event in August 2020, which was proudly supported by the Permanent TSB Community Fund

We are a community serving the community.

permanent tsb
Group Holdings plc

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Introduction

This Pillar 3 disclosure report has been published to meet the disclosure requirements of Part Eight of the Capital Requirements Regulation (EU) No 575/2013 (hereafter the CRR) including EBA Guidelines (2016/11) on the disclosure requirements under Part Eight of CRR which is expected to be followed in its entirety by all Less Significant Institutions (LSIs) supervised by the Central Bank of Ireland (CBI).

The disclosures relate to Permanent TSB Group Holdings plc (hereafter 'Permanent TSB', 'PTSB', 'the Group' or 'the Bank'). They provide comprehensive information on the risk profile and risk management of the Group.

The Group has a formal policy for its Pillar 3 disclosures as required under Article 431 (3) of the CRR. No disclosures are omitted on the basis of proprietary or confidential information. Where appropriate, some disclosure requirements have been met by reference to the relevant disclosure in the Group's Annual Report or on its website. The information in this report is published annually. Certain information on own funds, capital requirements and other items prone to rapid change (e.g. LCR) will be published in the half year financial report of the Group.

The Pillar 3 disclosure report is available on the Group's website at the following location:

https://www.permanenttsbgroup.ie/investors/result-centre/year/2020

Current regulatory framework

This report is part of the Basel III Framework which has been in effect in all EU member states since 1 January 2014 through the CRR and EU Directive No 2013/36 (or CRD IV), as transposed into Irish law through S.I. No. 158 of 2014.

In June 2019 amendments to these rules were made through the publication of Regulation (EU) 2019/876 (also known as CRR2) and Directive (EU) 2019/878 (CRD V), subsequently transposed into Irish law at the end of 2020 through S.I. No. 710 of 2020. Collectively these regulations and directives are more commonly known as CRD V. The amendments specific to disclosure requirements are effective in 2021 and will not impact the disclosures made by the Group in this report until next year.

In June 2020 Regulation (EU) 2020/873 (the 'CRR quick fix') was published in the context of the COVID-19 crisis to bring forward certain relief announced in CRR2. Additional reliefs contained in CRR2 were also announced in the CRR quick fix to provide further flexibility to banks in meeting capital requirements. The key measures include an extension of the IFRS 9 transitional arrangements by 2 years, the introduction of a prudential filter on sovereign bonds held at fair value, the acceleration of CRR2 amendments to exempt certain software assets from capital deduction, the revision of the SME supporting factors and a discretion to exempt certain central bank exposures from the calculation of the leverage ratio.

The Group closely monitors any updated guidance from supervisors to ensure compliance with all requirements when applicable.

The Basel capital framework is founded upon three Pillars:

Pillar 1 refers to the minimum amount of capital required to protect the Group against losses for credit, market and operational risks over a one year time-frame and it is used to calculate the capital adequacy ratios.

Under **Pillar 2** of the Basel Framework, the Group is required to have in place sound, effective and comprehensive strategies and processes to assess and measure the amount of internal capital requirements it considers adequate to cover the nature and level of the risks to which the Group is exposed. The Group arrives at an appropriate estimation of its capital requirements for all risks through the use of an Internal SREP Requirement approach.

The Group is subject to regular reviews of its internal capital adequacy assessment process (ICAAP) through the Supervisory Review and Evaluation Process (SREP) and is subject to minimum capital requirements which exceed those set by the CRR (see Note 35 of the Group's 2020 Annual Report).

The Group's minimum capital requirement according to the last SREP exercise conducted by the CBI in 2020 is 13.95% of which 8.94% should be comprised of CET1. This is comprised of a Pillar 1 requirement of 8% (of which 4.5% CET1), a Pillar 2 Requirement (P2R) of 3.45% (of which 1.94% CET1) and a Capital conservation buffer (CCB) of 2.50% (all 2.50% to be made up of CET1).

As part of the flexibility provided to Irish banks in the context of COVID-19, the CBI allowed the use of Additional Tier 1 and Tier 2 capital to partially meet P2R, bringing forward a CRD V measure due to be implemented in January 2021. In addition, the countercyclical capital buffer (CCyB) rate on Irish exposures was reduced to 0% from 1%, effective April 2020.

Pillar 3 refers to market discipline and how the Group reports publicly and in a transparent manner, information relating to the assessment and management of risks by the Group. This includes disclosing information on the scope of application, capital, risk exposures, risk assessment and management processes, and hence the capital adequacy of the Group.

Impact of COVID-19 on disclosure requirements

Additional disclosures are included in this report (see pages 137-139) providing information on payment breaks provided to the Bank's customers who have been most affected by the COVID-19 pandemic. These templates are prescribed by new EBA guidelines.

The CRR quick fix regulation also requires banks to disclose whether they use certain treatments available in the regulation to mitigate the impact on CET1 capital:

a) article 468 allows banks to remove from CET1 any unrealised gains or losses on sovereign exposures held at fair value through other comprehensive income. This is not applicable to the Group as it does not hold any sovereign exposures at fair value through other comprehensive income.
b) article 473a extends the IFRS 9 transitional arrangements already in place to allow banks add back to CET1 capital, increases in expected credit losses on non defaulted exposures caused

by the COVID-19 crisis. Previous increases up to the end of 2019 and the Day 1 impact of moving from IAS 39 to IFRS 9 are also allowed to be added back though at lower phase in rates. The Group fully avails of these transitional arrangements. Please see page 135 for more details.

Please note the figures in this report are in millions of euro and may contain rounding differences as they are compiled using information reported to supervisors in units of euro.

CRR Disclosure Requirements

The Group has a Policy to comply with CRR Articles 431 to 434, which relate to the overall Pillar 3 disclosure requirements. The following table summarises the applicability of specific disclosure requirements contained in the CRR.

CRR Article Description	CRR Article No.	Applicable / Not applicable to Permanent TSB Group
Article 435 – Risk Management Objectives and Policies	435 (1) (a)	Applicable
	435 (1) (b)	Applicable
	435 (1) (c)	Applicable
	435 (1) (d)	Applicable
	435 (1) (e)	Applicable
	435 (1) (f)	Applicable
	435 (2) (a)	Applicable
	435 (2) (b)	Applicable
	435 (2) (c)	Applicable
	435 (2) (d)	Applicable
	435 (2) (e)	Applicable
Article 436 – Scope of Application	436 (a)	Applicable
	436 (b) (i) to (iv)	Applicable
	436 (c)	Applicable
	436 (d)	Applicable
	436 (e)	Applicable
Article 437- Own Funds	437 (1) (a)	Applicable
	437 (1) (b)	Applicable
	437 (1) (c)	Applicable
	437 (1) (d) (i) to (iii)	Applicable
	437 (1) (e)	Applicable
	437 (1) (f)	Not applicable
Article 438 - Capital Requirements	438 (a)	Applicable
	438 (b)	Not applicable
	438 (c)	Applicable
	438 (d) (i) to (iv)	Applicable
	438 (e)	Applicable
	438 (f)	Applicable
Article 439 – Exposure to Counterparty Credit Risk	439 (a)	Applicable
	439 (b)	Applicable
	439 (c)	Applicable
	439 (d)	Applicable
	439 (e)	Applicable
	439 (f)	Applicable
	439 (g)	Not applicable
	439 (h)	Not applicable
	439 (i)	Not applicable

CRR Article Description	CRR Article No.	Applicable / Not applicable to Permanent TSB Group
Article 440 - Capital buffers	440 (1) (a)	Applicable
	440 (1) (b)	Applicable
Article 441 – Indicators of global systemic importance	441	Not applicable
Article 442 -Credit risk adjustments	442 (a)	Applicable
	442 (b)	Applicable
	442 (c)	Applicable
	442 (d)	Applicable
	442 (e)	Applicable
	442 (f)	Applicable
	442 (g) (i) to (iii)	Applicable
	442 (h)	Applicable
	442 (i) (i) to (v)	Applicable
Article 443 – Unencumbered Assets	443	Applicable
Article 444 – Use of ECAIs	444 (a)	Not applicable
	444 (b)	Not applicable
	444 (c)	Not applicable
	444 (d)	Not applicable
	444 (e)	Not applicable
Article 445 – Market Risk	445	Not applicable
Article 446 – Operational Risk	446	Applicable
Article 447 – Exposure to equities not included in the trading book	447 (a)	Applicable
	447 (b)	Applicable
	447 (c)	Applicable
	447 (d)	Applicable
	447 (e)	Applicable
Article 448 – Exposure to interest rate risk on positions not included in the trading book	448 (a)	Applicable
	448 (b)	Applicable
Article 449 – Exposure to securitisation positions	449 (a)	Applicable
	449 (b)	Applicable
	449 (c)	Not applicable
	449 (d)	Applicable
	449 (e)	Applicable
	449 (f)	Applicable
	449 (g)	Applicable
	449 (h)	Applicable
	449 (i)	Not applicable
	449 (j)	Applicable
	449 (k)	Applicable
	449 (l)	Not applicable
	449 (m)	Applicable
	449 (n) (i) to (vi)	Applicable
	449 (o) (i) to (ii)	Applicable

CRR Article Description	CRR Article No.	Applicable / Not applicable to Permanent TSB Group
	449 (p)	Applicable
	449 (q)	Not applicable
	449 (r)	Not applicable
Article 450 – Remuneration	450 (1) (a)	Applicable
	450 (1) (b)	Applicable
	450 (1) (c)	Applicable
	450 (1) (d)	Applicable
	450 (1) (e)	Applicable
	450 (1) (f)	Applicable
	450 (1) (g)	Applicable
	450 (1) (h) (i) to (vi)	Applicable
	450 (1) (i)	Applicable
	450 (1) (j)	Not applicable
	450 (2)	Applicable
Article 451 – Leverage Ratio	451 (1) (a)	Applicable
	451 (1) (b)	Applicable
	451 (1) (c)	Not applicable
	451 (1) (d)	Applicable
	451 (1) (e)	Applicable
Article 452 – Use of the IRB Approach to Credit Risk	452 (a)	Applicable
	452 (b) (i) to (iv)	Applicable
	452 (c) (i) to (v)	Applicable
	452 (d)	Applicable
	452 (e) (i) to (iii)	Applicable
	452 (f)	Applicable
	452 (g)	Applicable
	452 (h)	Applicable
	452 (i)	Applicable
	452 (j) (i) to (ii)	Applicable
Article 453 – Use of Credit Mitigation	453 (a)	Applicable
	453 (b)	Applicable
	453 (c)	Applicable
	453 (d)	Not applicable
	453 (e)	Applicable
	453 (f)	Applicable
	453 (g)	Not applicable
Article 454 - Use of the Advanced Measurement Approaches to Operational Risk	454	Not applicable
Article 455 - Use of Internal Market Risk Model	455 (a) (i) to (iv)	Not applicable
	455 (b)	Not applicable
	455 (c)	Not applicable
	455 (d) (i) to (iii)	Not applicable
	455 (e)	Not applicable
	455 (f)	Not applicable

CRR Article Description	CRR Article No.	Applicable / Not applicable to Permanent TSB Group
	455 (g)	Not applicable
Article 473a – Introduction of IFRS 9	473a	Applicable

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Risk Management Objectives and Policies (Art 435)

Overview

Within the boundaries of the Board-approved Risk Appetite, Permanent TSB follows an integrated approach to Risk Management, to ensure that all risks faced by the Group are appropriately identified and managed. This approach ensures that appropriate mechanisms are in place to protect and direct the Group in recognising the economic substance of its risk exposure.

The Group implements a Risk Management Process, which consists of five key steps:

(i) Risk Identification;

(ii) Risk Assessment and Measurement;

(iii) Risk Mitigation and Control;

(iv) Risk Monitoring and Testing; and

(v) Risk Reporting and Escalation

The design of the Group's Risk Management Process is underpinned by Risk Management Objectives and Principles, which are detailed in the sections below.

The risks to which the Group is, or may be, exposed are grouped into Risk Categories, within which sub-risk categories are defined at a more granular level. Risks must be identified, assessed, measured, monitored and reported in line with First or Second Line responsibilities consistent with the Three Lines of Defence Model employed by the Group.

A suite of supporting documentation (Frameworks and Policies) is maintained for relevant key Risk Categories, and reviewed at least annually. 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 Group.

Risk Management Objectives/Principles (Art 435.1.a, 435.1.c)

The Group has the following broad objectives, which collectively aim to support the Group's Board of Directors ("the Board") and Management in maintaining the financial and operational safety and soundness of the Group and further support the achievement of the Group's strategic priorities:

- Supporting the **delivery of the Group's purpose and vision** by ensuring overall prudent risk management to support the execution of the Group's strategy;

- Optimising **risk-based performance** by holistically and consistently integrating risk management into the formulation and execution of Group's strategy and business objectives;
- Defining and reinforcing a **strong risk culture** that emphasises individual ownership of risk-taking within the First Line Of Defence, adherence to the highest ethical and professional standards, continuous improvement of risk management practices, and fair and honest treatment of customers, counterparties, employees, and other stakeholders;
- Establishing an enterprise-wide **risk appetite** that describes the aggregate level and types of risks that the Group is willing to accept, consistent with applicable law and the interests of its stakeholders;
- Formalising a **risk governance and risk management organisational structure** that enables effective and efficient monitoring, escalation, decision-making, and oversight with respect to risks by the appropriate governing bodies, committees, officers, and employees within the Group, incorporating clear ownership and responsibility for each;
- Ensuring the Group designs and implements **robust and sustainable risk management processes** that enable (a) current and emerging risks to be identified appropriately and in a timely manner, (b) risk assessments to be undertaken for all risks identified by the Group using qualitative and quantitative assessment tools, (c) appropriate risk mitigation and control strategies to be adopted by the Group, (d) the Group to conduct testing of its operating and control environments, and (e) the Group to monitor and report on its risk profile at both an aggregate and business unit-specific level.
- Defining and cultivating **risk capabilities** to support effective implementation of the risk management framework by establishing requirements for risk resources, systems and infrastructure, and risk data.

The key details on the scope and nature of risk reporting are set out on pages 59-83 within the Risk Management section of the Bank's 2020 Annual Report. Qualitative disclosure requirements related to the Bank's approach to CCR are discussed in the Counterparty credit risk (Article 439) section beginning on page 47.

Organisation of Risk Management (Art 435.1.b)

A 'Three Lines of Defence' model has been adopted by the Group for the effective oversight and management of risks across the Group. Functions and teams in the First Line undertake frontline commercial and operational activities and, in doing so, incur risks for which they are responsible for identifying, owning, managing, monitoring and mitigating through the effective design and operation of mitigating controls that further aim to ensure compliance with internal and external requirements.

The Group Risk Function is an independent risk management function, under the direction of the Chief Risk Officer (CRO), and is the key component of the Group's Second Line of Defence. Group Risk is responsible for ensuring that all material risks to which the Group is, or may become, exposed to are identified, assessed, measured, monitored, mitigated, and reported on by the relevant units in the institution.

For Top and Emerging risks, the Group Risk Function is responsible for ensuring that the risks to which the Group is exposed are identified appropriately and in a timely manner.

Group Internal Audit 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.

The key responsibilities of each Line of Defence are set out on page 65 within the Risk Management section of the Group's 2020 Annual Report.

Risk Categories (Art 435.1.d)

The following key risk categories have been identified through the Group's risk assessment process:

- Capital Adequacy Risk
- Strategic Business Risk
- Credit Risk
- Market Risk
- Model Risk
- Liquidity and Funding Risk
- Operational Risk
- Information Technology Risk
- Compliance Risk
- Conduct and Reputational Risk

In order to minimise the risks to which the Group is exposed, the Group has implemented risk management strategies for key risks. While the Group devotes significant effort to its risk management strategies, there is a risk that in some circumstances these management strategies may fail to adequately mitigate the risks, especially where particular risks were not identified or foreseen.

Further information about these risk categories including how the risks are identified, managed, measured and mitigated is provided within pages 66-83 of the Group's 2020 Annual Report.

Declaration by management body on the adequacy of risk management (Art 435.1.e)

Information on the adequacy of risk management is contained in the Group's 2020 Annual Report within the Corporate Governance Statement (page 92 and page 113). Specific information on the adequacy of the Group's liquidity risk management is contained in the Group's 2020 Annual Report within section 3.2 Funding & Liquidity Risk (pages 81-82). Further information on Risk Management is included on pages 59 to 83 of the Group's 2020 Annual Report.

Risk management responsibilities are outlined in the Internal Control Framework (ICF), Enterprise Risk Management Framework (RMF) and Risk Appetite Statement (RAS) which includes the categories of risk to which the Group is, or potentially is, exposed. The ICF, RMF and RAS create clear ownership and accountability; ensure the Group's most significant risk exposures are understood and managed in accordance with agreed risk appetite and risk tolerances; and ensure regular risk reporting.

The embedding of the RMF, that governs all risk management arrangements in the Group, is monitored by Executive and Board committees. The RMF and its component key risk and sub-risk categories are subject to review to identify issues to be mitigated.

Risk Profile (Art 435.1.f)

As noted above, Permanent TSB has adopted an integrated approach to identifying, assessing, mitigating, monitoring and reporting risks. The core aspects of the Group's Risk Management Framework are set out on pages 59 to 83 of the Group's 2020 Annual Report.

The Group's enterprise-level risk appetite is documented in the Risk Appetite Statement (as the first stage of the Integrated Planning Process), as approved by the Board, and communicates the level and nature of risk (in both qualitative and quantitative terms) the Group is willing to accept in pursuit of its strategic objectives. Expressed in both quantitative and qualitative terms, the Risk Appetite informs Group strategy and, as part of the overall framework for risk governance, is a boundary condition that guides the Group in its risk-taking and related business activities.

Risk appetite is a core consideration in setting strategy, formulating business objectives and plans, managing performance, and rewarding management. Accordingly, PTSB establishes its risk appetite so that its strategy and related initiatives can be designed and implemented in accordance with set boundaries. Risk appetite also informs how resources are allocated across the Group and whether sufficient capital exists to support the level and types of risk in the Group's strategy and business objectives. Further, risk appetite expresses PTSB's attitude toward risk, including by identifying the risks that the Group is not willing to take and limiting the risks that have the potential to impair materially the enterprise.

Adherence to the enterprise-level risk appetite ensures a consistent approach to risk management and enforces risk discipline and integrates risk management into decision-making at all levels of the institution.

Table 1: Key Ratios associated with the risk profile of the Group include the following:

	31 December 2020	**31 December 2019**
Capital – Transitional		
Common Equity Tier 1 Ratio	18.1%	17.6%
Tier 1 Ratio	20.3%	18.5%
Total Capital Ratio	21.0%	19.1%
Leverage Ratio – Transitional	8.2%	9.1%
Liquidity		
Liquidity Coverage Ratio (LCR)	276%	170%
Net Stable Funding Ratio (NSFR)	160%	138%
Loan to Deposit Ratio	79%	91%

NPLs as % of gross loans	7.6%	6.4%
NPAs as % of gross loans	7.8%	6.8%

Liquidity disclosures

The following information is disclosed in accordance with the EBA Guidelines on LCR Disclosures (EBA/GL/2017/01).

Table 2: EU LIQ1: LCR disclosure template (Art 435.1.a, 435.1.b, 435.1.d, 435.1.f)

		Total unweighted value (average)				Total weighted value (average)			
Quarter Ending 2020		**Mar-20 €m**	**Jun-20 €m**	**Sep-20 €m**	**Dec-20 €m**	**Mar-20 €m**	**Jun-20 €m**	**Sep-20 €m**	**Dec-20 €m**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					3,225	3,344	3,586	4,059
Cash-outflows									
2	Retail deposits and deposits from small business customers, *of which;*	10,974	11,764	12,589	13,430	689	720	756	794
3	*Stable deposits*	*8,958*	*9,177*	*9,460*	*9,817*	*448*	*459*	*473*	*491*
4	*Less stable deposits*	*2,016*	*2,159*	*2,323*	*2,477*	*241*	*261*	*283*	*303*
5	Unsecured wholesale funding	1,772	1,789	1,827	1,845	679	674	680	675
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*1,772*	*1,788*	*1,826*	*1,844*	*679*	*673*	*678*	*674*
8	*Unsecured debt*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
9	Secured wholesale funding					33	17	-	-
10	Additional requirements	60	46	40	16	60	46	40	16
11	*Outflows related to derivative exposures and other collateral requirements*	*60*	*46*	*40*	*16*	*60*	*46*	*40*	*16*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	30	28	27	29	2	-	-	1
15	Other contingent funding obligations	*928*	933	943	987	511	520	527	540
16	**Total cash outflows**					**1,975**	**1,976**	**2,002**	**2,027**
Cash-inflows									
17	Secured lending (e.g. reverse repos)	0	0	-	-	0	0	-	-
18	Inflows from fully performing exposures	160	153	130	131	141	133	110	110
19	Other cash inflows	31	23	23	5	31	23	23	5
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**Total cash inflows**	**192**	**176**	**153**	**135**	**172**	**156**	**132**	**115**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-		
EU-20c	Inflows Subject to 75% Cap	192	184	171	161	172	156	132	115
21	**Liquidity buffer**					**3,225**	**3,344**	**3,586**	**4,059**
22	**Total net cash outflows**					**1,803**	**1,820**	**1,870**	**1,912**
23	**Liquidity coverage ratio (%)**					**179%**	**184%**	**191%**	**211%**

		Total unweighted value (average)				Total weighted value (average)			
Quarter Ending 2019		**Mar-19 €m**	**Jun-19 €m**	**Sep-19 €m**	**Dec-19 €m**	**Mar-19 €m**	**Jun-19 €m**	**Sep-19 €m**	**Dec-19 €m**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					3,265	3,286	3,301	3,303
Cash-outflows									
2	Retail deposits and deposits from small business customers, *of which;*	10,391	10,517	10,636	10,778	650	657	663	671
3	*Stable deposits*	*8,526*	*8,641*	*8,742*	*8,861*	*426*	*432*	*437*	*443*
4	*Less stable deposits*	*1,866*	*1,876*	*1,894*	*1,917*	*224*	*225*	*226*	*228*
5	Unsecured wholesale funding	2,113	1,987	1,911	1,838	929	840	785	726
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*2,084*	*1,984*	*1,910*	*1,837*	*900*	*837*	*784*	*725*
8	*Unsecured debt*	*28*	*3*	*1*	*1*	*28*	*3*	*1*	*1*
9	Secured wholesale funding					83	83	83	50
10	Additional requirements	139	112	83	63	139	112	83	63
11	*Outflows related to derivative exposures and other collateral requirements*	*139*	*112*	*83*	*63*	*139*	*112*	*83*	*63*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	50	51	53	50	20	21	21	21
15	Other contingent funding obligations	*877*	898	905	915	483	499	503	506
16	**Total cash outflows**					**2,304**	**2,212**	**2,138**	**2,038**
Cash-inflows									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	150	151	173	174	135	134	156	155
19	Other cash inflows	164	138	106	28	164	138	106	28
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**Total cash inflows**	**314**	**288**	**279**	**202**	**299**	**272**	**261**	**183**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	314	288	279	202	299	272	261	183
21	**Liquidity buffer**					**3,265**	**3,286**	**3,301**	**3,303**
22	**Total net cash outflows**					**2,005**	**1,940**	**1,877**	**1,854**
23	**Liquidity coverage ratio (%)**					**164%**	**171%**	**177%**	**179%**

The Group's funding profile consists of Customer Accounts, Debt securities in issue and Deposits by banks. Customer Accounts made up 94% of funding as at 31 December 2020.

The Group has no bilateral netting agreements approved by the competent authority. Treatment of derivative cash flows is reflected on a gross basis. Collateral is callable based on mark to market movements.

The Group's base currency is euro and the Group does not hold any significant currency which exceeds 5% of total liabilities.

Governance Arrangements (Art 435.2)

The risk governance arrangements, including the role and responsibilities of the Board of Directors in relation to risk management, are set out in the Risk Governance section from page 59 of the 2020 Annual Report.

Directorships held by Board Members (Art 435.2.a)

The number of directorships held by members of the Board as at 31 December 2020 is listed in the below table 3. In addition, there have been no additional directorships approved by the competent authorities in respect of the Directors during the reporting period. The Board of Directors section on pages 96 to 100 of the 2020 Annual Report also contains information relating to directorships held by members of the Board of Directors.

Table 3: Number of directorships held by members of the Board

Director	Total Number of Directorships	CRD IV Directorships as counted under Article 91 (3) and (4) of Directive 2013/36/EU[1]
Robert Elliott	7	3
Eamonn Crowley	8	1
Ronan O'Neill	3	1
Ken Slattery	8	3
Andrew Power	4	1
Donal Courtney	5	3
Ruth Wanderhofer	6	3
Mike Frawley	2	1
Marian Corcoran	4	2
Paul Doddrell	4	2

Criteria for the selection of Members of the Board (Art 435.2.b)

The responsibilities of the Nomination, Culture and Ethics Committee include reviewing and assessing Board composition on behalf of the Board, recommending the appointment of Directors, and reviewing the size, structure, composition, diversity, and skills of the Board and its Committees. The Nomination, Culture and Ethics Committee keep the refreshment needs of the Board under review and have a defined approach to succession planning to ensure that membership is refreshed at appropriate intervals.

The Nomination, Culture and Ethics Committee has approved a Board Suitability Matrix which sets out the optimal balance of knowledge, experience and skills on the Board. The Board Suitability Matrix draws on EBA Guidance but also reflects the Bank's evolving needs and objectives. The Board Suitability Matrix defines knowledge as: achievement in education, training and practice; experience as the practical and professional experience gained in previous positions; and, skills which are personal attributes, how the person is capable of behaving and acting. The Board Suitability Matrix

[1] Excludes non-commercial entities

requires the Board collectively to have appropriate knowledge and experience in such areas as retail banking; accounting, audit and financial interruption; risk management; governance; IT resilience; organisational change; strategy formulation and execution; legal and regulatory landscapes; customer advocacy; culture and responsible business; and, capital markets. Further details on the knowledge experience and skills that each director contributes to the Board is set out in the biographies section of the 2020 Annual Report on pages 96 to 100.

A Board-approved Policy for the Assessment of the Suitability of Members of the Board (Board Suitability Policy) is in place and outlines the board appointments process. The Board Suitability Policy was updated during 2020 in accordance with the joint European Banking Authority and European Securities and Markets Authority Guidelines on the Assessment of the Suitability of members of management bodies and key function holders. The Board Suitability Policy provides guidance for the purpose of ensuring that appointments to the Board are appropriate to the circumstances of the Company and overall add to the Board's collective effectiveness. The Board Suitability Policy requires both individual and collective on-going suitability assessments to be carried out whenever there is a change to Board composition or individual responsibilities. Further details of succession planning, recruitment and planned appointments are set out on pages 126 to 127 of the 2020 Annual Report.

Board Diversity Policy (Art 435.2.c)

The Board recognises the benefits of having a diverse Board, which enhances the quality of decision-making by reducing the risk of group think and ensuring that the Board includes different perspectives (diversity of thought) in order to provide effective oversight to guide the business to achieve its strategic aims. The Directors view increasing diversity at Board level as an important element in maintaining a competitive advantage. A diverse Board includes and makes good use of differences in the knowledge, experience and skills, regional and industry experience, background, nationality, gender, age and other qualities of directors. These differences are considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination, Culture and Ethics Committee discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

The Board has set a target to achieve 30% female membership by June 2021. The Bank is committed to having a diverse board, to achieving the target set in this regard and to ensuring an open and fair recruitment process. The Board has an objective that approximately 50% of Non-Executive Directors, including the Board Chair together with the Chairs of the Board Audit and Risk and Compliance Committees should have relevant banking and/or financial experience and this will also be taken into account when recommending appointments. Given the Bank's Irish focussed business model, approximately 70% of the Board Directors are required to be Irish domiciled.

The selection process for Board candidates will continue to be conducted, and nominations/appointments made, with due regard to the benefits of diversity on the Board. 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.

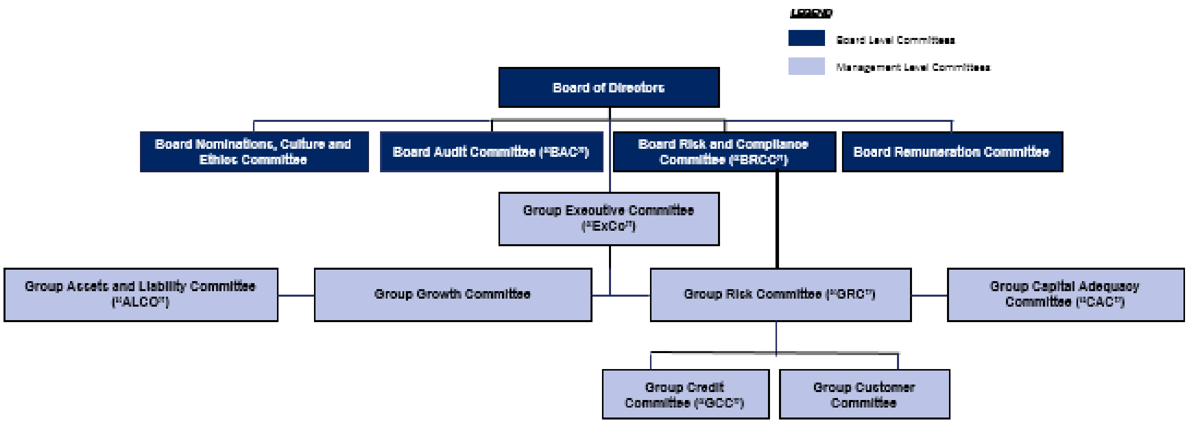
The Board Diversity Report on pages 115 to 117 of the 2020 Annual Report sets out further details on the Board Diversity Policy, its objectives, and relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved.

Board Risk and Compliance Committee (Art 435.2.d)

The Board has established a Board Risk and Compliance Committee with responsibility for oversight and for providing advice to the Board in relation to the consolidated Group and its subsidiaries on risk governance, current and future risk exposures, risk tolerance/appetite and strategy, taking into account all other relevant risks, and for overseeing the implementation of that Strategy by Senior Management. This includes strategy for capital and liquidity management, the setting of risk and compliance policies and principles, and the embedding and maintenance throughout the organisation of a supportive culture in relation to management or risk and compliance. The Board Risk and Compliance Committee met on 15 occasions during 2020. Further details in respect of the Board Risk and Compliance Committee, including committee composition and matters considered by the Committee during the year are set out on pages 123 to 124 of the 2020 Annual Report.

Information flow to Management body (Art 435.2.e)

The following diagram illustrates the high-level Risk Governance Structure of the Group demonstrating the information flow on risk throughout the Group including to the Board of Directors:



- The **Board** has overall governance responsibility for the Group. The Board approves the Group's Risk Appetite, Strategic Direction, Financial MTP (Medium Term Plan) and Budget as part of the Integrated Planning Process. The Board reserves authority to resolve risk/reward decisions which may be subject to appeal.
- **Board Risk and Compliance Committee (BRCC)** is a Board Sub-Committee with responsibility for overseeing and providing advice to the Board on Risk Governance and the current and emerging risk exposures of the Group. It supports the Board in carrying out its responsibilities of ensuring that risks are properly identified, assessed, controlled, monitored and reported. BRCC reviews and recommends, for Board approval, the Group's Enterprise Risk Management Framework and core supporting risk documents, including the Risk Appetite Statement, key risk category-specific frameworks and select policies, and other

artifacts for which Board-level review and approval is deemed necessary. BRCC receive monthly reporting from the Chief Risk Officer ("CRO") related to the Group's risk profile, its control environment, remediation efforts, and the ongoing effectiveness of its risk management framework implementation. BRCC members receive surveys on a periodic basis on risk reporting. This allows members to give feedback and recommendations to Group Risk on the material and content reported.

- 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 **ExCo**, which is chaired by the CEO, is accountable to the Board for delivery of the Group's Management Agenda and Financial Plans, as well as ensuring policies, practices and decisions of the Bank are carried out appropriately, and are properly aligned to Group Strategy and the interests of its shareholders while operating within applicable regulatory and legal requirements.
- ExCo has a Risk Sub-Committee (GRC) consisting of all ExCo members which is chaired by the CRO and which has delegated accountability for Bank-wide Risk Management Issues and implementation of the Group's Risk Appetite Statement.
- The ExCo has additional Risk related Sub-Committees (ALCO, CAC, GrowthCo) which are chaired by ExCo members and which are accountable to ExCo for their respective Risk Management obligations as delegated by ExCo. Relevant decisions/matters arising from the ExCo Risk Sub-Committees are reported to the BRCC (via the CRO) for independent oversight and to ExCo (via the relevant ExCo member/Sub-Committee Chair) for information/noting, or, to raise the attention of ExCo where appropriate.
- The ExCo may not override or modify the decision of its Risk Sub-Committees but may appeal decisions to the Board (or relevant Board Committee).
- The CRO can refer any decision of ExCo or the ExCo Sub-Committees to the Board Risk and Compliance Committee (or Board) for review, where the CRO considers such action to be inconsistent with adherence to the Board-approved risk appetite. The CRO maintains a right of **independent access** to both the Board and BRCC to facilitate the independent communication of significant or material risk matters impacting the Group.

Scope of Application (Art 436)

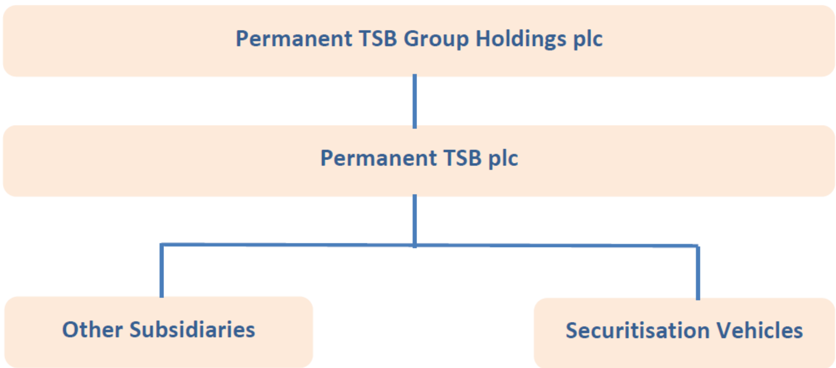
Regulatory Requirements (Art 436.a)

These disclosures apply to Permanent TSB Group Holdings plc which is the highest level of consolidation for prudential reporting purposes. The Group's regulatory requirements, in respect of these disclosures, are contained within the CRR, which is directly applicable in all EU countries and CRD IV transposed into Irish law through S.I. No. 158 of 2014 (as amended by CRD V transposed into Irish law through S.I. No 710 of 2020), 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.

The Group fulfils all of its capital requirements set out above as at 31 December 2020.

Explanations of differences between accounting and regulatory exposure amounts (EU LIA) (Art 436.b)

The scope of consolidation for the Group is the same for accounting and prudential purposes. The Group previously had a captive insurance company which is now in liquidation and is therefore neither consolidated for accounting or prudential purposes.



The main differences between accounting exposures and regulatory exposures (see table 5: LI2 below) result from adding back IRB impairment provisions and the inclusion of off-balance sheet amounts adjusted for credit conversion factors.

Currently, no assets or liabilities are subject to capital requirements for more than one risk framework listed in Part Three of the CRR (see table 4: EU LI1 below).

The Group has no trading book and only a small portion of its balance sheet is carried at fair value. See Note 1 in the Group's 2020 Annual Report for more details on accounting policies.

Table 4: EU LI1: Difference between accounting and regulatory scope of consolidation (Art 436.b)

2020				Carrying values of items				
Balance sheet category	Carrying values as reported in published financial statements €m	Difference in the basis of consolidation for accounting and prudential purposes €m	Carrying values under scope of regulatory consolidation €m	Subject to the credit risk framework €m	Subject to the CCR framework €m	Subject to the securitisation framework €m	Subject to the market risk framework €m	Not subject to capital requirements or subject to deduction from capital €m
Assets								
Cash at bank	71	-	71	71	-	-	-	-
Items in the course of collection	20	-	20	20	-	-	-	-
Debt securities	2,583	-	2,583	2,477	-	106	-	-
Equity securities	24	-	24	24	-	-	-	-
Derivative assets	0	-	0	-	0	-	-	-
Loans and advances to banks	3,312	-	3,312	3,312	-	-	-	-
Loans and advances to customers	14,213	-	14,213	14,213	-	-	-	-
Property and equipment	190	-	190	190	-	-	-	-
Intangible assets	102	-	102	30	-	-	-	72
Deferred taxation	349	-	349	136	-	-	-	213
Other assets	5	-	5	5	-	-	-	-
Prepayments and accrued income	86	-	86	86	-	-	-	-
Assets classified as held for sale	31	-	31	31	-	-	-	-
Total assets	**20,986**	**-**	**20,986**	**20,595**	**0**	**106**	**-**	**285**
Liabilities								
Customer accounts	18,039	-	18,039	-	-	-	-	18,039
Debt securities in issue	809	-	809	-	-	-	-	809
Derivative liabilities	-	-	-	-	-	-	-	-
Accruals	2	-	2	-	-	-	-	2
Current tax liability	1	-	1	-	-	-	-	1
Other liabilities	107	-	107	-	-	-	-	107
Provisions	77	-	77	-	-	-	-	77
Total liabilities	**19,035**	**-**	**19,035**	**-**	**-**	**-**	**-**	**19,035**
Equity								
Share capital	227	-	227	-	-	-	-	227
Share premium	333	-	333	-	-	-	-	333
Other reserves	(791)	-	(791)	-	-	-	-	(791)
Retained earnings	1,937	-	1,937	-	-	-	-	1,937
Shareholders' equity	1,706	-	1,706	-	-	-	-	1,706
Other equity instruments	123	-	123	-				123
Non-controlling interests	122	-	122	-	-	-	-	122
Total equity	**1,951**	**-**	**1,951**	**-**	**-**	**-**	**-**	**1,951**
Total liabilities and equity	**20,986**	**-**	**20,986**	**-**	**-**	**-**	**-**	**20,986**

2019

Balance sheet category	Carrying values as reported in published financial statements €m	Difference in the basis of consolidation for accounting and prudential purposes €m	Carrying values under scope of regulatory consolidation €m	Carrying values of items: Subject to the credit risk framework €m	Subject to the CCR framework €m	Subject to the securitisation framework €m	Subject to the market risk framework €m	Not subject to capital requirements or subject to deduction from capital €m
Assets								
Cash at bank	63	-	63	63	-	-	-	-
Items in the course of collection	15	-	15	15	-	-	-	-
Debt securities	2,005	-	2,005	1,963	-	42	-	-
Equity securities	15	-	15	15	-	-	-	-
Derivative assets	1	-	1	-	1	-	-	-
Loans and advances to banks	1,556	-	1,556	1,556	-	-	-	-
Loans and advances to customers	15,644	-	15,644	15,644	-	-	-	-
Property and equipment	201	-	201	201	-	-	-	-
Intangible assets	66	-	66	-	-	-	-	66
Deferred taxation	345	-	345	175	-	-	-	170
Other assets	259	-	259	259	-	-	-	-
Prepayments and accrued income	49	-	49	49	-	-	-	-
Assets classified as held for sale	59	-	59	59	-	-	-	-
Total assets	**20,278**	**-**	**20,278**	**19,999**	**1**	**42**	**-**	**236**
Liabilities								
Deposits by banks (including central banks)	-	-	-	-	-	-	-	-
Customer accounts	17,190	-	17,190	-	-	-	-	17,190
Debt securities in issue	923	-	923	-	-	-	-	923
Derivative liabilities	2	-	2	-	-	-	-	2
Accruals	5	-	5	-	-	-	-	5
Current tax liability	2	-	2	-	-	-	-	2
Other liabilities	118	-	118	-	-	-	-	118
Provisions	41	-	41	-	-	-	-	41
Total liabilities	**18,281**	**-**	**18,281**	**-**	**-**	**-**	**-**	**18,281**
Equity								
Share capital	227	-	227	-	-	-	-	227
Share premium	333	-	333	-	-	-	-	333
Other reserves	(795)	-	(795)	-	-	-	-	(795)
Retained earnings	2,110	-	2,110	-	-	-	-	2,110
Shareholders' equity	1,875	-	1,875	-	-	-	-	1,875
Other equity instruments	122	-	122	-	-	-	-	122
Total equity	**1,997**	**-**	**1,997**	**-**	**-**	**-**	**-**	**1,997**
Total liabilities and equity	**20,278**	**-**	**20,278**	**-**	**-**	**-**	**-**	**20,278**

Table 5: EU LI2: Reconciliation between regulatory exposure amounts and carrying value in financial statements (Art 436.b)

		Items subject to					Items subject to		
2020	**Total €m**	**Credit risk framework €m**	**CCR framework €m**	**Securitisation framework €m**	**2019**	**Total €m**	**Credit risk framework €m**	**CCR framework €m**	**Securitisation framework €m**
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	**20,701**	**20,595**	**0**	**106**		20,042	19,999	1	42
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	-	-	-	-		-	-	-	-
Total net amount under the regulatory scope of consolidation	20,701	20,595	0	106		20,042	19,999	1	42
Off-balance sheet amounts	1,130	1,130	-	-		1,020	1,020	-	-
Differences due to consideration of provisions	650	650	-	-		818	818	-	-
Net potential future exposures	1	-	1	-		1	-	1	-
Other	32	31	-	1		(7)	(8)	-	1
Exposure amounts considered for regulatory purposes	**22,515**	**22,407**	**1**	**107**		**21,874**	**21,829**	**2**	**43**

Table 6: EU LI3: Outline of the differences in the scopes of consolidation (entity by entity) (Art 436.b)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Permanent TSB Group Holdings plc	Full consolidation	X				Credit institution holding company
Permanent TSB plc	Full consolidation	X				Credit institution
PBI Ltd	Full consolidation	X				Financial corporation other than credit institution
Permanent TSB Finance Ltd	Full consolidation	X				Financial corporation other than credit institution
Springboard Mortgages Ltd	Full consolidation	X				Financial corporation other than credit institution
Joint Mortgage Holdings No1 Ltd	Full consolidation	X				Financial corporation other than credit institution
Springboard Funding No.1 Ltd	Full consolidation	X				Financial corporation other than credit institution
Securitisation Vehicles						
Fastnet Securities 5 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 6 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 10 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 11 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 12 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 13 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 14 DAC	Full consolidation	X				Securitisation vehicle
Fastnet Securities 15 DAC	Full consolidation	X				Securitisation vehicle

Impediments to the transfer of financial funds (Art 436.c)

The Group is subject to regular reviews of its internal capital adequacy assessment process (ICAAP) through the Supervisory Review and Evaluation Process (SREP). Per the latest SREP report, there is a restriction imposed on Permanent TSB plc from paying dividends to Permanent TSB Group Holdings plc. SREP requirements are reviewed on an annual basis.

There are no entities within the Group other than Permanent TSB plc subject to minimum capital requirements.

Shortfall of own funds for subsidiaries not included in consolidation (Art 436.d)

There is no shortfall of own funds for subsidiaries not included in consolidation.

Use of Article 9 for individual reporting (Art 436.e)

The Group has availed of the discretion in Article 9 (1) of the CRR to meet its individual reporting for Permanent TSB plc on an 'amended solo' basis. This discretion treats subsidiaries of a group as if they were branches rather than separate legal entities.

The risk profile of the Group does not differ in any material way from that of Permanent TSB plc and therefore all disclosures have been provided at Group level only.

Own Funds (Art 437)

The disclosure requirement for Own funds is laid down in Regulation (EU) No 1423/2013. This Regulation specifies uniform templates for the purposes of disclosure pursuant to points (a), (b), (d) and (e) of paragraph 1 of Article 437 and pursuant to paragraph 3 of Article 492 of Regulation (EU) No 575/2013.

Table 7: Reconciliation of shareholders' equity in Group Balance Sheet to own funds (Art 437.1.a)

All figures in €m	31-Dec 2020	31-Dec 2019
Shareholders' equity according to the Group's balance sheet	**1,951**	**1,997**
Deferred tax assets	(343)	(337)
Intangible assets	(72)	(66)
Additional Tier 1 instrument	(245)	(122)
Other adjustments	244	293
of which: add back for deferred tax asset transitional adjustment	*130*	*167*
of which: adjustments due to IFRS 9 transitional arrangements	*122*	*134*
Common Equity Tier 1 capital	**1,535**	**1,765**
Additional Tier 1 instrument included in consolidated own funds	190	85
Total Tier 1 capital	**1,725**	**1,850**
Tier 2 instrument	13	10
Net provisions for reported IRB credit exposures	41	51
Total Tier 2 capital	**54**	**61**
Total capital base	**1,779**	**1,911**

Table 8: Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments issued by the Group (Art 437.1.b)

Capital instruments' main features template*				
1	Issuer	Permanent TSB Group Holdings plc	Permanent TSB plc	Permanent TSB Group Holdings plc
2	Unique identifier	IE00BWB8X525	XS1227057814	XS2258541734
3	Governing law(s) of the instrument	Irish	English/Irish	Irish
Regulatory treatment				
4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Consolidated	Solo & (partially) Consolidated	Group and solo (the external issuance is downstreamed to PTSB plc in the AT1 format)
7	Instrument type	Ordinary Shares	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52
8	Amount recognised in regulatory capital (€m)	227	67	123
9	Nominal amount of instrument	EUR 0.50	EUR 125,000,000	EUR 125,000,000
9a	Issue price (of latest issue)	EUR4.50	100.029 per cent	100.00 per cent
9b	Redemption price	N/A	100 per cent of principal amount	100 per cent of principal amount
10	Accounting classification	Shareholders' Equity	Shareholders' Equity	Shareholders' Equity
11	Original date of issuance	05-May-15	29-Apr-15	25-Nov-20
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	1 April 2021 and 1 April annually thereafter. 100 per cent of principal amount In addition Tax/Regulatory call.	On any day beginning 25 November 2025 and ending on 25 May 2026 or thereafter on 25 May and 25 November annually. 100 per cent of principal amount In addition Tax/Regulatory call.
16	Subsequent call dates, if applicable	N/A	1 April annually from 2022	25 May and 25 November annually from 2027
Coupons / dividends				
17	Fixed or floating dividend/coupon	N/A	Fixed	Fixed
18	Coupon rate and any related index	N/A	8.625%	7.875%
19	Existence of a dividend stopper	N/A	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No
22	Non-cumulative or cumulative	N/A	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Convertible	N/A
24	If convertible, conversion trigger(s)	N/A	CET 1 Capital Ratio of the Issuer or the CET 1 Capital Ratio of the Issuer Group falls below 7.00 per cent.	N/A
25	If convertible, fully or partially	N/A	Fully	N/A
26	If convertible, conversion rate	N/A	EUR 3.00	N/A

Capital instruments' main features template*				
27	If convertible, mandatory or optional conversion	N/A	Mandatory	N/A
28	If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	Parent (Permanent TSB Group Holdings plc)	N/A
30	Write-down features	N/A	No	Yes
31	If write-down, write-down trigger(s)	N/A	N/A	CET 1 Capital Ratio of the Issuer or the CET 1 Capital Ratio of the Issuer Group falls below 7.00 per cent.
32	If write-down, full or partial	N/A	N/A	Fully or partially
33	If write-down, permanent or temporary	N/A	N/A	Temporary
34	If temporary write-down, description of write-up mechanism	N/A	N/A	Write up to Initial Principal Amount subject to any MDA requirements and Maximum Write Up Amount
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

*'N/A' inserted if the question is not applicable

Full terms and conditions of all Common Equity Tier 1 and Additional Tier 1 instruments

(Art 437.1.c)

Details of the full terms and conditions of all of the above instruments can be found at the following location on the Group's website:

- For Common Equity Tier 1 instruments please refer to the Articles of Association found at the following link: https://www.permanenttsbgroup.ie/sites/tsb/files/document-centre/governance/Memorandum-and-Articles-of-Assocation.pdf
- For Additional Tier 1 instruments: https://www.permanenttsbgroup.ie/investors/debt-investors/unsecured-funding

Table 9: Own funds disclosure template (Art 437.1.d & 437.1.e)

	Own funds disclosure template([1]) All figures in €m	31-Dec-20	31-Dec-19	REGULATION (EU) No 575/2013 ARTICLE REFERENCE	31-Dec-20	31-Dec-19
		Fully loaded basis			**Transitional basis([2])**	
Common Equity Tier 1 capital: instruments and reserves						
1	Capital instruments and the related share premium accounts	561	561	*26 (1), 27, 28, 29*	561	561
	of which: ordinary shares	227	227	*EBA list 26 (3)*	227	227
	of which: deferred shares	0	0	*EBA list 26 (3)*	0	0
	of which: share premium	333	333	*EBA list 26 (3)*	333	333
2	Retained earnings	2,107	2,078	*26 (1) (c)*	2,230	2,212
3	Accumulated other comprehensive income (and other reserves)	(791)	(795)	*26 (1)*	(791)	(795)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	32	*26 (2)*	0	32
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,877**	**1,875**	*Sum of rows 1 to 5a*	**1,999**	**2,010**
Common Equity Tier 1 (CET1) capital: regulatory adjustments						
7	Additional value adjustments (negative amount)	(0)	(0)	*34, 105*	(0)	(0)
8	Intangible assets (net of related tax liability) (negative amount)	(72)	(66)	*36 (1) (b), 37*	(72)	(66)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(343)	(337)	*36 (1) (c), 38*	(213)	(170)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(8)	(8)	*36 (1) (f), 42*	(8)	(8)
25a	Losses for the current financial year (negative amount)	(172)	0	*36 (1) (a)*	(172)	0
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(595)**	**(412)**	*Sum of rows 7 to 20a, 21, 22 and 25a to 27*	**(465)**	**(245)**
29	**Common Equity Tier 1 (CET1) capital**	**1,282**	**1,464**	*Row 6 minus row 28*	**1,535**	**1,765**
Additional Tier 1 (AT1) capital: instruments						

	Own funds disclosure template(1) All figures in €m	31-Dec-20	31-Dec-19	REGULATION (EU) No 575/2013 ARTICLE REFERENCE	31-Dec-20	31-Dec-19
		Fully loaded basis			Transitional basis(2)	
30	Capital instruments and the related share premium accounts	123	0	*51, 52*	123	0
31	of which: classified as equity under applicable accounting standards	123	0		123	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	75	104	*85, 86*	67	85
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**198**	**104**	*Sum of rows 30, 33 and 34*	**190**	**85**
Additional Tier 1 (AT1) capital: regulatory adjustments						
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	**0**	*Sum of rows 37 to 42*	**0**	**0**
44	**Additional Tier 1 (AT1) capital**	**198**	**104**	*Row 36 minus row 43*	**190**	**85**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,480**	**1,567**	*Sum of row 29 and row 44*	**1,725**	**1,850**
Tier 2 (T2) capital: instruments and provisions						
46	Capital instruments and the related share premium accounts	0	0	*62, 63*	0	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	17	9	87, 88	13	10
50	Credit risk adjustments	41	51	*62 (c) & (d)*	41	51
51	**Tier 2 (T2) capital before regulatory adjustment**	**59**	**60**		**54**	**61**
Tier 2 (T2) capital: regulatory adjustments						
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	**0**	*Sum of rows 52 to 56*	**0**	**0**
58	**Tier 2 (T2) capital**	**59**	**60**	Row 51 minus row 57	**54**	**61**
59	**Total capital (TC = T1 + T2)**	**1,539**	**1,628**	Sum of 45 and row 58	**1,779**	**1,911**
60	**Total risk-weighted assets**	**8,471**	**9,996**		**8,480**	**10,012**
Capital ratios(3) and buffers						

Own funds disclosure template([1]) All figures in €m		31-Dec-20	31-Dec-19	REGULATION (EU) No 575/2013 ARTICLE REFERENCE	31-Dec-20	31-Dec-19
		Fully loaded basis			Transitional basis([2])	
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.1%	14.6%	92 (2) (a)	18.1%	17.6%
62	Tier 1 (as a percentage of total risk exposure amount)	17.5%	15.7%	92 (2) (b)	20.3%	18.5%
63	Total capital (as a percentage of total risk exposure amount)	18.2%	16.3%	92 (2) (c)	21.0%	19.1%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	2.5%	3.5%	CRD 128, 129, 130, 131, 133	2.5%	3.5%
65	of which: capital conservation buffer requirement	2.5%	2.5%		2.5%	2.5%
66	of which: countercyclical buffer requirement	0.0%	1.0%		0.0%	1.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) ([4])	10.2%	8.3%	CRD 128	13.0%	11.1%
Amounts below the thresholds for deduction (before risk-weighting)						
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions	24	15	36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70	24	15
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	0	2	36 (1) (i), 45, 48	0	2
75	Deferred tax assets arising from temporary differences (amount below 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met)	2	1	*36 (1) (c), 38, 48*	6	7
Applicable caps on the inclusion of provisions in Tier 2						
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	41	51	*62*	41	51

(1) Template prescribed in Regulation EU 1423/2013 (Annex IV). Row is not shown if the question is not applicable, however in line with EBA guidance the numbering of each row is unchanged.

(2) Transitional basis reflects IFRS 9 transitional arrangements and the transitional impact of the 10 year phase-in of the Deferred Tax Asset deduction.

(3) The Group calculates its capital ratios in accordance with EU Regulation 575/2013.

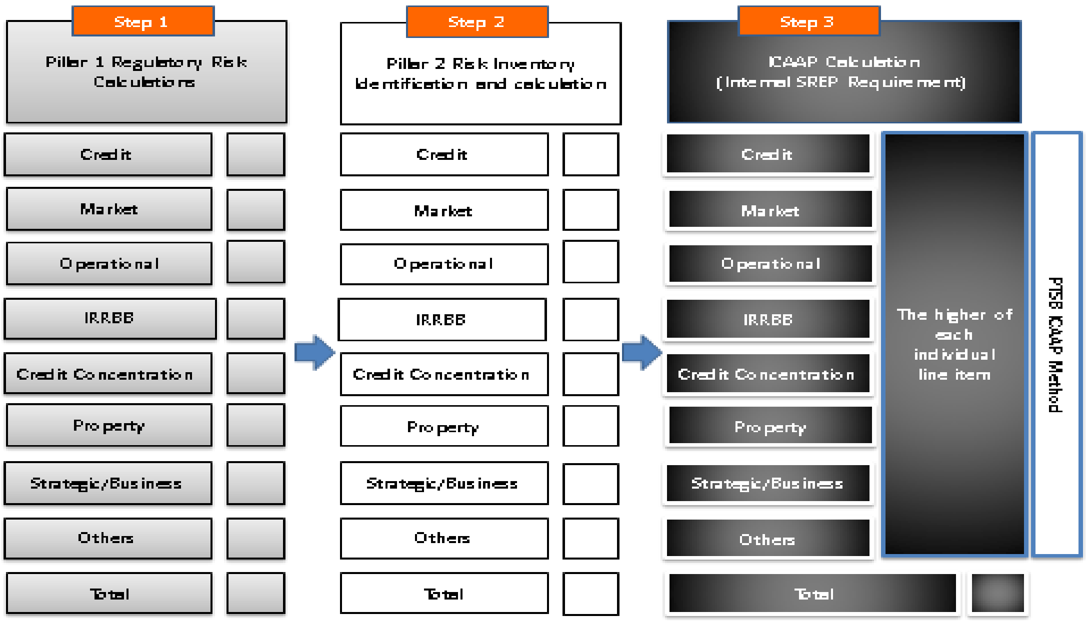
(4) The CET1 available to meet buffers is calculated as the difference between the Group's CET1 ratio and the Pillar 1 CET1 minimum requirement plus the amount of CET1 used to cover any shortfall of AT1/T2.

Capital Requirements (Art 438)

Group's approach to assessing the adequacy of its internal capital to support current and future activities

(Art 438.a)

The Group has adopted an 'Internal SREP Requirement' approach to calculate its internal capital requirements. This approach is based on the aggregation of individually calculated internal capital requirements (a comparison to the Pillar 1 Risk capital calculations where relevant and taking the higher of those) for each material risk where capital is deemed an appropriate risk mitigant and it provides the total capital requirements for the Group at a specified point in time for a 1 year horizon.



For the purposes of ICAAP the definition of what constitutes a material risk, and for which of these risks capital should be assessed and set aside, is based on the Group material risk decision framework.

The following table summarises the current Pillar 2 risks for which the Group has assessed internal capital requirements. The underlying approach calculates the economic loss over a one year horizon at a 99.9% confidence level.

Table 10: Pillar 2 Capital Consuming Risks

PTSB-Pillar 2 Capital Consuming Risks							
Credit Risk	Credit Concentration Risk	IRRBB	Market Risk	Property Risk	Credit Spread Risk (CSR)	Operational & IT Risk	Business/ Strategic Risk

The methodology used for each material risk calculation for ICAAP under Pillar 2 is summarised below:

Table 11: Capital Quantification Methodology for Capital-Consuming Risks

Risk Category	Capital Quantification/methodology
Credit Risk	**Credit** Pillar 1 Calculation of Credit Risk Regulatory Pillar 1 Capital is for most of the portfolio based upon the advanced or, for the Treasury book, foundation IRB approaches. A small Standardised portfolio also exists. Pillar 2 Similar to Pillar 1, the Economic Capital Credit Risk model estimates 1 in 1,000 year losses over a one year time horizon based upon current performing CRR IRB exposures and probabilities of default applying conservative, stressed long run average recovery rates. The model works by calculating portfolio level unexpected losses (1 standard deviation) applying conservative CRR asset correlations in a standard “variance–covariance” approach to account for diversification and then extrapolating out to the tail of the potential loss distribution using a wide-tailed Beta distribution. Projected back-book provisions above current levels, through ICAAP scenarios or losses due to expected portfolio sales, are considered a deduction from the capital supply and therefore are not included in capital requirements for unexpected losses.

	Credit Concentration Credit Concentration risk capitalises additional Credit Risk losses driven by concentrations in customers (single name), international, sectors (typically for corporate exposures), products (retail portfolio), region and, following regulatory feedback vintage risk was considered in this year's ICAAP. Conceptually, there is considerable potential for overlap between Credit Concentration Risk and Credit Risk if quantified separately. However, with Asset Correlations assumed to be at CRR levels, Concentration Risks are not expressly quantified in Pillar 1 Credit Risk model and, as such, a Pillar 2 capital add-on is calculated per a standalone Concentration Risk model. For the current iteration of ICAAP, the approach for Single Name (Gordy approach), Product concentration (Variance-Covariance) and Region concentration (Variance-Covariance approach) was retained. The approach for Sector concentration (concentration in industry sectors in ROI Corporate RIP, ROI Commercial and Treasury portfolios) and International concentration (concentration by international geographical region) was also retained and this approach is based upon a PRA designed framework. A concentration risk assessment was conducted for vintage risk concentration. The Gordy Approach to Single Name concentration introduces an extension of the Basel formula that incorporates concentrations in big names and thus calculates an add-on to Pillar 1 capital. The model considers unexpected loss and LGD volatility to provide an assessment of 'lumpiness'. The Variance-covariance methodology for Region and Product is based on classic portfolio theory where correlations are included in calculations via pair-wise default correlations. Default correlations are taken from observed default behaviour within appropriately segmented portfolios. The concentration risk element of the capital is separated from the pure credit risk element by reference to the Pillar 1 current portfolio and a diversified 'Market Portfolio'. The concentration risk add-on is calculated by a Capital Multiplier. Herfindahl Hirschman Index (HHI): The key driver of risk in the PRA methodology is the Herfindahl Hirschman Index (HHI). The HHI is defined as the sum of the squares of the relative portfolio risk shares of each the borrowers, industry sectors or geographical region. A concentration risk assessment was conducted for vintage risk concentration. Four different vintages were considered based on origination time period and loan type for the performing portfolio. These were pre financial crisis capital and interest mortgage loans, pre financial crisis non-standard mortgage loans, post financial crisis capital and interest mortgage loans and non-standard Mortgage Loans.
Market Risk	Market Risk under Pillar 1 is limited to foreign exchange risk. However as the Group's net foreign exchange position at the end of 2019 and 2020 is immaterial (less than 2% of total own funds) no capital is required to be held against this risk under Pillar 1. Traditional position market risk is therefore not considered material for assessment under Pillar 2.

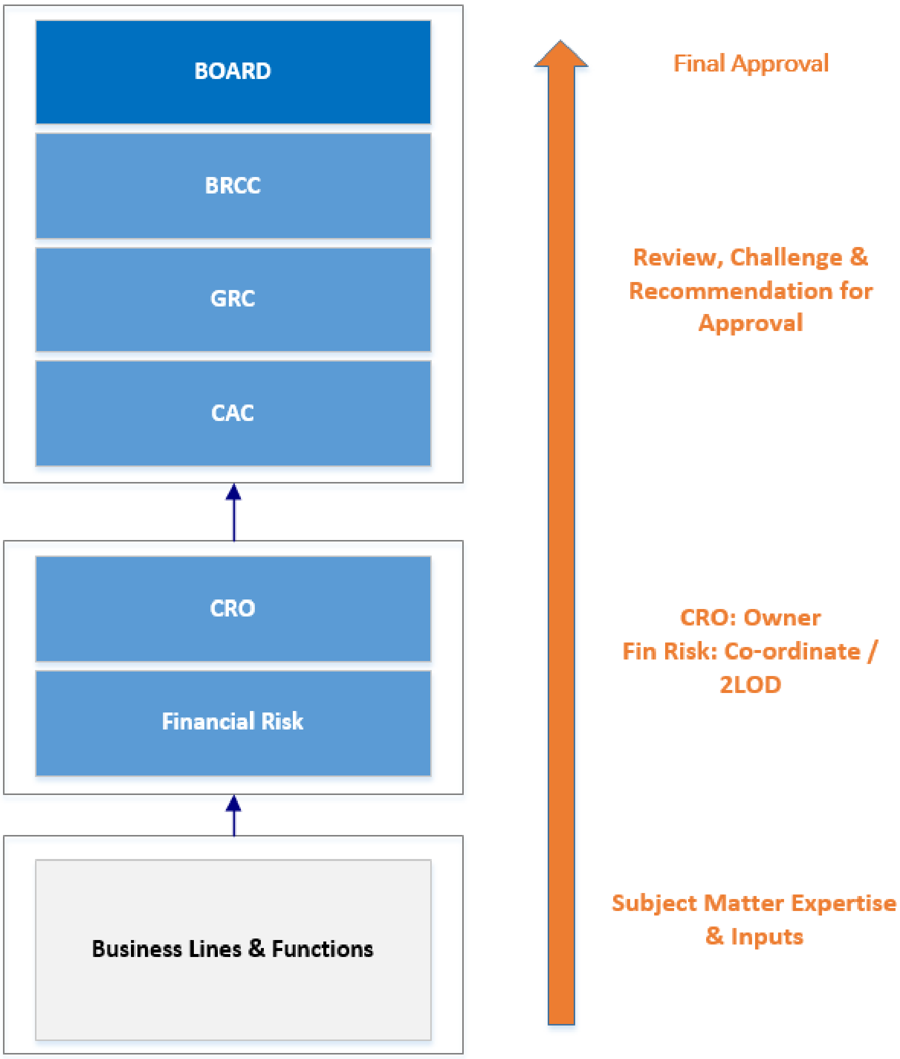
Interest Rate Risk in the Banking Book (IRRBB) incl. Basis Risk	In line with the regulatory and industry standards the Bank's interest rate risk exposure is derived from both an earnings (accrual) perspective and from an economic value perspective. Assets and liabilities are bucketed according to maturity (contractual or behavioural) or re-pricing type (i.e. variable and fixed), with the interest rate shocks applied using the following methods: 1. Earnings at Risk (EAR); 2. Economic Value including Equity (EV); and 3. Economic Value excluding Equity (EVE). In relation to flooring the Bank applies the EBA prescribed floor of -1% and an ECB Base Rate floor of –0.25% within the models. The Bank runs 13 core stress scenarios through the calculation models. The stress scenarios are either prescribed through regulation (Revised Basel Standards and EBA Guidelines) or standard market practice. The suite of scenarios constitute both the normative and economic perspectives. To avoid duplication the higher of the EaR, EV or EVE calculations across the 13 key is taken to represent the Bank's IRRBB risk level. A general limitation of IRRBB models is the assumption that assets and liabilities within a time bucket re-price simultaneously and in the same direction and magnitude. This may not be the case and represents Basis risk which is the risk that two separate interest rate indices which appear to be correlated over time either cease to be correlated at all or the relationship breaks down temporarily. Consequently a matching of assets and liabilities that had appeared "hedged" breaks down and generates P&L volatility. PTSB separately calculates the contractual Basis Risk exposure through an internal model which applies an ECB Base to Euribor spread shock. In calibrating the severity of the spread widening shock Treasury have used a historical data set ranging from September 1999 to present to ensure it is long enough to capture full interest rate cycles. The risk position is added to the most severe of Economic Value or Earnings risk levels in order to ensure all material sources of Interest Rate Risk are capitalised for. The above measures are further supplemented by NII sensitivity analysis, PV01 sensitivity and duration mismatch.
Property Risk	Property Risk is assessed for potential capital impact by shocking the value of the Group's own property (branch and office) network by an appropriate level in line with the Group's target confidence level of 99.9%. The appropriate size of the property shock is a function of the volatility of the property markets to which the group is exposed and aligned to the selected confidence level in the credit risk assessment methodology used for Group loans and advances. Tangible assets that are capitalised for credit risk under Pillar 1 are netted from the result to avoid double-counting. In addition, the Group uses a benchmarking approach of applying the worst CRE price shock in recorded history, to the property exposure on the balance sheet.

Credit Spread Risk (CSR)	The daily market value of the Hold to Collect and Sell (HTCS) portfolio is determined by their current yields where changes in the observed yield reflect, amongst other factors, current market perceptions of the credit quality of a bond. To define potential future volatility, the Bank has calibrated historical observed credit spread movements as a reference point for potential future sources of risk in the portfolio. Given that the Group's HTCS bond portfolio consists of Irish sovereigns and the going forward target HTCS portfolio duration of 3 years, the approved CSR methodology takes the German 3 year bond price as the risk free rate and measures the spread against the equivalent 3 Year Irish bond over an 8 year historic period. Daily observations of the 1 month change in spread are used to determine the adverse shock factor using a 99% Confidence Interval. A one month observation is used as it reflects the period of time it would take the Group to exit its bond position.
Operational & IT Risk	Pillar 1 CRD IV Standardised Approach is followed by the Group to calculate the Operational Risk Capital for Pillar 1. Based on this approach, operational risk capital is a direct multiple of gross income and uses a 'beta factor' (prescribed by regulation) differentiated by business line to determine capital requirements from gross income. Pillar 2 For Pillar 2 Scenario analysis is used to assess and quantify the potential impact of the most material non-financial risks to which the Group is, or may be, exposed. Scenario analysis involves performing a 'deep-dive' into low frequency, high impact risk events with appropriate members of the business to drive-out estimates of impact and likelihood. Estimates of the expected frequency of a given scenario event, together with severity estimates, provide inputs to a statistical model which calculates an assessment of the Operational Risk Pillar 2 capital charge at a confidence level of 99.9%.
Business / Strategic Risk	The Group's Business Risk analysis captures the 99.9% worst case value change over a 1 year time horizon due to fluctuations in volume, margins, and expenses depending on the variable and fixed cost composition. Business Risk is measured by shocking the one year base case forecast income levels by an appropriate degree, in line with the chosen confidence level. The Group also applied a challenger approach, utilising the outputs of the ICAAP stress testing profitability focussed scenario. Strategic Risk is not considered to be appropriately mitigated by capitalisation.

ICAAP Governance

The ICAAP is integral to the effective oversight and challenge of capital planning and, accordingly, the Group takes a disciplined approach to ICAAP governance.

Table 12: Overview of the 2020 ICAAP Governance Structure



ICAAP Frequency

The Group is required to produce a full ICAAP report on an annual basis, or more frequently, if required.

Design, Execution and Documentation

The Financial Risk Team is responsible for the co-ordination and oversight of the ICAAP. This is done in close collaboration with a range of relevant first and second-line business units. The Capital Adequacy Committee (CAC) is an ExCo sub-committee and provides the oversight and challenge to the ICAAP. The BRCC are responsible for reviewing and for recommending approval of the full ICAAP Report to the Board.

Stress Testing Oversight

The CAC is responsible for maintaining an appropriate level of oversight and management of the on-going execution of solvency stress testing exercises, including those performed external to the ICAAP. Whilst the Board maintains overall responsibility for the stress testing programme, detailed execution responsibilities are delegated via ExCo to the CAC, which is responsible for scrutinising the practical aspects including methodologies and the translation of macroeconomic variables into internal risk factors.

Capital Adequacy Review and Conclusions

The CAC is also responsible for reviewing capital adequacy on an ongoing basis and, at a minimum, receives monthly reporting on the Group's actual and forecast capital position. As part of the review, the CAC evaluates trends in Pillar 1 and Pillar 2 capital requirements and assesses appropriate mitigants to any escalating risks.

Table 13: EU OV1: Overview of RWA (Art 438.c, 438.d, 438.e, 438.f, 449.o)

	2020		2019	
	RWA €m	Minimum capital requirements €m	RWA €m	Minimum capital requirements €m
Credit Risk (excluding CCR)	**7,629**	**610**	9,203	736
the Standardised approach	649	52	666	53
the foundation IRB (FIRB) approach	137	11	335	27
the advanced IRB (AIRB) approach	6,754	540	8,146	652
equity IRB under the simple risk-weighted approach or the IMA	89	7	56	4
CCR	**1**	**0**	1	0
mark to market	1	0	1	0
original exposure	-	-	-	-
the Standardised approach	-	-	-	-
internal model method (IMM)	-	-	-	-
risk exposure amount for contributions to the default fund of CCP	-	-	-	-
CVA	0	0	0	0
Settlement risk	**-**	**-**	-	-
Securitisation exposures in the banking book (after the cap)	**165**	**13**	90	7
IRB approach	165	13	90	7
IRB supervisory formula approach (SFA)	-	-	-	-
internal assessment approach (IAA)	-	-	-	-
standardised approach	-	-	-	-
Market risk	**-**	**-**	-	-
the standardised approach	-	-	-	-
IMA	-	-	-	-
Large exposures	**-**	**-**	-	-
Operational Risk	**672**	**54**	695	56
basic indicator approach	-	-	-	-
standardised approach	672	54	695	56
advanced measurement approach	-	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	**14**	**1**	24	2
Floor adjustment	**-**	**-**	-	-
Total	**8,480**	**678**	10,012	801

The primary driver of the decrease in capital requirements is the sale of a performing loan portfolio during the year. Table 14 on the next page provides more detail on the movement of RWA measured under the IRB approach.

Table 14: EU CR8: RWA flow statements of credit risk exposures under the IRB approach (Art 438.d)

	RWA amounts €m	Capital requirements €m
RWA as at 31 December 2019	**8,537**	**683**
Asset size	197	16
Asset quality	(332)	(27)
Model updates	-	-
Methodology and policy	(323)	(26)
Acquisitions and disposals	(1,133)	(91)
Foreign exchange movements	-	-
Other	32	3
RWA as at 31 December 2020	**6,980**	**558**

	RWA amounts €m	Capital requirements €m
RWA as at 31 December 2018	9,013	721
Asset size	(124)	(10)
Asset quality	-	-
Model updates	-	-
Methodology and policy	(77)	(6)
Acquisitions and disposals	(295)	(24)
Foreign exchange movements	-	-
Other	20	1
RWA as at 31 December 2019	8,537	683

In both 2020 and 2019, the ‘acquisitions and disposals’ flow is due to the sale of loan portfolios. The ‘methodology and policy’ flow resulted from the Group receiving permission under a permanent partial use (PPU) to apply the standardised approach to its Euro denominated EU Sovereign exposures (in 2019) and to its corporate/SME exposures (in 2020).

Table 15: EU CR10: IRB (specialised lending and equities) (Art 438)

Equities under the simple risk-weighted approach as at 31 December 2020

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	24	-	370%	24	89	7
Total	24	-		24	89	7

Equities under the simple risk-weighted approach as at 31 December 2019

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Private equity exposures	-	-	190%	-	-	-
Exchange-traded equity exposures	-	-	290%	-	-	-
Other equity exposures	15	-	370%	15	56	4
Total	15	-		15	56	4

For further information refer to the disclosure related to the Group's equity investment in Visa Incorporated under Article 447 on page 82.

Counterparty credit risk (Art 439)

Internal capital allocation and credit limits for counterparty credit exposures (Art 439.a)

The Group is exposed to counterparty credit risk[2] through its portfolio of derivatives contracts, comprising mostly of interest rate and forward currency agreements. Derivative instruments are used by the Group to hedge against interest rate risk and foreign currency risk exposures.

Credit exposure arises on derivative transactions as there is a risk that the counterparty to the contract defaults prior to its maturity. If, at that time, the Group incurs a loss in order to replace the contract, this gives rise to a claim on the counterparty.

In line with Board approved policy, counterparty credit limits are approved at individual customer level by the Asset and Liability Committee (ALCO) and are based primarily on the counterparty's credit rating, internal credit review and business requirements. The Group allocates these limits using the internal ratings based (IRB) approach. The IRB grade is determined using the mid-rating for the three main rating agencies and other internal adjustments.

The capital calculation uses Probability of Default (PDs) assigned to counterparties based on their IRB ratings and the PDs are then used to calculate Risk Weighted Assets and Expected Loss.

Securing of collateral and establishing of reserves (Art 439.b)

It is Group practice, where possible and appropriate, that Master Agreements are put in place to cover derivatives business on a counterparty specific basis. It is also Group practice in relation to wholesale market counterparties to supplement International Swaps and Derivatives Association (ISDA) documentation with a Credit Support Annex (CSA) to accommodate the reduction of net exposure on an agreed basis, and in line with market practice, by way of transferring a margin amount. As of 31 December 2020, all outstanding derivative transactions are covered by master agreements.

Acceptable collateral is predominantly cash-based, although the documentation in general allows for securities to be used as collateral. In line with market practice, the underlying transactions and the associated collateral are subject to daily/weekly mark to market calculation, with any required transfer of collateral made in line with contractual requirements. Accordingly, as at 31 December 2020, no specific credit reserves are maintained for exposures of this type.

Limitation on wrong-way exposures (Art 439.c)

The Group's measurement of credit risk exposure takes into account the requirement to ensure that related risks are correctly measured e.g. where a counterparty provides collateral for margining. The

[2] Exposure to counterparty credit risk as referred to in Part Three, Title II, Chapter 6 of the CRR

Group does not accept collateral which could be considered to be highly correlated with their own credit risk. This is further mitigated by managing all margining using only cash as collateral.

Impact on collateralisation of a rating downgrade (Art 439.d)

Certain counterparties require an 'independent amount', which is in addition to the minimum threshold amount, to be deposited due to the Group's credit rating. This obligation is detailed in the CSA agreements the Group entered into. While no counterparty rating triggers have been exercised at the end of 2020, any rating downgrade of the Group would not necessitate the posting of a significant amount of additional collateral due to the very limited size of the derivative book.

Table 16: EU CCR1: Analysis of CCR exposure by approach (Art 439.e, 439.f)

2020	**Notional €m**	**Replacement cost/current market value €m**	**Potential future credit exposure €m**	**EEPE* €m**	**Multiplier €m**	**EAD post CRM €m**	**RWA €m**
Mark to Market		0	1			1	0
Original exposure	-					-	-
Standardised approach		-			-	-	-
IMM (for derivatives and SFTs)				-	-	-	-
of which securities financing transactions				-	-	-	-
of which derivatives and long settlement transactions				-	-	-	-
of which from contractual cross-product netting				-	-	-	-
Financial collateral simple method (for SFTs)						-	-
Financial collateral comprehensive method (for SFTs)						-	-
VaR for SFTs						-	-
Total						**1**	**0**

2019	Notional €m	Replacement cost/current market value €m	Potential future credit exposure €m	EEPE* €m	Multiplier €m	EAD post CRM €m	RWA €m
Mark to Market		0	1			2	1
Original exposure	-					-	-
Standardised approach		-			-	-	-
IMM (for derivatives and SFTs)				-	-	-	-
of which securities financing transactions				-	-	-	-
of which derivatives and long settlement transactions				-	-	-	-
of which from contractual cross-product netting				-	-	-	-
Financial collateral simple method (for SFTs)						-	-
Financial collateral comprehensive method (for SFTs)						-	-
VaR for SFTs						-	-
Total						**2**	**1**

* EEPE - Effective Expected Positive Exposure is calculated as a weighted average of effective expected exposure during the first year of future exposure or, if all contracts within the netting set mature within less than one year, over the time period of the longest maturity contract in the netting set, where the weights are the proportion of the entire time period that an individual expected exposure represents.

Table 17: EU CCR2: CVA capital charge (Art 439.e, 439.f)

2020	Exposure value €m	RWA €m	2019	Exposure value €m	RWA €m
Total portfolios subject to the advanced method	-	-		-	-
(i) VaR component (including the 3x multiplier)		-			-
(ii) SVaR component (including the 3x multiplier)		-			-
All portfolios subject to the standardised method	1	0		1	0
Based on the original exposure method	-	-		-	-
Total subject to the CVA capital charge	**1**	**0**		**1**	**0**

The Bank continues to hold a very limited derivative portfolio.

Capital buffers (Art 440)

The following disclosures are made in accordance with Commission Delegated Regulation (EU) 2015/1555.

Table 18: Amount of institution-specific countercyclical capital buffer[3] *(figures in €'m)*

		2020	2019
		010	010
010	Total risk exposure amount	8,840	10,012
020	Institution specific countercyclical buffer rate	0.0%	1.00%
030	Institution specific countercyclical buffer requirement	0	100

[3] As less than 2% of Group's relevant exposures are outside of Ireland, the Irish countercyclical buffer rate of 1% is applied to all of the Group's RWA in 2019.

Table 19: Geographical distribution of credit exposures relevant[4] for the calculation of the countercyclical capital buffer

December 2020

€'m	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements					
Country	Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	of which: General credit exposures	of which: Trading book exposures	of which: Securitisation exposures	Total	Own funds requirements weights	Countercyclical capital buffer rate
2020	10	20	30	40	50	60	70	80	90	100	110	120
Ireland	240	15,587	0	0	0	107	553	0	13	566	0.98	0.00%
United Kingdom	0	84	0	0	0	0	10	0	0	10	0.02	0.00%
United States of America	0	15	0	0	0	0	1	0	0	1	0.00	0.00%
Australia	0	9	0	0	0	0	0	0	0	0	0.00	0.00%
Germany	0	3	0	0	0	0	0	0	0	0	0.00	0.00%
Spain	0	2	0	0	0	0	0	0	0	0	0.00	0.00%
France	0	2	0	0	0	0	0	0	0	0	0.00	0.00%
Other countries (<€2m each)	0	13	0	0	0	0	0	0	0	0	0.00	0.00%
Total	**240**	**15,716**	**0**	**0**	**0**	**107**	**564**	**0**	**13**	**577**	**1.00**	0.00%

[4] Relevant credit exposures exclude exposures, for example, to governments, public sector entities and institutions

December 2019

€'m	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirements weights	Countercyclical capital buffer rate
Country	Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	of which: General credit exposures	of which: Trading book exposures	of which: Securitisation exposures	Total		
2019	**10**	**20**	**30**	**40**	**50**	**60**	**70**	**80**	**90**	**100**	**110**	**120**
Ireland	891	17,230	0	0	0	43	713	0	7	720	0.98	1.00%
United Kingdom	0	128	0	0	0	0	11	0	0	11	0.01	1.00%
United States of America	0	26	0	0	0	0	1	0	0	1	0.00	0.00%
Australia	0	12	0	0	0	0	0	0	0	0	0.00	0.00%
Germany	0	4	0	0	0	0	0	0	0	0	0.00	0.00%
United Arab Emirates	0	3	0	0	0	0	0	0	0	0	0.00	0.00%
France	0	2	0	0	0	0	0	0	0	0	0.00	0.25%
Spain	0	2	0	0	0	0	0	0	0	0	0.00	0.00%
Italy	0	2	0	0	0	0	0	0	0	0	0.00	0.00%
Other countries (<€2m each)	0	13	0	0	0	0	1	0	0	1	0.00	N/A
Total	**891**	**17,422**	**0**	**0**	**0**	**43**	**727**	**0**	**7**	**734**	**1.00**	**1.00%**

Indicators of global systemic importance (Art 441)

The Group has not been identified as a bank of global systemic importance and therefore no additional disclosures are required to be made under this article. A full list of the global systemically important institutions (G-SIIs) in the EU is available on the EBA's website.

Credit risk adjustments (Art 442)

Definition of past due and impaired (Art 442.a)

An account is classified as **past due** where the customer is 1 day or more past due on any material credit obligation (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).

As part of the implementation of International Financial Reporting Standard Number 9 (IFRS 9) on 1 January 2018, defaulted exposures are assessed as Stage 3, **credit impaired**. While the standard does not define default, it does require institutions to use the definition of default that is used internally for credit risk management purposes, noting a rebuttable presumption that exposures greater than 90 days past due will be considered as defaulted.

The Group has aligned its definition of default for IFRS 9 and capital calculation purposes and has not chosen to rebut the 90 day presumption. 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 on 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.

Approaches to determining specific credit risk adjustments (Art 442.b)

As required under IFRS 9, Expected Credit Loss (ECL) impairment requirements apply to all financial assets classified at amortised cost, other financial assets at fair value through other comprehensive income, certain off balance sheet loan commitments and financial guarantee contracts.

ECL Impairment Model

Under IFRS 9, the Group applies a 12-month ECL to all financial instruments where there has been no significant increase in credit risk since initial recognition (Stage 1) and a lifetime ECL applies when a significant increase in credit risk has been identified (Stage 2 and Stage 3).

The Group uses a three stage impairment model to calculate ECL as follows:

- **Stage 1 -** includes financial instruments that have not had a significant increase in credit risk since initial recognition.

  A 12-month ECL is recognised for Stage 1 assets. 12-month ECL is the expected credit loss 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 default will occur in the next 12 months.

- **Stage 2 -** includes financial instruments that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment.

  A lifetime ECL is recognised for Stage 2 assets, being the expected credit losses that result 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.

  A lifetime ECL is recognised for Stage 3 assets.

Note 1 to the Group Consolidated Financial Statements for the year ended 31 December 2020, ‘Corporate information, basis of preparation and significant accounting policies’ provides further detail on the Group impairment methodology.

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 Borrrower 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.

The tables on the following pages provide details of the types of credit exposures the Group is exposed to, based on exposure at default, and any credit impairments thereon.

Table 20: EU CRB-B: Total and average net amount of exposures (Art 442.c)

Exposure Class	2020 Net value of exposures at the end of the period €m	2020 Average net value of exposures over the period €m	2019 Net value of exposures at the end of the period €m	2019 Average net value of exposures over the period €m
Central governments or central banks	-	-	-	210
Institutions	500	506	516	700
Corporates[2]	-	-	142	139
Of which: Specialised lending	-	-	-	-
Of which: SMEs	-	-	-	-
Retail	14,933	15,781	16,288	16,233
Secured by real estate property[1]	14,302	15,141	*15,576*	*15,607*
SMEs	-	-	-	-
Non-SMEs	14,302	15,141	*15,576*	*15,607*
Qualifying revolving	448	449	*460*	*387*
Other Retail	183	191	*253*	*239*
SMEs	-	-	-	-
Non-SMEs	183	191	*253*	*239*
Equity	24	18	*17*	*21*
Total IRB approach	15,456	16,305	16,964	17,303
Central governments or central banks[3]	5,290	4,136	3,002	2,893
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	-	-	-	-
Corporates[2]	1	1	-	-
Of which: SMEs	-	-	-	-
Retail[2]	55	55	2	2
Of which: SMEs	-	-	-	-
Secured by mortgages on immovable property[2]	156	175	-	-
Of which: SMEs	-	-	-	-
Exposures in default[2]	28	31	2	3
Items associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
Collective investment undertakings	-	-	-	-
Equity exposures	-	-	-	-
Other exposures	662	590	887	794
Total standardised approach	6,192	4,988	3,893	3,691
Total	21,648	21,293	20,857	20,994

Key changes over the period:

[1]The decrease in IRB approach at the end of 2020 is primarily due to the sale of a performing retail loan book (Glenbeigh II) with a net book value of c.€1.2bn.

[2]The Bank has received permission from the CBI to use the standardised approach for certain Corporate/SME portfolios previously measured under the IRB approach.

[3]Comprised of exposures to EU central governments c.€2.5bn and CBI c.€2.8bn (2019: c.€2bn and €1bn). The increase in CBI balances is largely due to the excess liquidity generated by the Glenbeigh II transaction and a general increase in customer deposits over the year.

Table 21: EU CRB-C: Geographical breakdown of exposures (Art 442.d)

2020 **Net value**	**Europe €m**	*of which: Ireland* €m	*of which: Rest of Europe* €m	**Other geographical areas €m**	**Total €m**
Central governments or central banks	-	-	-	-	-
Institutions	154	32	122	346	500
Corporates	-	-	-	-	-
Retail	14,909	14,840	69	23	14,932
Equity	24	-	24	-	24
Total IRB approach	15,087	14,872	215	369	15,456
Central governments or central banks	5,290	4,301	989	-	5,290
Regional governments or local authorities	-	-	-	-	-
Public sector entities	-	-	-	-	-
Multilateral development banks	-	-	-	-	-
International organisations	-	-	-	-	-
Institutions	-	-	-	-	-
Corporates	1	1	-	-	1
Retail	55	55	0	0	55
Secured by mortgages on immovable property	156	154	2	0	156
Exposures in default	28	28	0	-	28
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-
Equity exposures	-	-	-	-	-
Other exposures	662	662	-	-	662
Total standardised approach	6,192	5,201	991	0	6,192
Total	21,279	20,074	1,206	369	21,648

Refer to narrative on page 56 for explanation of key changes over the period.

2019 Net value	Europe €m	*of which: Ireland* €m	*of which: Rest of Europe* €m	Other geographical areas €m	Total €m
Central governments or central banks	-	-	-	-	-
Institutions	172	38	134	344	516
Corporates	142	139	3	-	142
Retail	16,253	16,140	113	35	16,288
Equity	17	2	15	-	17
Total IRB approach	**16,585**	**16,319**	**266**	**379**	**16,964**
Central governments or central banks	3,002	2,476	526	-	3,002
Regional governments or local authorities	-	-	-	-	-
Public sector entities	-	-	-	-	-
Multilateral development banks	-	-	-	-	-
International organisations	-	-	-	-	-
Institutions	-	-	-	-	-
Corporates	-	-	-	-	-
Retail	2	2	-	-	2
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	2	2	-	-	2
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-
Equity exposures	-	-	-	-	-
Other exposures	887	887	-	-	887
Total standardised approach	**3,893**	**3,366**	**526**	**-**	**3,893**
Total	**20,478**	**19,686**	**792**	**379**	**20,857**

Table 22: EU CRB-D: Concentration of exposures by industry or counterparty types (Art 442.e)

2020 Net value	Other[5] €m	Central government €m	ROI Residential mortgages €m	ROI Consumer lending €m	Financial and Insurance activities €m	Total €m
Central governments or central banks	-	-	-	-	-	-
Institutions	-	-	-	-	500	500
Corporates	-	-	-	-	-	-
Retail	18	-	14,286	628	-	14,932
Equity	-	-	-	-	24	24
Total IRB approach	18	-	14,286	628	524	15,456
Central governments or central banks	-	5,290	-	-	-	5,290
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	1	-	-	-	-	1
Retail	38	-	-	15	2	55
Secured by mortgages on immovable property	98	-	-	58	0	156
Exposures in default	9	-	-	19	0	28
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other exposures	-	-	-	-	662	662
Total standardised approach	146	5,290	-	92	664	6,192
Total	164	5,290	14,286	720	1,188	21,648

Refer to narrative on page 56 for explanation of key changes over the period.

[5] Immaterial industry sectors are aggregated under column 'other'. An industry sector is considered immaterial if its total exposure is <1% of all industry sector total exposures.

2019 **Net value**	Other[5] €m	Central government €m	ROI Residential mortgages €m	ROI Consumer lending €m	Financial and Insurance activities €m	Total €m
Central governments or central banks	-	-	-	-	-	-
Institutions	-	-	-	-	516	516
Corporates	82	-	-	61	-	142
Retail	93	-	15,509	687	0	16,288
Equity	-	-	-	-	17	17
Total IRB approach	**175**		**15,509**	**747**	**534**	**16,964**
Central governments or central banks	-	3,002	-	-	-	3,002
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	2	2
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	2	-	2
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other exposures	-	-	-	-	887	887
Total standardised approach	**-**	**3,002**	**-**	**2**	**888**	**3,893**
Total	**175**	**3,002**	**15,509**	**749**	**1,422**	**20,857**

Table 23: EU CRB-E: Maturity of exposures (Art 442.f)

2020 Net value	On demand	<=1 year	>1 year <= 5 years	>5 years	No stated maturity	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	-	500	-	-	-	500
Corporates	-	-	-	-	-	-
Retail	451	541	569	13,371	-	14,932
Equity	-	-	-	-	24	24
Total IRB approach	451	1,041	569	13,371	24	15,456
Central governments or central banks	2,811	-	1,379	1,100		5,290
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	1	0	0	-	-	1
Retail	37	2	10	5	-	55
Secured by mortgages on immovable property	-	12	15	129	-	156
Exposures in default	0	0	3	24	-	28
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other exposures	-	-	-	-	662	662
Total standardised approach	2,850	15	1,407	1,258	662	6,192
Total	3,301	1,055	1,977	14,629	686	21,648

Refer to narrative on page 56 for explanation of key changes over the period.

2019

Net value	On demand	<=1 year	>1 year <= 5 years	>5 years	No stated maturity	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	-	516	0	-	-	516
Corporates	1	2	16	123	-	142
Retail	492	380	662	14,754	-	16,288
Equity	-	-	-	-	17	17
Total IRB approach	**493**	**898**	**678**	**14,877**	**17**	**16,964**
Central governments or central banks	1,039	425	1,217	321	-	3,002
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	2	2
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	-	2	2
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other exposures	-	-	-	-	887	887
Total standardised approach	**1,039**	**425**	**1,217**	**321**	**891**	**3,893**
Total	**1,532**	**1,323**	**1,895**	**15,198**	**908**	**20,857**

Table 24: EU CR1-A: Credit quality of exposures by exposure class and instrument (Art 442.g, 442.h)

2020	Gross carrying value of Defaulted exposures €m	Gross carrying value of Non-defaulted exposures €m	Specific credit risk adjustment €m	General credit risk adjustment €m	Accumulated write-offs €m	Credit risk adjustment charges in the period €m	Net values €m
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	500	0	-	-	-	500
Corporates	-	-	-	-	-	(56)	-
Of which: Specialised lending	-	-	-	-	-	-	-
Of which: SMEs	-	-	-	-	-	-	-
Retail	1,060	14,521	649	-	31	124	14,932
Secured by real estate property	*1,042*	*13,871*	*612*	-	*23*	*114*	*14,302*
SMEs	-	-	-	-	-	-	-
Non-SMEs	*1,042*	*13,871*	*612*	-	*23*	*114*	*14,302*
Qualifying revolving	*7*	*455*	*14*	-	*5*	*4*	*448*
Other Retail	*12*	*195*	*23*	-	*3*	*7*	*183*
SMEs	-	-	-	-	-	-	-
Non-SMEs	*12*	*195*	*23*	-	*3*	*7*	*183*
Equity	-	24	-	-	-	-	24
Total IRB approach	1,060	15,045	649	-	31	68	15,456
Central governments or central banks	-	5,290	1	-	-	-	5,290
Regional governments or local authorities	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Corporates	-	1	0	-	-	0	1
Of which: SMEs	-	-	-	-	-	-	-
Retail	6	57	2	-	1	2	55
Of which: SMEs	-	-	-	-	-	-	-
Secured by mortgages on immovable property	64	192	36	-	3	44	156
Of which: SMEs	-	-	-	-	-	-	-
Exposures in default	70	-	42	-	-	42	28
Items associated with particularly high risk	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-
Other exposures	-	662	-	-	-	-	662
Total standardised approach	70	6,203	80	-	3	0	6,192
Total	1,130	21,248	729	-	35	155	21,648
of which: Loans	*1,128*	*13,794*	*723*	-	*35*	*155*	*14,199*
of which: Debt securities	-	*2,477*	*1*	-	-	*0*	*2,476*
of which: Off-balance sheet exposures	*2*	*977*	*5*	-	-	-	*974*

	Gross carrying value of						
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges in the period	Net values
2019	€m	€m	€m	€m	€m	€m	€m
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	516	0	-	-	0	516
Corporates	67	134	58	-	6	5	142
Of which: Specialised lending	-	-	-	-	-	-	-
Of which: SMEs	-	-	-	-	-	-	-
Retail	984	16,061	757	-	42	21	16,288
Secured by real estate property	*961*	*15,342*	*728*	-	*33*	*21*	*15,576*
SMEs	-	-	-	-	-	-	-
Non-SMEs	*961*	*15,342*	*728*	-	*33*	*21*	*15,576*
Qualifying revolving	*9*	*463*	*12*	-	*8*	*0*	*460*
Other Retail	*14*	*257*	*18*	-	*2*	*(1)*	*253*
SMEs	-	-	-	-	-	-	-
Non-SMEs	*14*	*257*	*18*	-	*2*	*(1)*	*253*
Equity	-	17	-	-	-	-	17
Total IRB approach	**1,052**	**16,728**	**816**	-	**49**	**26**	**16,964**
Central governments or central banks	-	3,002	0	-	-	0	3,002
Regional governments or local authorities	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Corporates	0	-	-	-	-	-	-
Of which: SMEs	-	-	-	-	-	-	-
Retail	2	2	-	-	-	-	2
Of which: SMEs	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-	-
Of which: SMEs	-	-	-	-	-	-	-
Exposures in default	2	-	-	-	-	-	2
Items associated with particularly high risk	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-
Other exposures	-	887	-	-	-	-	887
Total standardised approach	**2**	**3,891**	**0**	**-**	**-**	**0**	**3,893**
Total	**1,054**	**20,619**	**818**	**-**	**49**	**26**	**20,857**
of which: Loans	*1,053*	*15,415*	*814*	-	*49*	*26*	*15,656*
of which: Debt securities	-	*1,963*	*0*	-	-	*0*	*1,963*
of which: Off-balance sheet exposures	*1*	*780*	*4*	-	-	-	*777*

Refer to narrative on page 56 for explanation of key changes over the period.

Table 25: EU CR1-B: Credit quality of exposures by industry or counterparty types[6] (Art 442.g, 442.h)

2020	Gross carrying value of: Defaulted exposures €m	Gross carrying value of: Non-defaulted exposures €m	Specific credit risk adjustment €m	General credit risk adjustment €m	Accumulated write-offs €m	Credit risk adjustment charges of the period €m	Net values €m
Other	30	182	47	-	5	36	164
Central Government	-	5,290	1	-	-	-	5,290
ROI Residential mortgages	1,036	13,858	608	-	22	103	14,286
ROI Consumer lending	65	730	74	-	8	16	721
Financial and Insurance activities	0	1,188	0	-	0	(0)	1,188
Total	1,130	21,248	729	-	35	155	21,649

2019	Gross carrying value of: Defaulted exposures €m	Gross carrying value of: Non-defaulted exposures €m	Specific credit risk adjustment €m	General credit risk adjustment €m	Accumulated write-offs €m	Credit risk adjustment charges of the period €m	Net values €m
Other	40	169	36	-	4	4	175
Central Government	-	3,002	0	-	-	0	3,002
ROI Residential mortgages	947	15,279	717	-	32	27	15,509
ROI Consumer lending	67	749	64	-	13	(5)	751
Financial and Insurance activities	-	1,420	0	-	-	0	1,420
Total	**1,054**	**20,619**	**818**	**-**	**49**	**26**	**20,857**

Refer to narrative on page 56 for explanation of key changes over the period.

[6] List of industry categories is consistent with table EU CRB-D

Table 26: EU CR1-C: Credit quality of exposures by geography (Art 442.g, 442.h)

2020	Gross carrying value of Defaulted exposures €m	Gross carrying value of Non-defaulted exposures €m	Specific credit risk adjustment €m	General credit risk adjustment €m	Accumulated write-offs €m	Credit risk adjustment charges in the period €m	Net values €m
Europe	1,128	20,879	728	-	35	154	21,279
of which: Ireland	*1,120*	*19,673*	*719*	-	*34*	*155*	*20,074*
of which: Rest of Europe	*8*	*1,206*	*8*	-	*1*	*(0)*	*1,206*
Other geographical area	2	368	2	-	0	0	369
Total	1,130	21,248	729	-	35	155	21,648

2019	Gross carrying value of Defaulted exposures €m	Gross carrying value of Non-defaulted exposures €m	Specific credit risk adjustment €m	General credit risk adjustment €m	Accumulated write-offs €m	Credit risk adjustment charges in the period €m	Net values €m
Europe	1,052	20,239	815	-	49	25	20,478
of which: Ireland	*1,043*	*19,442*	*800*	-	*48*	*26*	*19,686*
of which: Rest of Europe	*9*	*798*	*15*	-	*0*	*(0)*	*792*
Other geographical area	2	380	3	-	0	0	379
Total	**1,054**	**20,619**	**818**	**-**	**49**	**26**	**20,857**

Refer to narrative on page 56 for explanation of key changes over the period.

Table 27: Credit quality of forborne exposures (EBA/GL/2018/10) (Art 442.g, 442.h)

2020	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Loans and advances	371	604	604	604	30	193	896	538
Central Banks	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-
Non-financial corporations	7	18	18	18	3	8	18	13
Households	364	586	586	586	27	185	878	525
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	0	0	0	0	-	-	-	-
Total	371	604	604	604	30	193	896	538

2019	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Loans and advances	484	563	563	563	24	170	961	492
Central Banks	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-
Non-financial corporations	4	21	21	21	1	9	18	15
Households	480	541	541	541	23	161	944	478
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	0	0	0	0	-	-	-	-
Total	**484**	**563**	**563**	**563**	**24**	**170**	**961**	**492**

Table 28: Credit quality of performing and non-performing exposures by past due days (EBA/GL/2018/10) (Art 442.g, 442.h)

2020	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Loans and advances	16,982	16,973	10	1,128	812	41	43	57	27	18	130	1,128
Central Banks	2,813	2,813	-	-	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit Institutions	356	356	-	0	-	0	-	-	-	-	-	0
Other financial corporations	1	1	-	0	0	-	-	0	-	-	-	0
Non-financial corporations	159	159	0	30	19	2	1	0	2	2	3	30
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	13,653	13,644	9	1,098	793	39	42	57	25	16	127	1,098
Debt securities	2,584	2,584	-	-	-	-	-	-	-	-	-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	2,478	2,478	-	-	-	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	106	106	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	979			2								2
Central Banks	-			-								-
General Governments	-			-								-
Credit Institutions	1			-								-
Other financial corporations	0			-								-
Non-financial corporations	23			0								0
Households	955			2								2
Total	20,545	19,556	10	1,130	812	41	43	57	27	18	130	1,129

Refer to narrative on page 56 for explanation of key changes over the period.

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
2019		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Loans and advances	16,968	16,952	17	1,049	744	31	35	56	0	183	0	1,049
Central Banks	1,039	1,039	-	-	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit Institutions	517	517	0	-	-	-	-	-	-	-	-	-
Other financial corporations	1	1	0	1	0	-	0	0	0	-	-	1
Non-financial corporations	138	138	0	40	25	0	0	5	(0)	10	0	40
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	15,273	15,257	17	1,009	718	30	35	52	(0)	173	0	1,009
Debt securities	2,005	2,006	1	-	-	-	-	-	-	-	-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	1,963	1,963	-	-	-	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	42	42	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	1	1	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	780			1								0
Central Banks	-			-								-
General Governments	-			-								-
Credit Institutions	1			-								-
Other financial corporations	0			-								-
Non-financial corporations	23			0								0
Households	757			1								0
Total	**19,753**	**18,958**	**18**	**1,050**	**744**	**31**	**35**	**56**	**0**	**183**	**0**	**1,049**

Table 29: Performing and non-performing exposures and related provisions (EBA/GL/2018/10) (Art 442.g, 442.h)

2020	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and advances	16,982	13,744	3,152	1,128	-	1,128	341	56	285	387	-	387	-	13,271	961
Central Banks	2,813	2,813	-	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Institutions	356	356	-	0	-	0	-	-	-	0	-	0	-	-	-
Other financial corporations	1	0	0	0	-	0	0	0	0	0	-	0	-	-	-
Non-financial corporations	159	21	139	30	-	30	31	1	30	15	-	15	-	119	20
Of which SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	13,653	10,554	3,013	1,098	-	1,098	310	55	255	372	-	372	-	13,152	941
Debt securities	2,584	2,584	-	-	-	-	1	-	-	-	-	-	-	-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	2,478	2,478	-	-	-	-	1	-	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	106	106	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	979	944	35	2	-	2	0	(0)	0	-	-	-		-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Credit Institutions	1	1	-	-	-	-	0	0	-	-	-	-		-	-
Other financial corporations	0	0	0	-	-	-	0	0	0	-	-	-		-	-
Non-financial corporations	23	21	2	0	-	0	0	0	0	-	-	-		-	-
Households	955	922	33	2	-	2	(0)	(0)	0	-	-	-		-	-
Total	20,545	17,272	3,187	1,129	-	1,129	342	55	286	387	-	387	-	13,271	961

Refer to narrative on page 56 for explanation of key changes over the period.

2019	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and advances	16,968	12,628	4,340	1,049	-	1,049	483	44	439	335	-	335	-	14,731	887
Central Banks	1,039	1,039	-	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Institutions	517	517	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1	0	0	1	-	1	0	0	0	0	-	0	-	-	0
Non-financial corporations	138	48	90	40	-	40	15	2	14	19	-	19	-	101	27
Of which SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	15,273	11,023	4,250	1,009	-	1,009	468	42	426	315	-	315	-	14,630	859
Debt securities	2,005	2,005	-	-	-	-	0	0	-	-	-	-	-	-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Governments	1,963	1,963	-	-	-	-	0	0	-	-	-	-	-	-	-
Credit Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	42	42	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	782	722	61	1	-	1	(0)	0	(0)	-	-	-		-	-
Central Banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
General Governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Credit Institutions	1	-	1	-	-	-	-	-	-	-	-	-		-	-
Other financial corporations	0	0	0	-	-	-	0	0	0	-	-	-		-	-
Non-financial corporations	23	6	17	0	-	0	0	0	0	-	-	-		-	-
Households	759	716	43	1	-	1	(0)	0	(0)	-	-	-		-	-
Total	**19,754**	**15,354**	**4,400**	**1,050**	**-**	**1,050**	**483**	**45**	**439**	**335**	**-**	**335**	**-**	**14,731**	**887**

Table 30: Collateral obtained by taking possession and execution processes (EBA/GL/2018/10) (Art 442.g, 442.h)

2020	Collateral obtained by taking possession: Value at initial recognition	Collateral obtained by taking possession: Accumulated negative changes
Property, plant and equipment (PP&E)	-	-
Other than PP&E	27	(3)
Residential immovable property	27	(3)
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	-	-
Total	**27**	**(3)**

2019	Collateral obtained by taking possession: Value at initial recognition	Collateral obtained by taking possession: Accumulated negative changes
Property, plant and equipment (PP&E)	-	-
Other than PP&E	55	0
Residential immovable property	55	0
Commercial Immovable property	0	0
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	0	(0)
Total	55	(0)

The reduction in the value of properties in possession compared to previous year reflects further sales of properties throughout the course of the year.

Table 31: EU CR2-A: Changes in the stock of general and specific credit risk adjustments (Art 442.i)

2020	Accumulated specific credit risk adjustment €m	Accumulated general credit risk adjustment €m
Opening balance	**818**	**-**
Increases/(decreases) due to amounts set aside for estimated loan losses during the period[7]	(38)	-
Decreases due to amounts taken against accumulated credit risk adjustments	(33)	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	(19)	-
Closing balance	**728**	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	6	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
2019	€m	€m
Opening balance	1,082	-
Increases/(decreases) due to amounts set aside for estimated loan losses during the period[7]	12	-
Decreases due to amounts taken against accumulated credit risk adjustments	(42)	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	(232)	-
Other adjustments	(3)	-
Closing balance	**818**	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	5	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

The reduction in the stock of specific risk adjustments compared to the previous year is due to the sale of a performing loan portfolio by the Group in 2020.

[7] Rows 'Increases due to amounts set aside for estimated loan losses during the period' and 'Decreases due to amounts reversed for estimated loan losses during the period' have been amalgamated as separate disclosure does not provide meaningful information.

Table 32: EU CR2-B: Changes in the stock of defaulted and impaired loans and debt securities (Art 442.i)

Gross carrying value defaulted exposures[8]	2020 €m	2019 €m
Opening balance	1,054	1,696
Loans and debt securities that have defaulted or impaired since the last reporting period	451	270
Returned to non-defaulted status	(361)	(892)
Amounts written off	(13)	(21)
Other changes	-	-
Closing balance	1,130	1,054

The stock of defaulted and impaired loans increased slightly during the year due to the economic challenges created by the COVID-19 pandemic.

[8] The Group has no defaulted debt securitites

Unencumbered Assets (Art 443)

An asset is classed as encumbered when a third party that is not the owner has a claim over the asset. The Group aligns its definition of encumbrance to the regulatory reporting framework of partial encumbrance meaning that an asset is only considered encumbered when it is pledged to a third party. Encumbrance impacts the transferability of the asset by restricting its free use until the claim is lifted. This disclosure has been formed in line with Regulation (EU) No 2017/2295.[9]

Table 33: Template A: Encumbered and unencumbered assets*

All figures in €m		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
Median values 2020					
10	**Assets of the reporting institution**	999		19,733	
30	Equity instruments	-		16	
40	Debt securities	-	-	2,587	2,649
50	of which: covered bonds	-	-	-	-
60	of which: asset-backed securities	-	-	88	90
70	of which: issued by general governments	-	-	2,494	2,555
80	of which: issued by financial corporations	-	-	-	-
90	of which: issued by non-financial corporations	-	-	-	-
120	Other assets	999		17,117	
121	of which: Loans on demand	93		1,479	
121	of which: Loans and advances other than loans on demand	910		14,871	
Median values 2019					
10	**Assets of the reporting institution**	1,461		18,997	
30	Equity instruments	-		16	
40	Debt securities	16	16	2,222	2,265
50	of which: covered bonds	-	-	-	-
60	of which: asset-backed securities	-	-	43	44
70	of which: issued by general governments	16	16	2,179	2,220
80	of which: issued by financial corporations	-	-	-	-
90	of which: issued by non-financial corporations	-	-	-	-
120	Other assets	1,445		16,806	
121	of which: Loans on demand	105		1,093	
121	of which: Loans and advances other than loans on demand	1,346		14,829	

*Reporting of columns 030, 050, 080 and 100 are not applicable as the Bank's asset encumbrance level is below 15% and total assets are less than €30bn during 2019 and 2020.

[9] The Commission Delegated Regulation with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets was published in the Official Journal on 13 December 2017 and came into force on 2 January 2018.

Table 34: Template B - Collateral Received*

All figures in €m		Fair value of encumbered collateral received or own debt securities issued	Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
	Median values 2020		
130	**Collateral received by the reporting institution**	**0**	**14**
140	Loans on demand	-	-
150	Equity instruments	-	-
160	Debt securities	-	14
170	of which: covered bonds	-	-
180	of which: asset-backed securities	-	-
190	of which: issued by general governments	-	-
200	of which: issued by financial corporations	-	14
210	of which: issued by non-financial corporations	-	-
220	Loans and advances other than loans on demand	-	-
230	Other collateral received	0	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	**-**	**-**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**		**3,255**
250	**Total assets, collateral received and own debt securities issued**	**999**	
	Median values 2019		
130	**Collateral received by the reporting institution**	**0**	**13**
140	Loans on demand	-	-
150	Equity instruments	-	-
160	Debt securities	-	13
170	of which: covered bonds	-	-
180	of which: asset-backed securities	-	-
190	of which: issued by general governments	-	13
200	of which: issued by financial corporations	-	-
210	of which: issued by non-financial corporations	-	-
220	Loans and advances other than loans on demand	-	-
230	Other collateral received	0	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	**-**	**-**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**		**4,408**
250	**Total assets, collateral received and own debt securities issued**	**1,462**	

*Reporting of columns 030 and 060 are not applicable as the Bank's asset encumbrance level is below 15% and total assets are less than €30bn during 2019 and 2020.

Table 35: Template C – Sources of encumbrance

	All figures in €m	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
	Median values 2020		
10	**Carrying amount of selected financial liabilities**	**507**	**559**
11	of which: Repurchase agreements	-	0
11	of which: Debt securities issued	507	558
	Encumbered assets without an associated liability	-	446
	Median values 2019		
10	**Carrying amount of selected financial liabilities**	**822**	**900**
11	of which: Repurchase agreements	116	157
11	of which: Debt securities issued	695	732
	Encumbered assets without an associated liability	-	562

Template D – Accompanying narrative Information

Encumbered Assets

As a retail bank encumbering assets through the use of secured funding facilities represents a standard funding channel for the Group.

The Group's encumbrance level is primarily driven by mortgage assets which are included in securitisation special purpose entities and become encumbered when the associated notes are purchased by external investors or pledged as collateral through market Repurchase Agreements or Central Bank funding facilities. There is no legal obligation to supply additional collateral to these securitisation structures. The Group does not have a covered bond programme and, as such does not have a requirement for over collateralisation.

Other sources of encumbrance include the use of sovereign bond debt securities and cash in repurchase arrangements. Sovereign bond debt securities are encumbered through repurchase arrangements primarily with third party market counterparties. Maturity dates are typically short term ranging from 1 week to 3 months. Cash encumbrance relates both to cash within securitisation structures and collateral paid under derivative and repurchase contracts.

A portion of unencumbered assets would not be deemed available for encumbrance by the Group. These include intangible assets for example deferred tax and property, plant and equipment as well as derivative assets and held for sale assets.

The Group's business model does not lead to significant currency or intragroup encumbrance.

A key objective of the Group Treasury funding strategy is to monitor the encumbrance level of the Group. A number of viable options including deleveraging, unsecured debt issuance and collateral efficiency in the securitisation programme have been identified as effective means with which to pro-actively manage encumbrance. The Asset Encumbrance ratio reduced slightly from 6% as at 31 December 2019 to 5% as at 31 December 2020. As at 31 December 2020 the Group was 94% funded through unsecured customer deposits with the rest of the Balance Sheet funded through wholesale funding, being either MREL unsecured senior debt or market issued securitisations. The underlying mortgage collateral and trapped cash within the securitisation vehicles are the primary driver of the 5% encumbrance ratio. The retained securitisation vehicles had underlying assets of €5.2bn as at 31 December 2020. None of these assets were encumbered at the year end. The Bank held €2.5bn in retained notes at 31 December 2020.

There is no difference between the regulatory consolidation scope used for the purpose of the disclosures on asset encumbrance and the scope retained for the application of the liquidity requirements on a consolidated basis as defined in Part One, Title II, Chapter 2, Section 2 of Regulation (EU) No 575/2013.

There is no difference between pledged and transferred assets in accordance with the applicable accounting frameworks and encumbered assets as reported by the Group.

The median is derived based on the four quarter end exposure values of the previous 12 month period. Interpolated median and median are equal in this scenario. The exposure values are in line with Annex XVI to Commission Implementing Regulation (EU) No 680/2014 unless otherwise specifically defined in Commission Delegated Regulation (EU) 2017/2295.

Use of External Credit Assessment Institutions (ECAIs) (Art 444)

The Central Bank of Ireland granted an exemption to the Group from the IRB approach for all exposures to EU central governments and central banks. This exemption allows the Group to treat all exposures to EU Sovereigns under the Standardised Approach and apply a 0% risk weighting assuming the exposure is denominated and funded in the currency of that central government. Consequently, ECAI ratings are not used in the calculation of risk weights for credit exposures to EU Sovereigns.

Credit exposures to EU Sovereigns and the Central Bank of Ireland were €5.3bn as of 31 December 2020 (no credit risk mitigation (CRM) applied).

Refer to article 449(k) disclosure for details on the use of ECAIs in the Group's purchased securitisation positions.

Market Risk (Art 445)

The Group does not hold any capital against market risk as at 31 December 2020 or 31 December 2019 in accordance with points (b) and (c) of Article 92 (3) of the CRR.

The Group does not have a trading book and is therefore not subject to the risks associated with trading book positions. The foreign exchange position of the Group at the end of 2020 and 2019 did not exceed the 2% of total own funds threshold as laid down in Article 351 of the CRR and, therefore, the Group has no requirement to hold Pillar 1 capital against this risk.

Operational Risk (Art 446)

The Group applies the Standardised Approach to calculate Pillar 1 Own Funds Requirements for Operational Risk. Per Article 312 (1) certain criteria must be met to qualify for use of the Standardised Approach. The specific criteria referred to in Article 312 (1) are outlined in Article 320; the Group's rationale for meeting the criteria set-out in Article 320 is outlined in the 3 points below:

- The Group has in place Operational and IT Risk Management Frameworks which encompass the measurement and monitoring of Operational and IT Risk.
- The Group-wide approach to Risk Management includes Risk Identification, Risk Assessment, Risk Mitigation as well as Risk monitoring and reporting. The management of Operational and IT risks is aligned to that approach.
- The Group monitors and reports on its Operational and IT Risk profile on a continuous basis using qualitative information and quantitative metrics. In addition to reviewing RCSAs, this involves the measurement and monitoring of the Group's Operational and IT Risk events (both Internal & External) and through the testing of internal controls.

Capital Requirements for Operational Risk

As per Article 317 (1), the Group calculates Own Funds Requirement by dividing activities into the 8 standardised business lines; the Group's principal business line is 'Retail Banking'. Fixed Beta coefficients are also outlined in Article 317 for each specific business line, this is to attribute higher Own funds requirements to business lines with perceived greater Operational Risk. The beta coefficients applied to Retail Banking is 12%.

Additionally, as outlined in Article 317 (2), Own Funds Requirements are derived from the 3 year average Gross Income (the 'risk weighted relevant indicator) for each business line multiplied by the respective beta coefficient. Therefore movements in Own Funds requirements are essentially driven by the Group's underlying income over a 3 year period.

The above approach to Own Funds Requirements resulted in an Operational Risk Requirement of €53.8m at 31 December 2020 (€56m at 31 December 2019).

Exposures to equities not included in the trading book (Art 447 (a), (b), (c), (d) and (e))

The Group holds an equity investment in Visa Incorporated in the form of preferred shares as a result of the sale of its shares in Visa Europe Limited. The preferred stock in Visa Incorporated was fair valued at €24m at 31 December 2020 (€15m at 31 December 2019) and is recognised as an asset on the Group's balance sheet. During the year the Group received Series A preferred stock following conversion of Series B preferred stock by Visa Inc.

PTSB does not have a trading book and the equity investment in Visa Incorporated is the only equity investment held in entities outside the Group. The valuation method used by the Group for this investment is described in more detail in Note 15 and Note 33 of the Group's 2020 Annual Report.

The table below summarises the value of these investments at the end of the year as well as the amount included within the Group's Common Equity Tier 1 capital.

The Group calculates its capital requirements for equity exposures in the banking book under the IRB approach using the simple risk weight method. The Visa preferred shares are risk weighted at 370%.

There are no latent revaluation gains or losses.

Table 36: Fair value of equities not included in the trading book and amount included in CET capital

€m	Book value	Fair Value	Included in CET1	Realised Gains or Losses in the period	Total unrealised Gains or Losses	Total unrealised Gains or Losses included in CET1
As at 31 December 2020						
Visa Incorporated preferred shares	24	24	24	0	16	16
As at 31 December 2019						
Visa Incorporated preferred shares	15	15	15	0	7	7

Exposure to interest rate risk on positions not included in the trading book (Art 448)

Interest Rate Risk (Art 448.a)

Interest rate risk arises from structural and duration mismatches between assets and liabilities in the balance sheet which generate a risk to earnings or capital caused by the movement in the absolute level of interest rates, the spread between two rates, the shape of the yield curve or any other interest rate relationship. The Bank is primarily exposed to re-price, yield curve and basis risk. In line with regulatory standards, the approved Interest Rate Risk in the Banking Book (IRRBB) framework determined that the Bank's interest rate risk exposure must be derived from both an earnings (accrual) and economic value perspective.

Interest rate gap analysis is used to capture re-price risk and lays the foundation for the Economic Value (EV), Economic Value of Equity (EVE) and Earnings at Risk calculations which measure yield curve risk. PTSB also applies a specific model to calculate the contractual basis risk exposure using a historic look back approach to determine the severity of the applied shock.

These measures are further supplemented by NII sensitivity analysis, PV01 sensitivity, duration mismatch and comprehensive stress testing. These measures capture all material interest rate risk associated with the Bank's assets, liabilities and off balance sheet positions in the banking book.

The Bank does not have a trading book.

Gap Analysis
Gap analysis splits the current Balance Sheet position into re-pricing time bands, highlighting possible interest rate risk concentrations. Principal balances, derivative positions and interest cashflows based on the next reprice date are sourced for the re-pricing schedules from the Bank's core systems. Governance and controls are fully integrated into the Bank's daily risk management practices.

The controls include a limit scheme consisting of individual notional exposures limits for each time band. The limits are based on duration estimated from the current interest rates, recognising convexity by applying separate limits for downward and upward shocks and taking account of the applicable rate floor.

Balances are included within the re-pricing schedules at a product level sufficient to identify any sources of significant mismatches and allocated into the Basel/EBA prescribed time bands as outlined in table 37 below:

Table 37: IRRBB Modelled Time bands

Overnight	18 months to 2 years	8 to 9 years
1 day to 1 month	2 to 3 years	9 to 10 years
1 to 2 months	3 to 4 years	10 to 15 years
3 to 6 months	4 to 5 years	15 to 20 years
6 to 9 months	5 to 6 years	Greater than 20 years
9 to 12 months	6 to 7 years	
1 year to 18 months	7 to 8 years	

Table 38: IRRBB Modelled Product Types

Product Groups	Assets	Liabilities
Customer	Mortgages by type: Tracker / SVR / MVR / Fixed Commercial loans Consumer lending Credit Cards / Overdrafts Non-Interest Bearing (NPLs)	Retail deposits by type: Current / Demand & Notice / Term Corporate deposits by type: Call / Notice / Term
Treasury	Gilts / Government Bonds Other securities Interbank assets	Market funding (MTNs, Securitisations) System funding Market repos Interbank liabilities
Other	Impairments (deducted) Assets held for sale	Equity
Derivatives	Receive leg notional by type: Interest rate / FX swaps	Pay leg notional by type: Interest rate / FX swaps

Assumptions

All balances are included at their contractual re-pricing profiles where applicable with behavioural assumptions applied to non-contractual balances as per the exceptions list detailed below.

1. Current Accounts (Core portion only, volatile at contractual maturity) and Equity are profiled evenly over 6 years in line with the maximum asset maturity (for NPL Recoveries). All other non-maturity deposits are assumed to re-price in month one reflecting the variable interest rate nature of the products.
2. NPLs: These are split into Cures, Recoveries and Write Offs according to percentages updated quarterly by Credit Risk. Cures are profiled as if they were performing, Recoveries are profiled evenly over 4 years and Write Offs, Warehoused Loans and Impairments are profiled evenly over 6 years.
3. Credit Cards and Overdrafts: These are profiled evenly over 1 year to reflect the relative price inelasticity.

4. Assets held for sale: These are profiled either at their agreed sale date or evenly over 1 year (buy to let assets) or 3 years (home loan assets).

Prepayments on asset balances are applied based on the latest actual prepayment rates calculated quarterly and these can be varied during Stress Testing.

Term deposit early redemption assumptions calculated quarterly and fixed rate mortgage pipeline assumptions updated monthly are also applied.

EV/EVE

The Economic Value or Economic Value of Equity (EV/EVE) components of the IRRBB framework form a key part of the IRRBB measurement tools for the Bank.

The risk positions are calculated weekly and use the re-price profile generated within the Gap Analysis. Weighted risk factors are applied to each re-pricing time bucket to calculate the PV of the risk profile. The weighted factors for each bucket are based on a discount factor reflecting the specific stress scenario.

EVE is a specific calculation of EV where the Equity balances are removed from the re-price profile.

EAR

The EaR (Earnings at Risk) component is calculated daily and measures the net exposure (assets less liabilities) of the balance sheet with respect to several reference interest rates and time bands, and measures the respective risk to net interest income under shock interest rate scenarios.

Where products are re-priced using administered rates, the Bank maintains assumptions for how the product rates are likely to move in response to a shift in market yield curves when modelling EAR risk which in turn captures a form of Basis risk. These pass through assumptions are provided by the Retail Banking unit on at least an annual basis and take full consideration of customer fairness, political influence and the current market environment.

Stress Testing

The Bank stress tests IRRBB on both an EV and EaR basis. For each stress scenario, the risk level is taken to be the most negative of the two measures or 0 if they are both positive.

The overall risk level of the bank is taken to be the most adverse risk position stemming from the 13 scenarios that the Bank runs (6 core, 7 ancillary) plus the result of the specific contractual Basis Risk calculation.

The stress scenarios are either prescribed through regulation (EBA Guidelines 2018/02), standard market or PTSB specific in terms of balance sheet composition.

Parallel Up (*): This shock consists of an upward shock in rates which varies by currency. The EUR shock is 200bps and the GBP shock is 250bps so this will generate a result similar to the Up200 shock given that the Bank's balance sheet is largely EUR.

Parallel Down (*): Like the relationship between Up200 and Dn200 shocks, this shock is the mirror image of the Parallel Up shock, subject to floors.

Steepener (*): Interest rates are shocked downwards at tenors of up to 5 years and shocked upwards for longer term rates. For this and the 3 scenarios that follow, the exact amount of the shock is determined by an exponential function that depends on the tenor of the time bucket midpoint and scalars supplied originally by the Basel Committee.

Flattener (*): Interest rates are initial shocked upwards and then downwards as the tenor lengthens, becoming a negative shock for 7 years and further out the curve.

Short Up (*): Interest rates are shocked upwards at the short end, with less of an impact out the curve, i.e. the maximum shock is for the overnight bucket.

Short Down (*): Interest rates are shocked downwards at the short end with less of an impact out the curve.

Up200: This shock is currently prescribed by the ECB for the quarterly Short Term Exercise (STE) and consists of all rates being shocked instantaneously upwards by 200bps.

Dn200: This shock is also currently prescribed by the ECB for the STE and is the opposite of the Up200, i.e. all rates are shocked 200 bps downwards, subject to applicable flooring.

Up100: This shock is often used as an indicative measure of the Bank's expected gain from a 100bps rise in rates. All rates are shocked upwards by 100bps.

Dn100: This shock demonstrates the effect of the downward pass through assumptions. All rates are shocked by 100 bps downwards, subject to applicable flooring.

Inverted: In this shock the slope of the yield curve is flipped so that the short term rates assume the values that the long term rates had and vice versa.

Flat: The current market interest rate curve is applied.

Financial Crisis: This shock applies the largest 12 month move in the ECB rate during the financial crisis immediately to all market rates.

The results of these scenarios are reported monthly to ALCO, EXCO and Board.

(*) represents an EBA prescribed core scenario

Basis Risk

Basis Risk is the risk that two separate interest rate indices which appear to be correlated over time either cease to be correlated at all or the relationship breaks down temporarily. Consequently a matching of assets and liabilities that had appeared "hedged" breaks down and generates P&L volatility.

PTSB separately assess Basis Risk against a specific KRI limit and combines it with the more severe of the EV and EAR calculations in order to generate an aggregated IRRBB risk level (RAS metric) and ensure all material sources of Interest Rate Risk are capitalised for.

The approach is to apply an ECB to Euribor spread widening by shocking the underlying reference rate products in line with the observed historic directional spread shifts i.e. upward shock for Euribor and downward for ECB Base Rate.

In calibrating the severity of the spread widening shock Treasury have used a historical data set ranging from September 1999 to the most recent year-end to ensure it is long enough to capture full interest rate cycles and also contain the volatile Financial Crisis period which observed a period of significant divergence.

A -100bps floor is applied to Euribor positions while a -25bps floor applies for the ECB base rate. Should rate curves shift, Treasury will review the validity of the flooring approach.

Supplementary IRRBB Risk Measures

NII Sensitivity

In addition to the 12 month EAR NII calculation Treasury runs a dynamic and longer time horizon NII sensitivity analysis on a monthly basis to help better inform strategic decision making.

The approach takes the Medium Term Plan (MTP) model as the base case with Treasury running a specific interest rate and/or balance sheet scenario each month. By comparing the outcomes to the MTP base position the aim of the analysis to identify opportunities or risk exposures where strategic action may be warranted.

PV01 and Duration:

These relatively straightforward measures augment the Banks's IRRBB monitoring capacity. PV01 measures the effect of a 1bp shift in rates upwards or downwards while Duration compares the weighted average maturity of assets against liabilities.

Quantitative disclosure for variation in earnings/other relevant measure for shocks used broken down by currency (Art 448.b)

The current and prior year risk levels for the EBA prescribed scenarios are shown in Table 39: IRRBB Risk Positions below.

Table 39: IRRBB Risk Positions

EUR	**Δ EVE**		**Δ EV**		**Δ NII**	
Period	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Parallel Up	-44	78	17	152	163	178
Parallel Down	5	-23	-5	-44	-6	-6
Steepener	-25	6	-28	1		
Flattener	11	15	28	36		
Short rate up	-1	37	33	79		
Short rate down	5	-23	-5	-44		
Maximum	**44**	**23**	**28**	**44**	**6**	**6**
Period			**2020**		**2019**	
Basis Risk			**16**		**21**	
IRRBB Risk Level			**60**		**65**	

The numbers above are calculated including commercial margins, discounted by the appropriate curves. The numbers are on a run-off balance sheet basis for EV and a static balance sheet basis for EAR.

The Bank uses the industry standard Economic Value, Economic Value of Equity (EVE) and Earnings at Risk (EAR) methodologies to determine the level of interest rate risk to which the Bank is exposed. The higher of the EV, EVE and EAR calculations across the 13 key scenarios described earlier is assigned as the risk level.

The Bank applies the EBA prescribed maturity dependent floor starting at -100bps in the Euro EV/EVE Model and for the Bank's Euribor positions under the EaR calculation. A floor of -25bps is applied for ECB base rate positions under the EAR and Basis Risk calculations. The model floor parameters remain under continuous review and will be re-examined in response to significant curve shifts.

The EV/EVE component of the IRRBB calculation was €44m at December 2020 (2019: €44m) stemming from the Parallel Up scenario in EVE. While this is the same level as the previous year, the maximum risk position basis has changed from EV to EVE. The primary driver for this change is the Bank's purchase of long dated sovereign bonds in 2020 which had the effect of reducing the net liability position in the outer years for the EV calculation. When equity is removed for the EVE calculation the Bank has a net asset position in the outer years.

Basis Risk has decreased from €21m to €16m due to the Glenbeigh II transaction which removed approximately €1.4bn of tracker mortgages from the Bank's balance sheet and customer repayments on the tracker mortgage portfolio.

The aggregate IRRBB risk position has decreased from €65m (€44m EV and €21m Basis Risk) as at 31 December 2019 to €60m (€44m EV and €16m Basis Risk) as at 31 December 2020.

Exposure to securitisation positions

(Art 449)

Key objectives of securitisation activity (Art 449.a)

Securitisation involves the transfer of assets with an income stream to a special purpose entity (SPE) which in turn issues securities to fund the purchase of those assets. The interest and principal payments received are passed on to the purchasers of the securities.

The primary objective of the PTSB securitisation programme is funding either through external market issuances or structuring and retaining notes to increase counterbalancing capacity or as collateral to facilitate liquidity management transactions with market counterparts.

The Bank may issue non-performing securitisations in order to reduce the Bank's NPL ratio, raise funding or optimise the Bank's capital ratio. As at 31 December 2020 the Bank has issued one such securitisation, "Glenbeigh I", which was issued in 2018. The Bank achieved de-recognition on this transaction from both an accounting and prudential perspective. The Bank meets its regulatory requirement to retain a 5% stake through a V-note equivalent to a vertical slice comprising 5% of the value of the issued notes both rated and unrated.

The Bank invests in traditional securitisations that offer an appropriate risk-adjusted return.

Securitisation risks (Art 449.b, c)

There are a number of risks attached to securitisations, such as credit risk, liquidity risk, market risk, operational risk and non-trading interest rate risk. These risks are identified, managed and monitored in line with Bank policy.

When the Bank originates a new securitisation, the risks are minimised through the use of standard securitisation structures, high quality counterparties to perform the structuring and oversight and governance provided by appropriately qualified experienced external and internal parties.

Apart from the Glenbeigh I loan portfolio, mortgage assets securitised by the Bank have not been derecognised for accounting or for Pillar 1 capital purposes and are classified within loans and receivables to customers, with the Bank retaining the exposure to the credit risk and interest rate risk on the underlying securitised loans.

The Bank has achieved Significant Risk Transfer (SRT) on the Glenbeigh I transaction for capital purposes allowing the Bank to derecognise the assets from a prudential perspective but must ensure ongoing adherence to the SRT requirements. Failure to do so could result in the underlying mortgage assets being re-recognised from a prudential perspective thereby increasing the Bank's capital requirements.

The Bank only invests in investment grade rated tranches of securitisation positions which benefit from subordination and other structural features of standard securitisations. Underlying assets comprise exclusively of residential mortgage loans.

The Bank does not engage in re-securitisation activity.

Different roles in the securitisation process (Art 449.d, 449.i)

Originator

The Bank originates securitisations which are backed by Irish residential mortgages. This involves selling pools of mortgages to special purpose entities (SPEs) which issue mortgage backed floating notes to fund the purchase of these mortgage pools.

Investor

The Bank is an investor in traditional securitisation transactions.

Sponsor

The Bank does not currently act as a sponsor to securitisations.

Summary of the Bank's securitisation activities at 31 December 2020 (Art 449.e, 449.p, 449.q)

The securitisations originated by the Bank as at 31 December 2020 do not qualify for de-recognition under the CRR, with the exception of the privately issued Glenbeigh I securitisation detailed below. As at 31 December 2020, originated securitisations support the Bank's funding activity in the following ways:

Publicly Issued Securitisations

In a public securitisation mortgages are packaged into a securitisation SPE and the securities issued are sold to investors. At 31 December 2020 the Bank has €0.4bn of funding arising from public securitisations issued through the Fastnet programme.

Retained securitisations

Retained transactions are similar in structure to public deals except that the entirety of the notes issued are retained by the originator to increase the quantum of the Bank's liquidity buffer and can be used to support repo funding activity. At 31 December 2020 Permanent TSB has €2.3bn of contingent counterbalancing capacity from the retained securitisation notes.

Privately Issued Securitisations

In a private securitisation mortgages are packaged into a securitisation SPE with the securities sold to an investor or group of investors but the notes are not publicly traded on an exchange. The Bank did not issue any private securitisations in 2020.

As well as originating securitisation transactions, the Bank also invests in investment grade rated tranches of traditional residential mortgage backed securitisations. In 2020 the Bank invested in two third party securitisation note issuances. At 31 December 2020 the Bank has €67m in investment grade rated tranches of securitisation positions.

The Bank does not have any trading securitisation exposures.

Exposure monitoring processes (Art 449.f)

The Bank's credit risk framework outlines the types of securitisations which are in scope for investment along with a designated risk appetite and approval process applicable. Securitisations are assessed based on their underlying credit and structural risk characteristics.

The Bank's portfolio of securitisation exposures is subject to annual review, along with more periodic monitoring of the performance of the underlying exposures. All securitisations are stress tested at least annually in line with CRR requirements.

In relation to Glenbeigh I, the Bank has achieved Significant Risk Transfer (SRT) on the transaction in accordance with Article 244 of Regulation (EU) No. 575/2013 as amended by Regulation (EU) No. 2017/ 2401 but must ensure ongoing adherence to the SRT requirements. In response the Bank measures its on-going compliance with all relevant EBA and CRR SRT requirements quarterly, which is monitored by the Bank's ALCO committee.

Summary of hedging policy (Art 449.g)

The Bank does not use credit hedging or unfunded credit protection to mitigate the risks of retained securitisation exposures.

The Bank did not hedge any of the interest rate risk arising from its securitisation positions as at 31 December 2020 but may at its discretion choose to hedge exposures arising from securitisation activity in accordance with its Treasury hedging policy.

Risk-weighted exposure amounts (Art 449.h, 449.l)

The risk weighted exposures for the underlying mortgage loans which are not derecognised are calculated using the IRB approach to credit risk for Pillar 1 capital purposes.

The Bank calculates the risk weights of the retained Glenbeigh I V-Note under the Securitisation IRB Approach (SEC-IRBA) in accordance with Article 259 of Regulation (EU) No. 575/2013 as amended by Regulation (EU) No. 2017/ 2401.

The Bank calculates the risk weights of its purchased securitisations exposures using the Securitisation External Ratings Based Approach (SEC-ERBA) in accordance with Article 263 of Regulation (EU) No. 575/2013 as amended by Regulation (EU) No. 2017/ 2401.

The Bank does not use the Internal Assessment Approach in calculating the risk weighted exposures of its securitisation exposures.

Summary of accounting policies (Art 449.j, 449.r)

The SPEs used to originate securitisations are generally included in the consolidated financial statements from the date that control commences until the date that control ceases. Although the Bank does not own more than half of the voting power of these SPEs, it has the power to control the relevant activities of the SPE including the ability to affect the variable returns of the investee and hence these SPEs are consolidated.

The Bank did not provide financial support to a SPE during the year. There are no contractual arrangements that could require the Bank to provide financial support to the SPEs.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Bank has substantially transferred all the risks and rewards of ownership. This treatment applies to the Glenbeigh I transaction.

The Glenbeigh I V-Note is classified as a "Purchased or originated credit impaired asset" (POCI) and was recorded at fair value at original recognition and interest income is subsequently recognised on a credit-adjusted EIR basis.

The Bank's portfolio of purchased securitisation exposures are classified as "Hold to Collect" ("HTC") and represent securities which are managed separately and for which the business model is based on collecting contractual cash flows. These assets are measured at amortised cost under the 'debt securities' classification in the financial statements.

Use of External Credit Assessment Institutions (ECAIs)

(Art 449.k)

The Bank calculates the risk weights of its purchased securitisations exposures using the SEC-ERBA in accordance with the CRR requirements. The Bank uses the credit ratings applied by approved ECAIs to securitisation tranches in calculating the risk weights of the purchased securitisation exposures. The Bank uses the following ECAIs in calculating the risk weights of the purchased securitisation exposures: Fitch Ratings Services, Standard & Poor's Ratings Services and Moody's Investors Services.

Details of securitisation exposures (Art 449.m, 449.n)

The Bank has an exposure to a tranche of a traditional securitisation through holding the V-Note of the Glenbeigh I securitisation. In line with the revised Securitisation Regulations the Bank calculates the risk weights of the retained Glenbeigh I V-Note under the SEC-IRBA. In 2019 the Bank calculated the risk weight of the retained Glenbeigh I V-Note using the Supervisory Formula Approach (SFA) in accordance with the previous CRR regulations for securitisations. The move to the SEC-IRBA capital treatment for the retained Glenbeigh I V-Note has resulted in the risk weight amount increasing to €152m (2019: €90m).

In 2020 the Bank invested in two third party issued Irish residential mortgage backed securitisation note issuances. The Bank did not hold any third party securitisation notes in 2019. The investments are held at amortised cost.

The Bank currently has no assets awaiting securitisation.

Capital Requirements (Art 449.o)

The Bank calculates the risk weights of the retained Glenbeigh I V-Note under the SEC-IRBA.

The Bank calculates the risk weights of its purchased securitisations exposures using the SEC-ERBA.

As at 31 December 2020, the securitisation exposure held consisted of the retained Glenbeigh I V-Note and the two investments in third party issued Irish residential mortgage backed securitisation notes.

Table 40: Own funds requirement per Part Three – Title II, Chapter 5 of the CRR

31 December 2020

All figures in €m	Exposure	Risk weighted Amount	Capital requirement
Purchased	67	13	1
Retained	41	152	12
Total	**107**	**165**	**13**

31 December 2019

All figures in €m	Exposure	Risk weighted Amount	Capital requirement
Purchased	0	0	0
Retained	43	90	7
Total	**43**	**90**	7

Remuneration (Art 450)

These disclosures summarise information regarding the Remuneration Policy at PTSB as required by Article 450 of Regulation (EU) 575/2013. This includes an overview of the decision making process and governance of remuneration, an overview of the Remuneration Policy ('the Policy') including the link between pay and performance, the identification of Material Risk Takers ('MRTs') and aggregate quantitative information on pay.

These disclosures should be read in conjunction with the Corporate Governance Statement and Directors Report on Remuneration within the Annual Report for the year ended 31 December 2020 pages 91 to 136.

Decision making process and governance (Art 450.1.a)

Decision-making process used for determining the Remuneration Policy

While the Board retains ownership of, and responsibility for, the Remuneration Policy within PTSB, the Remuneration Committee (the 'RemCo') is delegated certain responsibilities with respect to remuneration.

The RemCo recommends the Policy to the Board for approval, and monitors and evaluates its application. The CEO is ultimately responsible for the implementation of this Policy, however the HR, Risk and Compliance functions play key roles in its development prior to the RemCo's consideration.

The Bank's HR function is responsible for the preparation of proposals on changes to the Policy, with input from other relevant functions. The Risk and Compliance function reviews specific proposals for consideration of remuneration-related risks and compliance with applicable regulations.

The Chief Risk Officer (CRO) and Risk Function have input into the Policy and its implementation. The CRO provides an update at least annually to RemCo on risk considerations relating to remuneration matters, including the alignment of remuneration policy and risk management and the regulatory risk attaching to remuneration, and an assessment of proposed pay-outs under the variable remuneration scheme in place. The CFO provides an update annually on the impact of making variable remuneration payments on the ability of the Bank to strengthen its capital base.

In line with regulatory requirements, the implementation of this Remuneration Policy is subject to central and independent internal review by Internal Audit for compliance with policies and procedures for remuneration adopted by the Board.

Number of meetings held by the Remuneration Committee during 2020, and the composition and the mandate of the Committee

The RemCo is currently comprised of four independent non-executive directors - Ken Slattery (Chair), Robert Elliott, Andrew Power and Ruth Wandhofer. Marian Corcoran, whose appointment to the Board is described in more detail in the 2019 Annual Report, is also a member of the Committee.

During 2020 a total of 11 meetings took place.

The Chairman of the Board (if not a member), the CEO, the HR Director, the Chief Risk Officer and any other individuals the RemCo wishes, may be invited to attend meetings of the RemCo at the request of the Chairman of the RemCo. Based on the items of business under consideration, the Chairman of the RemCo may ask these invited members to step out of the meeting for some or all items on the agenda.

The purpose, responsibilities and terms of membership of the RemCo are set out in its Terms of Reference which may be viewed on the Bank's website www.permanenttsbgroup.ie. The Committee reviews its terms of reference each year and recommends any changes considered necessary to the Board. The RemCo is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the RemCo.

External consultant whose services have been used in relation to Remuneration Policy

The RemCo may ask independent advisors for advice on any matters in relation to the Remuneration Policy they determine is necessary.

In 2020, the RemCo was advised by Deloitte LLP, primarily in relation to executive director and senior management remuneration, variable pay, Remuneration Policy and trends in the external market, and for perspective on regulatory compliance with a strong emphasis on ensuring compliance with the Shareholder Rights Directive and preparation for the introduction of the fifth Capital Requirements Directive (CRD V). For the purposes of this report for the year ended 31 December 2020, CRD IV is the appropriate regulation. CRD V will apply in 2021.

During 2020, the Committee also employed the services of Willis Towers Watson who provided market benchmarking data and remuneration trend analysis.

Other stakeholders in the development of the Remuneration Policy

The Policy has been designed to comply with the regulatory requirements and the specific agreements contained within the Framework Agreement between the Minister for Finance and the Bank.

Permanent TSB is a community serving a community and our customers are a core consideration when reviewing the Policy. Customer and conduct are key performance underpins for the variable remuneration scheme for staff based in our Retail Banking Division.

Remuneration Policy (Art 450.1.b,c,d,e,f)

Information on the link between pay and performance

Permanent TSB's remuneration policies and practices are designed to provide fair and competitive remuneration while also attracting and retaining the right calibre of employees to drive the Bank's future growth and success. The Bank is committed to ensuring the ongoing alignment of remuneration with strategy and long-term sustainable performance and to the recognition of positive behaviours. Permanent TSB is a community serving the community and in support of this ethos, on an ongoing basis, the Bank reviews how its approach to remuneration serves to reward individual performance (what our colleagues achieve but also the manner in which they achieve their objectives), and how that individual performance contributes to the strengthening of our shared culture and its impact for the long-term sustainability of our business. In this regard, we continue to embed an approach to performance management which reflects our espoused culture and links directly to pay outcomes. In reviewing performance, the Bank also ensures that there are adequate succession plans in place.

In light of the Framework Agreement between the Minister for Finance and the Bank, there have been a number of remuneration related constraints on PTSB in recent years, particularly in relation to variable pay. The Policy has been designed to ensure all employees are remunerated fairly and to encourage and reward our colleagues appropriately as we work together 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 our day-to-day interactions and decision making with our customers and each other.

The components of the current Remuneration Policy are set out below split between fixed and variable components.

With the exception of certain enhancements agreed with the Department of Finance in respect of the terms of the Bank's voluntary severance schemes and a number of amendments required to ensure ongoing compliance with emerging regulation, no material changes were enacted following a review of the Remuneration Policy and supporting policies in 2020.

The Bank has no subsidiaries or overseas operations and the Remuneration Policy applies consistently across all staff, including Material Risk Takers.

Fixed remuneration

Fixed remuneration is paid to staff to perform their individual roles as set out in their contract of employment. The main components consist of salary, pension and benefits. The Bank utilises a policy of median base pay versus market peer groups. The RemCo is cognisant of the need to attract and retain skilled management and staff. If the Bank is unable to attract, retain and motivate key skilled and qualified people its business may be negatively impacted.

PTSB has undertaken a review of all elements of remuneration against the definition of fixed remuneration set out by the European Banking Authority. All elements that have been classified as fixed have been determined to meet all relevant criteria, including that they are non-discretionary, transparent, and permanent, do not provide incentives for risk assumption and do not depend on performance.

Variable remuneration

As a result of the Framework Agreement between the Minister for Finance and PTSB, the Bank no longer operates the majority of variable remuneration arrangements which had previously been in place. There are no share based variable remuneration schemes and the only remaining cash based variable remuneration scheme in place is for staff in the Retail Banking Division which has been agreed with the Department of Finance and is summarised below.

Branch Based Commission Scheme (BBCS)

In order to promote the development of personal banking relationships with our customers, the BBCS is designed to incentivise and reward performance in relation to (i) customer satisfaction, (ii) individual conduct and (iii) activity. This is in line with the CBI's guidance which seeks to put the customer's needs first. We recognise the importance of conduct risk and fair treatment of customers for our business, and therefore if customer and conduct thresholds are not met, individuals may not receive a payment under the scheme.

Only Territory Sales Managers, Territory Sales Staff and Branch Staff are eligible to participate in this scheme. In addition, payments under the scheme are subject to individuals achieving a satisfactory level of individual performance and may also be subject to clawback where, in the relevant period, circumstances come to light which, if known by the Bank at the date of payment of the BBCS award in question, would reasonably have led to:

(i) a downward adjustment to the BBCS recipient's performance rating for the year in question;
(ii) a conclusion that the BBCS recipient had engaged, prior to the BBCS payment date, in misconduct warranting a disciplinary sanction, including but not limited to material breach of any law, regulation or applicable code of practice;
(iii) a downward adjustment or elimination of the quantum of the BBCS payment in question by reason of any computational or accounting error.

Payments under the scheme may also only be made if they do not limit PTSB's ability to maintain, or restore, a sound capital base.

Payments are made in cash after the end of the relevant financial year. It is not considered necessary to deliver a proportion of the amount in shares, or other instruments, given that no MRTs participate in the scheme.

Guaranteed variable remuneration

Other than the potential for sign-on payments on recruitment, PTSB's Remuneration Policy does not allow for guaranteed variable remuneration (i.e. any variable pay which is not linked to performance) to be paid to any individual, as it is not consistent with sound risk management nor the pay-for-performance principle. In practice, PTSB does not provide sign-on payments. PTSB does not use retention bonuses, other than in exceptional circumstances. No MRTs received a retention bonus in 2020.

Further details on Remuneration Policy for independent control functions

Heads of Control Functions are identified as MRTs and as such their remuneration is overseen by the RemCo. Individuals in Control Functions are remunerated through fixed remuneration only and do not participate in variable pay schemes. Heads of Control Functions have direct access to the Chair of the relevant Board Sub-Committees.

Further details on Remuneration Policy for Material Risk Takers

While the Bank's Remuneration Policy has been designed to ensure all employees are remunerated fairly and to promote the long-term success of the business, it is also designed to promote sound and effective risk management. The operation of the policy is reviewed by the Chief Risk Officer in their Annual Report on Remuneration which, inter alia, looks at the alignment of Remuneration Policy with risk management and the regulatory risk attaching to remuneration.

There are no differences in Remuneration Policy for different categories of MRTs or any differences between different geographies.

Further details on remuneration are provided in the Directors' Report on Remuneration on pages 133 to 136 of the 2020 Annual Report.

Payments on termination

Payments on termination of employment will be in accordance with the provisions of CRD IV (and, from the 2021 performance year onwards, CRD V) and applicable Irish legislation. In line with regulatory requirements, any payments in relation to early termination will reflect performance achieved over time and will not reward failure or misconduct. The Bank applies this principle in respect of all staff.

As required under CRD IV, given that PTSB has received State support, any payments to members of the Board made on termination of employment which are classified as variable pay under the EBA Guidelines on sound remuneration policies, may only be paid where justified.

Leavers will receive any payments required under the terms of their contracts. Any payment in respect of the BBCS is non-contractual and will be dealt with in line with the leaver policy for that scheme. If the participant has served notice or ceased employment prior to the payment date, the default position is that the individual is not eligible for a payment.

The Bank's Voluntary Severance Scheme (VSS) applies to all permanent staff. A payment made to an MRT on termination of employment will be considered as to whether it should be subject to the variable pay cap and/or pay-out process rules. Redundancy payments in line with the Bank's Termination Framework and VSS should not, in the normal course, be subject to the variable pay cap and/or pay-out process rules.

Under CRD IV, there is a 1:1 cap on the ratio between the variable and fixed components of remuneration for MRTs. The Bank's ratio is 0:1 for 2020 (0:1 for 2019). Severance payments paid under our VSS scheme, in line with the specific exemptions in respect of certain severance payments outlined in the EBA Guidelines, have been deemed not subject to the variable pay cap.

Identification of Material Risk Takers

Staff deemed to have a material impact on the Bank's risk profile during 2020 were identified as Material Risk Takers (MRTs) in accordance with Commission delegated Regulation (EU) No. 604/2014. The identification process for MRTs, including the definitions and interpretations to be applied by the Bank was approved by the Board Risk and Compliance Committee ("the BRCC") and the RemCo.

In line with the approved definitions and interpretations, the Bank's MRT population typically comprises all members of the Board and Executive Committee, in addition to the Heads of Control Functions (i.e. Risk, Compliance and Internal Audit) and their direct reports, the members of relevant management committees and any other individuals whose professional activities have a material impact on the Bank's risk profile.

HR is responsible for carrying out the self-assessment process in line with the approved definitions and interpretations. The Risk and Compliance functions, as well as relevant business support functions are involved in the identification process. The Executive Committee and CRO undertake a review of the list 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 subsequent RemCo approval.

During 2020, a total of 56 employees were identified as MRTs (2019: 58).

Table 41: Number of Material Risk Takers - 2020

MRT Classification	Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	0	3	1	6	0	10
Other MRTS	9	0	8	10	19	46
All MRTS	**9**	**3**	**9**	**16**	**19**	**56**

Table 41.a: Number of Material Risk Takers - 2019

MRT Classification	Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	0	3	1	5	0	9
Other MRTS	9	0	8	13	19	49
All MRTS	**9**	**3**	**9**	**18**	**19**	**58**

Notes:

1. *Senior Management is defined as members of the Executive Committee identified as MRTs.*
2. *For the purposes of Table 41.a above, one MRT classified as Senior Management in the Independent Control Function was appointed as a member of the Management Body Management Function on 29 October 2019. This individual has been included under Management Body Management Function in the table above.*

Quantitative remuneration disclosures (Art 450.1.g,h,i and Art 450.2)

Table 42: 2020 Aggregate Quantitative Remuneration of Material Risk Takers by Business Area (Art 450.1.g and Art 450.2)

MRT Classification Amounts in €'m	Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	0.0	1.8	0.0	2.4	0.0	4.2
Other MRTS	0.8	0.0	1.5	2.1	3.8	8.3
All MRTS	**0.8**	**1.8**	**1.5**	**4.5**	**3.8**	**12.5**

Table 42.a: 2019 Aggregate Quantitative Remuneration of Material Risk Takers by Business Area (Art 450.1.g and Art 450.2)

MRT Classification Amounts in €'m	Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	0.0	1.5	0.0	2.2	0.0	3.6
Other MRTS	0.8	0.0	1.4	2.4	3.6	8.3
All MRTS	**0.8**	**1.5**	**1.4**	**4.6**	**3.6**	**12.0**

Notes:

1. *Senior Management is defined as members of the Executive Committee identified as MRTs.*
2. *The remuneration for Management Body Management Function in Table 42 above, includes contractual payments made to the outgoing CEO on his departure during 2020. Further details of these payments are provided in the Bank's 2020 Annual Report.*
3. *One MRT classified as Senior Management was identified in Retail Banking for 2019 and 2020. For the purposes of tables 42 and 42.a above, this individual's remuneration has been included in Senior Management Corporate Function figures to ensure no possible identification of an individual's remuneration.*
4. *For the purposes of table 42.a one MRT classified as Senior Management in the Independent Control Function was appointed as a member of the Management Body Management Function on the 29 October 2019. This individual's total 2019 remuneration has been included under Management Body Management Function above, to ensure no possible identification of their remuneration prior to appointment to the Management Body Management Function.*
5. *Quantitative disclosures are calculated in accordance with the EBA Guidelines on the Remuneration Benchmarking Exercise.*

Table 43: 2020 Fixed and Variable Remuneration (Art 450.1.h.i and Art 450.2)

MRT Classification Amounts in €'m		Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	Fixed	0.0	1.8	0.0	2.4	0.0	4.2
	Variable	0.0	0.0	0.0	0	0.0	0.0
	Total	**0.0**	**1.8**	**0.0**	**2.4**	**0.0**	**4.2**
	#MRTS	0	3	1	6	0	10
Other MRT	Fixed	0.8	0.0	1.5	2.1	3.8	8.2
	Variable	0.0	0.0	0.0	0.0	0.1	0.1
	Total	**0.8**	**0.0**	**1.5**	**2.1**	**3.8**	**8.3**
	#MRTS	9	0	8	10	19	46
All MRTS	Fixed	0.8	1.8	1.5	4.5	3.8	12.4
	Variable	0.0	0.0	0.0	0.0	0.1	0.1
	Total	**0.8**	**1.8**	**1.5**	**4.5**	**3.8**	**12.5**
	#MRTS	9	3	9	16	19	56
Other Staff	Fixed	0.0	0.0	49.2	72.1	15.9	137.2
	Variable	0.0	0.0	0.4	0.4	0.5	1.3
	Total	**0.0**	**0.0**	**49.6**	**72.6**	**16.3**	**138.5**

	#Staff	0	0	1100	1429	257	2786

Notes:

1. Senior Management is defined as members of the Executive Committee identified as MRTs.
2. One MRT classified as Senior Management was identified in Retail Banking for 2020. For the purposes of table 43 above, this individual's remuneration has been included under Senior Management Corporate Function to ensure no possible identification of an individual's remuneration.
3. The remuneration for Management Body Management Function in table 43 above, includes contractual payments made to the outgoing CEO on his departure during 2020. Further details of these payments are provided in the Bank's 2020 Annual Report.
4. Payments under the BBCS for 2020 have yet to be processed due to delays associated with the COVID-19 situation. For the purposes of in table 43 above, and based on Board-approved internal budget allocations, we have estimated the pay out to be €0.4m based on internal budgets and this amount is recorded under Other Staff Retail Banking Function.
5. Variable remuneration awarded to Other MRTs in 2020 comprises of two Voluntary Severance payments totalling €94,742.
6. All remuneration is paid fully in cash which is not subject to deferral.
7. Quantitative disclosures are calculated in accordance with the EBA Guidelines on the Remuneration Benchmarking Exercise.

Table 43.a: 2019 Fixed and Variable Remuneration (Art 450.1.h.i and Art 450.2)

MRT Classification Amounts in €'m		Management Body Supervisory Function	Management Body Management Function	Retail Banking Function	Corporate Function	Independent Control Function	Total
Senior Management	Fixed	0.0	1.5	0.0	2.2	0.0	3.6
	Variable	0.0	0.0	0.0	0.0	0.0	0.0
	Total	**0.0**	**1.5**	**0.0**	**2.2**	**0.0**	**3.6**
	#MRTS	0	3	1	5	0	9
Other MRT	Fixed	0.8	0.0	1.4	2.4	3.5	8.2
	Variable	0.0	0.0	0.0	0.0	0.1	0.1
	Total	**0.8**	**0.0**	**1.4**	**2.4**	**3.6**	**8.3**
	#MRTS	9	0	8	1	19	49
All MRTS	Fixed	0.8	1.5	1.4	4.6	3.5	11.9
	Variable	0.0	0	0.0	0.0	0.1	0.1
	Total	**0.8**	**1.5**	**1.4**	**4.6**	**3.6**	**12.0**
	#MRTS	9	3	9	18	19	58
Other Staff	Fixed	0.0	0.0	48.6	65.4	15.5	129.6
	Variable	0.0	0.0	5.0	9.1	0.4	14.5
	Total	**0.0**	**0.0**	**53.7**	**74.5**	**15.9**	**144.1**
	#Staff	0	0	1250	1487	288	3025

Notes:

1. Senior Management is defined as members of the Executive Committee identified as MRTs.
2. For the purposes of table 43.a above, one MRT classified as Senior Management in the Independent Control Function was appointed as a member of the Management Body Management Function on the 29 October 2019. This individual's total 2019 remuneration has been included under Management Body Management Function above. Further details of remuneration paid to the Bank's Executive Directors are provided in the Bank's 2019 Annual Report.
3. One MRT classified as Senior Management was identified in Retail Banking for 2019. For the purposes of table 43.a above, this individual's remuneration has been included under Senior Management Corporate Function to ensure no possible identification of an individual's remuneration.
4. Variable remuneration awarded to Other MRTs in 2019 comprises of one Voluntary Severance payment totalling €66,536.
5. Included under Variable remuneration awarded to Other Staff in the Retail Banking Function are amounts totalling €0.5m which relate to payments under the Branch Based Commission Scheme (BBCS) for the performance year 2019.
6. All remuneration is paid fully in cash which is not subject to deferral.
7. Quantitative disclosures are calculated in accordance with the EBA Guidelines on the Remuneration Benchmarking Exercise.

Other disclosures on remuneration 2020 (Art 450.1.h,i)

The amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types (Art 450.1.h.ii)

- No variable remuneration was awarded to MRTs during 2020 other than severance payments under the Bank's voluntary severance scheme. As outlined above, the severance payments are deemed to be variable for regulatory purposes only but are not performance related payments.

The amounts of outstanding deferred remuneration split into vested and unvested portions (Art 450.1.h.iii)

- There is no outstanding deferred remuneration for MRTs.

The amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments (Art 450.1.h.iv)

- There was no deferred remuneration awarded to MRTs in 2020, paid out and reduced through performance adjustments.

New sign-on payments made during the financial year, and the number of beneficiaries of such payments (Art 450.1.h.v)

- There were no sign-on payments made during 2020.

New severance payments made during the financial year, and the number of beneficiaries of such payments (Art 450.1.h.v)

- 11 severance payments (described in more detail below) were awarded during 2020.

Amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person (Art 450.1.h.vi)

- A total of 11 severance payments were made to staff exiting in 2020, totalling €1,016,961, the highest of which was €200,434.25. Of the 11 payments, 2 Voluntary Severance payments, totalling €94,742 were awarded to MRTs.

The number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500,000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million (Art 450.1.i)

- No individual was remunerated at this level in 2020.

Leverage Ratio (Art 451.1.a)

The leverage ratio was introduced by Article 429 of the CRR to act as a backstop to the capital ratios. It is a non-risk based measure expressed as a percentage of Tier 1 capital to exposures; exposures being similar to balance sheet assets with certain adjustments (see reconciliation below).

The ratio is currently in a non-binding observation period however a 3% minimum requirement will become binding in June 2021 following amendments published in CRR 2.

The leverage ratio of the Group at 31 December 2020 was 8.2% on a transitional basis and 7.1% on a fully loaded basis (31 December 2019: 9.1% transitional and 7.8% fully loaded).

The following tables are provided in the format prescribed by Commission Implementing Regulation (EU) No 2016/200.

Reference date	31 December 2020
Entity name	Permanent tsb plc
Level of application	Consolidated

Table 44: Summary reconciliation of accounting assets and leverage ratio exposures (Art 451.1.b)

Table LRSum[1] All figures in €m			
		Applicable Amounts	
		31-Dec-20	**31-Dec-19**
1	**Total assets as per published financial statements**	**20,986**	**20,278**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (13) of Regulation (EU) No 575/2013 'CRR'	0	0
4	Adjustments for derivative financial instruments	1	1
5	Adjustments for securities financing transactions 'SFTs'	0	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	233	186
EU-6a	Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	0	0
EU-6b	Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013	0	0
7	Other adjustments	(137)	(76)
8	**Total leverage ratio exposure**	**21,082**	**20,389**

(1) Template prescribed in Regulation EU 2016/200.

Table 45: Leverage ratio common disclosure (Art 451.1.b)

Table LRCom[1] All figures in €m			
		CRR leverage ratio exposures	
		31-Dec-20	31-Dec-19
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	21,010	20,303
2	Asset amounts deducted in determining Tier 1 capital	(162)	(102)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**20,848**	**20,201**
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	0	1
5	Add-on amounts for Potential Future Exposure (PFE) associated with *all* derivatives transactions (mark-to-market method)	1	1
11	**Total derivative exposures (sum of lines 4 to 10)**	**1**	**2**
Securities financing transaction exposures			
14	Counterparty credit risk exposure for SFT assets	0	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**0**	**0**
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	1,049	862
18	(Adjustments for conversion to credit equivalent amounts)	(816)	(676)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**233**	**186**
Capital and total exposures			
20	**Tier 1 capital**	**1,725**	**1,850**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19)**	**21,082**	**20,389**
Leverage ratio			
22	**Leverage ratio**	**8.2%**	**9.1%**
Choice on transitional arrangements and amount of derecognised fiduciary items			
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional

(1) Template prescribed in Regulation EU 2016/200. Rows are not shown if the question is not applicable, however in line with EBA guidance the numbering of each row is unchanged.

Table 46: Split-up of on balance sheet exposures (excluding derivatives and SFTs) (Art 451.1.b)

Table LRSpl[1] All figures in €m			
		CRR leverage ratio exposures	
		31-Dec-20	31-Dec-19
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**21,010**	**20,303**
EU-2	Trading book exposures	0	0
EU-3	Banking book exposures, of which:	21,010	20,303
EU-4	Covered bonds	0	0
EU-5	Exposures treated as sovereigns	5,290	3,002
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	0	0
EU-7	Institutions	499	515
EU-8	Secured by mortgages of immovable properties	13,127	14,517
EU-9	Retail exposures	287	341
EU-10	Corporate	1	0
EU-11	Exposures in default	711	715
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,095	1,214

(1) Template prescribed in Regulation EU 2016/200.

Processes used to manage the risk of excessive leverage[10] (Art 451.1.d)

The Group at all times manages the risk of excessive leverage through controls on the level of total assets and also the levels of CET1 and Tier 1 capital. In particular, the Group Risk Appetite Statement sets controls on the level of total assets and also the levels of capital held. The performance of the Group against these targets is monitored and reported to the relevant risk committees. The Group through the committees has procedures in place to take remediating actions if any of the threshold metrics for total assets or capital levels are breached, including breaches of the threshold metric for the leverage ratio itself.

The Group also monitors the leverage ratio metric as a Primary Indicator as part of its Recovery Plan. The metric monitored is set above the regulatory minimum of 3% so that, in the event of a breach of the internal metric, the Group can implement actions within a reasonable timeframe to return it to normal levels. Such measures could include actions to raise new Tier 1 capital or a sale of a loan portfolio to reduce the Bank's total assets.

Factors impacting on the leverage ratio during the period (Art 451.1.e)

The Leverage Ratio on a transitional basis at 31 December 2020 is 8.3%, which is 0.8% lower than the position at 31 December 2019. The main factor for the decrease is a reduction in the Tier 1 capital stemming from expected credit losses booked as a result of the COVID-19 pandemic. The loss for the year of €162m, in addition to regulatory adjustments (-€86m), more than offset a new Additional Tier 1 instrument issued by the holding company for €123m (net of €2m costs) towards the end of the year. In addition to this, the total assets of the Group have increased by c.€700m over the course of the year and is largely attributable to the excess liquidity held by the Bank, in the form of CBI

[10] Maturity mismatches and asset encumbrance are not applicable to the Group in managing the risk of excessive leverage

deposits and highly liquid EU sovereign bonds, as a result of the challenging economic environment caused by the pandemic.

Use of the IRB Approach to Credit Risk (Art 452)

Competent authority's permission of the approach or approved transition (Art 452.a)

The Group is approved by the Central Bank of Ireland and European Central Bank to use the Internal Ratings Based Approach (IRB Approach) for its retail lending portfolios. The Group calculates own estimates of Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factors (CCF) for these portfolios. The Group received approval from the ECB for material model changes (including default classification, PD and LGD) for its retail mortgage Homeloan and Buy-to-Let portfolios in 2018 following completion of a TRIM review on these models. The impact of the updated models is reflected in the RWAs for the Group from December 2018 onwards.

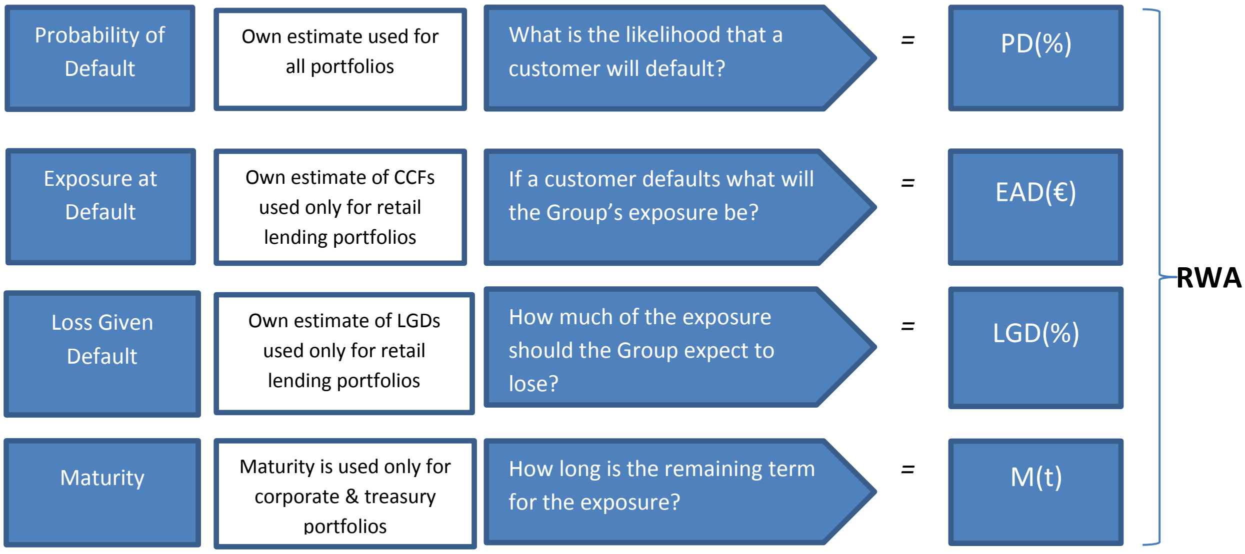
The Bank is a Foundation IRB accredited institution. IRB approaches are applied to over 95% of the Bank's lending exposures. All IRB models used to compute RWA have received regulatory approval by the relevant competent authority.

Internal ratings process (Art 452.c)

The Bank is primarily a retail institution. All Retail IRB portfolios are made up of Probability of Default (PD) models, Exposure at Default (EAD) models and Loss Given Default (LGD) models. PD Models leverage scorecards that are generally constructed using regression analysis for all of the key portfolios. Typical scoring characteristics include financial details, bureau information, product behavioural and current account data. LGD is worked out based on the discounted realised and estimated future recoveries and associated discounted costs for all observed defaults in the dataset. Having identified relevant drivers of loss, exposures are placed into 'pools' and realised LGD is calibrated for each pool. For CCF, realised CCFs are calculated based on historic defaults. Within this process, drivers of realised CCF are identified (e.g. limit utilisation). These drivers are then used to create pools. Average realised CCFs are then applied to each pool.

The Group calculates its own estimates of certain key parameters for quantifying the credit risk on its lending portfolios. The results are combined in the Group's IRB models to produce Risk Weighted Assets (RWA) which are a key driver (denominator) of the Group's capital ratio. More detail on the calculation is illustrated on the diagram below:

Key parameters in the RWA calculation



Retail exposures

The following descriptions for retail exposures is relevant to exposures secured by immovable property (i.e. mortgages), qualified revolving credit exposures and other unsecured exposures e.g. term loans.

Probability of Default (PD)

Internal ratings are assigned as part of the credit approval process for retail exposures. The consistency and transparency of the internal ratings are ensured by the use of rating models. A rating model is a set of specified and distinct rating criteria, which assigns a grade on the basis of a set of characteristics or attributes associated with an exposure. 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 PDs, to individual exposures. PD models are developed at a portfolio level using available internal data at the time of development (usually over a 10+ year period covering at least a full economic cycle). With regard to portfolio segmentation – the Group's credit exposures have been segmented to appropriately reflect the characteristics, and risk profile, associated with different types of exposures.

Scorecards have been designed for each segment based on the drivers or characteristics of default associated with each segment. For instance, scorecards have been specifically developed for the Group's mortgage and unsecured business. Two broad types of scorecards are utilised by the Group, application scorecards & behavioural scorecards. The scorecards have been constructed using regression analysis for all of the key portfolios. Typical scoring characteristics include financial details, bureau information, product behavioural and current account data.

Scorecard output is used as part of a calibration process to determine a PD percentage for each exposure. In doing so, exposures have been calibrated to one-year default rates that are applicable for each segment based on the regulatory approved definition of default. The one-year default rates used in this calibration process have been calibrated to ensure they cater for the 'long-run' experience.

PD IRB models undergo an annual periodic validation cycle. Variances between PD and actual default rates are calculated through this periodic validation cycle and where necessary revisions to estimates are actioned.

Loss Given Default (LGD)
The Banks LGD models are developed using available default data at the time of development. Long Run and Downturn LGD is calculated based on the relevant regulations and applicable guidelines at the time of model development. Time in default is analysed as part of the model development process. During model validation these aspects are reviewed in terms of stability compared to the values at time of development.

As a means of meeting the CRR requirements with regard to LGD – the Group makes use of the “workout” approach to LGD estimation for all retail IRB portfolios. It is used for each of the Group’s key retail segments including mortgages, unsecured, revolving credit.

The process splits into three key areas: estimation of ‘realised’ LGD per account, identification of a scorecard to quantify and rank risk, the calibration of pools to meet the requirements set out in the CRR (especially that the higher of the ‘downturn’ and ‘long run’ realised loss rates are used). Therefore, as part of the estimation process, realised LGD is worked out based on the discounted realised and expected future recoveries and associated discounted costs for all observed defaults in the dataset. Account level losses are used to identify the relevant drivers of loss, and then exposures are placed into 'pools' and realised LGD is estimated for each pool. The final step sees the calibration of each pool to appropriate downturn conditions and assessed against the long run realised loss rates.

Credit Conversion Factor (CCF)
The Banks EAD models are used to calculate CCFs. These models are developed using available default data at the time of development and undergo the same periodic validation cycle as the Banks PD and LGD IRB models. The vast majority of retail exposures operating under the IRB approach do not have “undrawn” amounts. The retail portfolios for which IRB approval has been granted are mainly structured repayment facilities (mortgages and term loans) and as outlined, proportionately not many facilities have undrawn amounts.

The Group uses a two-step approach to CCF modelling. In step one, realised CCFs are calculated based on historic defaults. Within this process, drivers of realised CCF are identified (e.g. limit utilisation). These drivers are then used to create pools. Average realised CCFs are then applied to each pool.

In the second step, the pool CCFs from step one are adjusted for a downturn / long run scenario (as required).

Institutional exposures

Probability of Default (PD)

For exposures to institutions, the internal rating process involves the selection of individual counterparty ratings from nominated ECAIs. The counterparty rating is then run through a notching process with a final IRB being determined by selecting the middle rating subject to additional criteria. The notched IRB is then mapped to a PD which is determined through the Group's calibration process.

Loss Given Default (LGD)

For exposures to other banks the Group uses the LGDs specified in article 161 of the CRR. As of 31 December 2020 all exposures were senior and therefore carried an LGD of 45%.

Credit Conversion Factor (CCF)

For exposures to other banks the Group uses the CCFs specified in the CRR.

Equity exposures

For exposures to equities in the banking book, the Group uses the simple risk weight approach.

Structure of the Group's internal rating system (Art 452.b)

All of the Group's exposures classified under the IRB approach are mapped to a 25 point rating scale. The twenty five point internal rating scale ranges from 1 to 25, where 1 represents the best risk grade or lowest PD and 25 represents the defaulted exposures or PD = 100%. The internal rating scale or masterscale is not a rating tool but is based on probability of default and is used to aggregate borrowers for comparison and reporting purposes after their rating by the underlying models as outlined earlier in the Internal Rating Process section. It should be noted that the models require recalibration at relevant intervals which can result in a change to the PD applicable to the rating grade and hence this can result in a change to the masterscale profile at a portfolio level.

The twenty five point rating scale has been summarised for presentation purposes into 5 blocks or segments as per the disclosures in the Group's financial statements, namely:

- Investment Grade – IRB ratings 1 to 7
- Excellent Risk profile – IRB ratings 8 to 16
- Satisfactory Risk profile - IRB ratings 17 to 21
- Fair Risk Profile - IRB ratings 22 to 24
- Defaulted Cases

Investment Grade categories represent strong exposures sovereigns or institutional investors.

Excellent risk profile grades would typically include performing residential mortgages.

The satisfactory risk profile grades typically include consumer finance exposures and larger mortgage exposures e.g. commercial investment property.

Fair risk profile contains the remainder of the Group's exposures which are not defaulted and includes certain cases which have not yet defaulted but are exhibiting underlying symptoms of potential default e.g. missed payments or partial payments.

The defaulted category is self-explanatory and contains those facilities which have defaulted, where default is defined as 90 days past due or where the Group considers that the customer is unlikely to pay the outstanding liability in full.

The table below shows the mapping from the internal rating scale to the Moody's rating scale, using summarised blocks from the Group's 25 point internal rating scale. As outlined earlier on the Group's masterscale, 1 is the best risk category & 25 the worst or defaulted category.

Indicative mapping of the Group's rating segments to Moody's

Internal Rating Category	Moodys Equivalent	IRB Grade
Investment	AAA - A3	1-7
Excellent	Baa1 - Ba1	8-16
Satisfactory	Ba2 - B1	17-21
Fair	B2 - C	22-24
Defaulted	D	25

The mapping of the internal ratings to the Moody's rating scale is shown for illustrative purposes and it is not intended to reflect that there is a fixed relationship between the Group's internal rating grades and the Moody's rating grades since the rating approaches differ.

Credit Risk Mitigation

The Group's principal exposure to credit risk is in respect of retail mortgage lending. The value of the collateral held is reflected in the LGD estimation process. The LGDs for the Group's retail portfolios are based on internal models and are divided into pools driven by appropriate drivers of loss. Compliance with the CRR minimum of 10% is maintained if necessary.

Please see the chapter on Credit Risk Mitigation on page 129 for more information.

Validation and review of internal ratings process

Permanent TSB has established an internal validation process in accordance with the CRR and regulatory requirements to ensure that the rating systems in place for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion factor (CCF) remain appropriate for the relevant IRB portfolios.

The Model Validation Team (MVT) is part of the Financial Risk and Risk Analytics team within Group Risk and forms part of the second line of defence function. The Head of Validation reports to the Head of Financial Risk and Analytics, who in turn reports to the Chief Risk Officer (CRO).

The principal activities carried out by Validation with respect to the Internal Ratings process include review of redevelopments and updates to existing rating systems (initial validation), formal on-going periodic validation of existing rating systems, as well as on-going monitoring of rating system performance (Trigger Reporting).

Each of the Group's internal rating systems is subjected to Initial Validation when first developed, as well as a cycle of formal periodic validation. This involves a comprehensive review of the rating system across a range of key headings including model performance, back testing and business use of the models and data quality. The Initial Validation, carried out for all enhancements or new developments, provides independent assurance as to the suitability of the methodologies used to develop the rating systems, as well as assessing model performance and compliance with CRD and other regulatory requirements. No enhancement to any of the Group's internal rating systems is permitted to go live without a recommendation for approval from the Model Validation Team and is approved in accordance with the Group's IRB governance process. Any implementation of changes to rating systems are also subject to appropriate regulatory oversight in line with the materiality requirements detailed in EU 529/2014, and the Model Validation Team consider this materiality as part of the validation process.

The validation process provides an on-going independent review of models and incorporates both quantitative and qualitative measures. It assesses procedures and systems to ensure the accuracy of PD, LGD and CCF estimates. The tests employed in the validation process include statistical performance tests of the rating models' discriminatory power and accuracy, comparison of PD, LGD and EAD results against realised outcomes, and assessment of conservatism levels appropriate to the rating system. Validation processes are subject to on-going enhancement to reflect industry best practice and regulatory requirements and are subject to Permanent TSB's governance process.

The results of initial validation reviews and periodic validations carried out, as well as Trigger Reporting reviews and status of validation findings, are reported on a regular basis in line with the Group's Governance processes. Oversight is provided to the CRO and to Group Risk Committee (GRC) as appropriate to the level of materiality involved. All outcomes and the on-going status of findings from validations are reported to GRC as part of the CRO Reporting pack.

The activities of the Model Validation Team are subject to annual review by Group Internal Audit.

Table 47: EU CR6: IRB approach – Credit risk exposures by exposure class and PD range (Advanced IRB)[11] (Art 452.d, 452.e, 452.f, 452.g)

2020	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity in years	RWA	RWA density	EL	Value adjustments and provisions
PD Scale	€m	€m	%	€m	%		%		€m	%	€m	€m
Total AIRB												
0.00 to 0.15	3	74	107%	230	0.1%	415,087	67%	-	13	6%	0	
0.15 to <0.25	18	70	65%	102	0.2%	110,019	52%	-	8	7%	0	
0.25 to <0.50	38	63	75%	115	0.4%	111,278	56%	-	22	19%	0	
0.50 to <0.75	1,387	180	93%	1,552	0.6%	63,771	24%	-	338	22%	2	
0.75 to <2.50	9,783	485	93%	10,216	1.3%	193,245	22%	-	3,442	34%	30	
2.50 to <10.00	1,821	107	90%	1,928	6.3%	89,876	24%	-	1,610	84%	28	
10.00 to <100.00	481	11	69%	489	29.5%	17,579	25%	-	672	137%	35	
100.00 (Default)	1,059	4	80%	1,059	100.0%	10,164	35%	-	650	61%	390	
Total Advanced IRB	**14,590**	**995**	**91%**	**15,692**	**9.3%**	**1,011,019**	**25%**	**-**	**6,754**	**43%**	**485**	**652**
Retail - Secured by Real Estate												
0.00 to 0.15	-	-	-	-	-	-	-	-	-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	1,349	139	94%	1,472	1%	11,253	22%	-	310	21%	2	
0.75 to <2.50	9,660	403	93%	10,010	1%	77,944	22%	-	3,313	33%	28	
2.50 to <10.00	1,773	83	90%	1,845	6%	13,527	22%	-	1,527	83%	25	
10.00 to <100.00	464	2	69%	466	30%	2,762	23%	-	636	136%	31	
100.00 (Default)	1,041	3	82%	1,042	100%	5,847	34%	-	643	62%	375	
Total Retail - Secured by Real Estate	**14,288**	**631**	**91%**	**14,834**	**9.7%**	**111,333**	**23%**	**-**	**6,428**	**43%**	**461**	**617**

[11] The average CCF's do not include the regulatory EAD which is applied to accounts without limits. This will disappear on approval of the new TRIM models. There is a shift of EADs between the first two PD bands for Qualifying Revolving which has been driven by a reduction in conservatism in the two years.

2020 PD Scale	Original on-balance sheet gross exposures €m	Off-balance sheet exposures pre-CCF €m	Average CCF %	EAD post CRM and post CCF €m	Average PD %	Number of obligors	Average LGD %	Average maturity in years	RWA €m	RWA density %	EL €m	Value adjustments and provisions €m
Retail Qualifying Revolving												
0.00 to 0.15	1	74	107%	228	0%	414,984	67%	-	13	5%	0	
0.15 to <0.25	13	70	69%	96	0%	109,693	51%	-	5	6%	0	
0.25 to <0.50	15	63	69%	92	0%	109,524	53%	-	9	10%	0	
0.50 to <0.75	12	41	66%	53	1%	49,926	47%	-	7	13%	0	
0.75 to <2.50	29	82	68%	112	1%	102,511	52%	-	30	27%	1	
2.50 to <10.00	14	24	77%	49	5%	71,597	64%	-	37	74%	1	
10.00 to <100.00	7	9	60%	15	21%	13,208	47%	-	18	121%	1	
100.00 (Default)	6	1	6%	6	100%	3,379	89%	-	3	46%	5	
Total Retail Qualifying Revolving	**96**	**364**	82%	**651**	2.1%	**874,822**	58%	-	**121**	19%	**9**	**12**
Other Retail												
0.00 to 0.15	2	0	31%	2	0%	103	67%	-	1	25%	0	
0.15 to <0.25	6	-	-	6	0%	326	67%	-	2	37%	0	
0.25 to <0.50	23	0	100%	23	0%	1,754	67%	-	13	56%	0	
0.50 to <0.75	27	0	100%	27	1%	2,592	66%	-	20	74%	0	
0.75 to <2.50	94	0	100%	94	1%	12,790	68%	-	99	105%	1	
2.50 to <10.00	34	0	100%	34	5%	4,752	69%	-	47	138%	1	
10.00 to <100.00	9	0	100%	9	25%	1,609	71%	-	19	208%	2	
100.00 (Default)	12	0	-	12	100%	938	83%	-	5	39%	10	
Total - Other Retail	**206**	**0**	91%	**207**	**8.2%**	**24,864**	69%	-	**205**	**99%**	**15**	**23**

2019	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity in years	RWA	RWA density	EL	Value adjustments and provisions
PD Scale	€m	€m	%	€m	%		%		€m	%	€m	€m
Total AIRB												
0.00 to 0.15	3	64	106%	206	0.1%	375,041	61%	-	11	5%	0	
0.15 to <0.25	23	84	70%	124	0.2%	118,930	49%	-	11	9%	0	
0.25 to <0.50	44	63	72%	131	0.4%	119,746	54%	-	26	20%	0	
0.50 to <0.75	1,425	149	91%	1,577	0.6%	78,352	25%	-	369	23%	3	
0.75 to <2.50	10,827	363	91%	11,167	1.3%	211,390	23%	-	4,091	37%	36	
2.50 to <10.00	2,240	111	89%	2,356	6.2%	114,713	25%	-	2,059	87%	36	
10.00 to <100.00	654	12	97%	665	29.3%	21,719	26%	-	961	145%	48	
100.00 (Default)	980	4	98%	980	100.0%	10,478	38%	-	618	63%	302	
Total Advanced IRB	**16,196**	**850**	**91%**	**17,206**	**8.6%**	**1,050,369**	**26%**	**-**	**8,146**	**47%**	**425**	**758**
Retail - Secured by Real Estate												
0.00 to 0.15	-	-	-	-	-	-	-	-	-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	1,380	105	92%	1,471	0.6%	10,791	23%	-	334	23%	2	
0.75 to <2.50	10,688	287	91%	10,937	1.3%	82,152	23%	-	3,946	36%	34	
2.50 to <10.00	2,172	81	89%	2,237	6.3%	15,888	23%	-	1,945	87%	32	
10.00 to <100.00	628	3	98%	631	29.7%	3,559	25%	-	916	145%	44	
100.00 (Default)	958	3	100%	958	100.0%	5,558	37%	-	613	64%	281	
Total Retail - Secured by Real Estate	**15,826**	**480**	**91%**	**16,234**	**8.9%**	**117,948**	**24%**	**-**	**7,754**	**48%**	**393**	**730**

2019	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity in years	RWA	RWA density	EL	Value adjustments and provisions
PD Scale	€m	€m	%	€m	%		%		€m	%	€m	€m
Retail Qualifying Revolving												
0.00 to 0.15	1	64	106%	204	0.1%	374,930	61%	-	10	5%	0	
0.15 to <0.25	16	73	70%	103	0.2%	111,594	48%	-	5	5%	0	
0.25 to <0.50	20	60	70%	97	0.4%	112,706	51%	-	9	9%	0	
0.50 to <0.75	17	43	66%	63	0.6%	56,815	45%	-	8	12%	0	
0.75 to <2.50	36	71	71%	118	1.4%	112,451	53%	-	32	27%	1	
2.50 to <10.00	20	24	81%	61	4.6%	89,142	61%	-	43	71%	2	
10.00 to <100.00	9	8	64%	17	18.7%	15,646	48%	-	20	121%	2	
100.00 (Default)	8	1	13%	8	100.0%	3,939	87%	-	4	43%	7	
Total Retail Qualifying Revolving	**126**	**345**	**81%**	**670**	**2.5%**	**877,223**	**54%**	**-**	**131**	**20%**	**12**	**11**
Other Retail												
0.00 to 0.15	2	0	61%	2	0.1%	111	67%	-	1	26%	0	
0.15 to <0.25	7	10	70%	21	0.2%	7,336	57%	-	6	28%	0	
0.25 to <0.50	25	3	75%	33	0.4%	7,040	63%	-	17	51%	0	
0.50 to <0.75	28	1	95%	43	0.6%	10,746	61%	-	27	63%	0	
0.75 to <2.50	103	5	97%	113	1.4%	16,787	66%	-	114	101%	1	
2.50 to <10.00	48	6	107%	58	4.6%	9,683	64%	-	70	121%	2	
10.00 to <100.00	16	0	86%	17	23.4%	2,514	57%	-	25	145%	3	
100.00 (Default)	14	0	0%	14	100.0%	981	85%	-	2	14%	13	
Total - Other Retail	**244**	**26**	**89%**	**302**	**7.5%**	**55,198**	**64%**	**-**	**261**	**87%**	**20**	**17**

Table 48: EU CR6: IRB approach – Credit risk exposures by exposure class and PD range (Foundation IRB) (Art 452.d, 452.e, 452.f, 452.g)

2020	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity in years	RWA	RWA density	EL	Value adjustments and provisions
PD Scale	€m	€m	%	€m	%		%		€m	%	€m	€m
Institutions												
0.00 to 0.15	498	-	-	498	0.0%	31	45%	0	136	27%	0	
0.15 to <0.25	1	-	-	1	0.2%	1	45%	0	0	57%	0	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Total institutions	**499**	**-**	**-**	**499**	**0.0%**	**32**	**45%**	**0**	**137**	**27%**	**0**	**0**

Per the 2016 EBA Guidelines, the Bank confirms that it does not have any exposures to credit derivatives.

2019	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity in years	RWA	RWA density	EL	Value adjustments and provisions
PD Scale	€m	€m	%	€m	%		%		€m	%	€m	€m
Institutions												
0.00 to 0.15	515	-	-	515	0.0%	32	45%	0	140	27%	0	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Total institutions	**515**	**-**	**-**	**515**	**0.0%**	**32**	**45%**	**0**	**140**	**27%**	**0**	**0**

Table 49: EU CCR4: IRB approach – CCR exposures by portfolio and PD scale (Art 452.e)

2020 **FIRB Exposure Class** **PD Scale**	**EAD post CRM** **€m**	**Average PD** **%**	**Number of obligors**	**Average LGD** **%**	**Average maturity in years**	**RWA** **€m**	**RWA density** **%**
Institutions							
0.00 to 0.15	0	0.1%	3	45%	0	0	31%
0.15 to <0.25	1	0.2%	3	45%	0	0	57%
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Total institutions	**1**	**0.1%**	**6**	**45%**	**0**	**0**	**52%**

2019 **FIRB Exposure Class** **PD Scale**	EAD post CRM €m	Average PD %	Number of obligors	Average LGD %	Average maturity in years	RWA €m	RWA density %
Institutions							
0.00 to 0.15	1	0.0%	13	45%	0	1	41%
0.15 to <0.25	0	0.0%	2	45%	1	0	57%
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Total institutions	**2**	**0.0%**	**15**	**45%**	**0**	**1**	**44%**

The Bank continues to hold a very limited derivative portfolio hence the immaterial nature of the exposures above.

Table 50: EU CR9: IRB approach – Backtesting of PD per exposure class (Art 452.i)

2020 AIRB Exposure Class PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors End of previous year	Number of obligors End of the year	Defaulted obligors in the year	of which new obligors	Average historical annual default rate
Retail - Secured by Real Estate								
0.00 to <0.15	N/A	0.0%	0.0%	-	-	-	-	0.1%
0.15 to <0.25	N/A	0.0%	0.0%	-	-	-	-	0.3%
0.25 to <0.50	N/A	0.0%	0.0%	-	-	-	-	0.9%
0.50 to <0.75	N/A	0.6%	0.6%	10,791	11,253	101	-	1.1%
0.75 to <2.50	N/A	1.3%	1.3%	82,152	77,944	756	2	1.6%
2.50 to <10.00	N/A	6.4%	6.4%	15,888	13,527	658	-	7.6%
10.00 to <100.00	N/A	29.9%	31.5%	3,559	2,762	627	1	22.3%
100.00 (Default)	N/A	100.0%	100.0%	5,558	5,847	-	-	0.0%
Subtotal				117,948	111,333	2,142	3	
Retail Qualifying Revolving								
0.00 to <0.15	N/A	0.1%	0.1%	374,929	414,984	134	-	0.1%
0.15 to <0.25	N/A	0.2%	0.2%	111,594	109,693	78	-	0.1%
0.25 to <0.50	N/A	0.4%	0.4%	112,706	109,524	144	1	0.2%
0.50 to <0.75	N/A	0.6%	0.6%	56,815	49,926	122	1	0.3%
0.75 to <2.50	N/A	1.4%	1.4%	112,451	102,511	473	17	0.6%
2.50 to <10.00	N/A	4.5%	4.8%	89,142	71,597	2,420	31	3.5%
10.00 to <100.00	N/A	20.6%	18.0%	15,646	13,208	2,500	16	14.5%
100.00 (Default)	N/A	100.0%	100.0%	3,939	3,379	-	-	0.0%
Subtotal				877,222	874,822	5,871	66	
Other Retail								
0.00 to <0.15	N/A	0.1%	0.1%	110	103	-	-	0.0%
0.15 to <0.25	N/A	0.2%	0.2%	7,336	326	-	-	0.1%
0.25 to <0.50	N/A	0.4%	0.4%	7,040	1,754	3	-	0.1%
0.50 to <0.75	N/A	0.6%	0.6%	10,746	2,592	3	1	0.2%
0.75 to <2.50	N/A	1.4%	1.4%	16,787	12,790	162	28	0.8%
2.50 to <10.00	N/A	4.5%	4.4%	9,683	4,752	368	39	3.3%
10.00 to <100.00	N/A	24.7%	25.8%	2,514	1,609	516	-	18.1%
100.00 (Default)	N/A	100.0%	100.0%	981	938	-	-	0.0%
Subtotal				55,197	24,864	1,052	68	

2020 FIRB Exposure Class[12] PD range	External rating equivalent Moody's	 S&P	 Fitch	Weighted average PD	Arithmetic average PD by obligors	Number of obligors End of previous year	 End of the year	Defaulted obligors in the year	of which new obligors	Average historical annual default rate
Institutions										
0.00 to <0.15	Aaa to A3	AAA to A-	AAA to A-	0.0%	0.1%	45	34	-	-	-
0.15 to <0.25	Baa1	BBB+	BBB+	0.2%	0.2%	2	4	-	-	-
0.25 to <0.50	Baa2	BBB	BBB	-	-	-	-	-	-	-
0.50 to <0.75	Baa3	BBB-	BBB-	-	-	-	-	-	-	-
0.75 to <2.50	Ba1 to Ba2	BB+ to BB	BB+ to BB	-	-	-	-	-	-	-
2.50 to <10.00	Ba3 to B1	BB- to B+	BB- to B+	-	-	-	-	-	-	-
10.00 to <100.00	B2 to C	B to C	B to C	-	-	-	-	-	-	-
100.00 (Default)	D	D	D	-	-	-	-	-	-	-
Subtotal						47	38	-	-	

The number of obligors in the Retail – Secured by Real Estate portfolio decreased during the year due to the sale of a performing loan portfolio.

[12] The Group received permission in 2019 under a PPU to apply the standardised approach to its euro denominated central government and corporate exposures going forward. As such, only 'Institutions' is disclosed under FIRB exposure class

2019

AIRB Exposure Class PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors: End of previous year	Number of obligors: End of the year	Defaulted obligors in the year	of which new obligors	Average historical annual default rate
Retail - Secured by Real Estate								
0.00 to <0.15	N/A	0.0%	0.0%	-	-	-	-	0.1%
0.15 to <0.25	N/A	0.0%	0.0%	-	-	-	-	0.3%
0.25 to <0.50	N/A	0.0%	0.0%	-	-	-	-	0.8%
0.50 to <0.75	N/A	0.6%	0.6%	10,655	10,791	39	1	1.1%
0.75 to <2.50	N/A	1.3%	1.3%	83,794	82,152	397	4	1.7%
2.50 to <10.00	N/A	6.3%	6.2%	15,303	15,888	346	-	7.6%
10.00 to <100.00	N/A	29.7%	31.8%	4,310	3,559	637	2	23.3%
100.00 (Default)	N/A	100.0%	100.0%	8,819	5,558	-	-	0.0%
Subtotal				122,881	117,948	1,419	7	
Retail Qualifying Revolving								
0.00 to <0.15	N/A	0.1%	0.1%	11,152	374,930	13	1	0.1%
0.15 to <0.25	N/A	0.2%	0.2%	444,164	111,594	342	21	0.1%
0.25 to <0.50	N/A	0.4%	0.4%	113,637	112,706	232	22	0.2%
0.50 to <0.75	N/A	0.6%	0.6%	57,824	56,815	160	9	0.4%
0.75 to <2.50	N/A	1.4%	1.4%	112,334	112,451	702	64	0.8%
2.50 to <10.00	N/A	4.6%	4.8%	89,791	89,142	3,245	134	4.1%
10.00 to <100.00	N/A	18.7%	16.8%	21,708	15,646	3,740	59	14.3%
100.00 (Default)	N/A	100.00%	100.0%	6,364	3,939	-	-	0.0%
Subtotal				856,974	877,223	8,434	310	
Other Retail								
0.00 to <0.15	N/A	0.1%	0.1%	151	111	-	-	0.0%
0.15 to <0.25	N/A	0.2%	0.2%	7,146	7,336	5	-	0.1%
0.25 to <0.50	N/A	0.4%	0.4%	6,061	7,040	7	-	0.1%
0.50 to <0.75	N/A	0.6%	0.6%	11,545	10,746	11	1	0.2%
0.75 to <2.50	N/A	1.4%	1.4%	14,193	16,787	108	22	0.8%
2.50 to <10.00	N/A	4.6%	4.9%	7,628	9,683	277	71	3.0%
10.00 to <100.00	N/A	23.4%	22.3%	2,064	2,514	223	6	16.6%
100.00 (Default)	N/A	100.0%	100.00%	779	981	-	-	0.0%
Subtotal				49,567	55,198	631	100	

2019	External rating equivalent					Number of obligors				
FIRB Exposure Class[13] **PD range**	Moody's	S&P	Fitch	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	of which new obligors	Average historical annual default rate
Institutions										
0.00 to <0.15	Aaa to A3	AAA to A-	AAA to A-	0.0%	0.1%	49	45	-	-	-
0.15 to <0.25	Baa1	BBB+	BBB+	0.2%	0.2%	27	2	-	-	-
0.25 to <0.50	Baa2	BBB	BBB	-	-	-	-	-	-	-
0.50 to <0.75	Baa3	BBB-	BBB-	-	-	-	-	-	-	-
0.75 to <2.50	Ba1 to Ba2	BB+ to BB	BB+ to BB	-	-	-	-	-	-	-
2.50 to <10.00	Ba3 to B1	BB- to B+	BB- to B+	-	-	-	-	-	-	-
10.00 to <100.00	B2 to C	B to C	B to C	-	-	-	-	-	-	-
100.00 (Default)	D	D	D	-	-	-	-	-	-	-
Subtotal						76	47	-	-	

[13] The Group received permission in 2019 under a PPU to apply the standardised approach to its euro denominated central government and corporate exposures going forward. As such, only 'Institutions' is disclosed under FIRB exposure class

Description of the factors that impacted on the loss experience (Art 452.h)

While there has been no significant movement in the Bank's average LGDs there has been a change to the nature of how losses are crystalised for a material proportion of the book.

Historically, defaulted loans would resolve in a number of ways:

- the collateral could be repossessed and sold;
- the customer may sell the property themselves;
- the customer could return to performing via other income;
- the debt could be written of;

or a combination of these.

The particular path to resolution would in turn impact the size of the loss and timing of the realised loss as this depends on a number of factors including the customer behaviour, likelihood of repossession, house price, and costs. However, the Bank has executed a number of loan sales in previous years, including the sale of a largely performing set of residential investment mortgage loans. These sales have accelerated the resolution for these accounts and condensed the timings of loss to single points in time. Furthermore, the expected future cure, repossession, costs and firesale experience have all been rendered implicit in the sale price. Although the sale price is consistent with the expected losses and the sale gives earlier closure and thus certainty to the ultimate loss, it reduces the certainty of how these underlying factors contribute to the loss.

From a default perspective, the Bank, along with peer institutions across Europe, has granted COVID-19 payment breaks throughout 2020 which along with government support have helped maintain default levels at a consistent level throughout 2020 while still appropriately assessing the risk from a ECL and RWA perspective.

Please see pages 172 to 173 of the Group's 2020 Annual Report for more information.

Table 51: CRR Expected losses compared to accounting specific credit risk adjustments for each exposure class since 2012 (Art 452.i)

The table below makes a comparison between the expected loss on performing IRB loans as at December 2019 with the actual loss (charge incurred on accounts that moved into Stage 3 in 2020) in the year ended December 2020.

Regulatory EL provides a view of the expected losses that are likely to arise in the non-defaulted book over the coming 12 month period, using through the cycle estimates for PD and through the cycle or downturn estimates (as appropriate) for LGD and EAD. In order to validate this expected loss, the realised losses would need to be all realised losses which have arisen on all assets when they have gone through their full life cycle – this is not possible as it may take years for the full loss to be realised. The provision charge does not provide a suitable alternative as this information is calculated at a point in time. For these reasons the table below should be reviewed bearing in mind these limitations.

figures in €'m Expected Loss vs Actual Loss	Performing Regulatory Expected Loss Dec'19	ECL Charge (on accounts that moved into Stage 3 in 2020) Dec'20	Difference
Sovereign	0	0	0
Institutions	0	0	(0)
Corporate	7	0	(7)
Total foundation IRB approach	**8**	**0**	**(8)**
Retail Mortgages	112	63	(48)
Retail Qualified Revolving	5	1	(4)
Retail Other	6	3	(4)
Total advanced IRB approach	**123**	**67**	**(56)**
Total IRB approach	**130**	**67**	**(63)**

figures in €'m Expected Loss vs Actual Loss	Performing Regulatory Expected Loss Dec'18	ECL Charge (on accounts that moved into Stage 3 in 2019) Dec'19	Difference
Sovereign	0	0	(0)
Institutions	0	0	(0)
Corporate	3	11	8
Total foundation IRB approach	**4**	**11**	**7**
Retail Mortgages	117	34	(83)
Retail Qualified Revolving	5	2	(3)
Retail Other	5	2	(3)
Total advanced IRB approach	**126**	**38**	**(89)**
Total IRB approach	**130**	**48**	**(82)**

figures in €'m Expected Loss vs Actual Loss	Performing Regulatory Expected Loss Dec'17	ECL Charge (on accounts that moved into Stage 3 in 2018) Dec'18	Difference
Sovereign	0	0	(0)
Institutions	0	0	(0)
Corporate	3	2	(1)
Total foundation IRB approach	**3**	**2**	**(1)**
Retail Mortgages	72	38	(34)
Retail Qualified Revolving	5	2	(3)
Retail Other	4	9	5
Total advanced IRB approach	**82**	**49**	**(32)**
Total IRB approach	**85**	**52**	**(33)**

The tables below show the actual provisions held by the Group under the accounting standards (IAS39) compared to the regulatory expected losses predicted by the Group's IRB models.

figures in €'m Expected Loss vs Actual Loss	Regulatory Expected Loss Dec'16	Accounting Specific Impairment Dec'17	Difference
Sovereign	0	0	0
Institutions	1	0	(1)
Corporate	52	67	15
Total foundation IRB approach	**53**	**67**	**14**
Retail Mortgages	2,042	2,093	51
Retail Qualified Revolving	27	11	(16)
Retail Other	19	14	(5)
Total advanced IRB approach	**2,088**	**2,118**	**30**
Total IRB approach	**2,141**	**2,184**	**43**

figures in €'m Expected Loss vs Actual Loss	Regulatory Expected Loss Dec'15	Accounting Specific Impairment Dec'16	Difference
Sovereign	0	0	0
Institutions	1	0	(1)
Corporate	89	83	(6)
Total foundation IRB approach	**90**	**83**	**(7)**
Retail Mortgages	2,255	2,317	61
Retail Qualified Revolving	28	24	(4)
Retail Other	21	26	5
Total advanced IRB approach	**2,304**	**2,366**	**62**
Total IRB approach	**2,394**	**2,449**	**55**

figures in €'m Expected Loss vs Actual Loss	Regulatory Expected Loss Dec'14	Accounting Specific Impairment Dec'15	Difference
Sovereign	0	0	0
Institutions	12	0	(12)
Corporate	605	114	(491)
Total foundation IRB approach	**617**	**114**	**(503)**
Retail Mortgages	2,614	2,490	(124)
Retail Qualified Revolving	31	29	(3)
Retail Other	27	29	3
Total advanced IRB approach	**2,672**	**2,548**	**(124)**
Total IRB approach	**3,289**	**2,662**	**(627)**

figures in €'m Expected Loss vs Actual Loss	Regulatory Expected Loss Dec'13	Accounting Specific Impairment Dec'14	Difference
Sovereign	0	0	0
Institutions	1	0	(1)
Corporate	623	770	147
Total foundation IRB approach	**624**	**770**	**146**
Retail Mortgages	2,749	2,851	102
Retail Qualified Revolving	41	29	(12)
Retail Other	35	40	5
Total advanced IRB approach	**2,825**	**2,920**	**95**
Total IRB approach	**3,449**	**3,690**	**241**

figures in €'m Expected Loss vs Actual Loss	Regulatory Expected Loss Dec'12	Accounting Specific Impairment Dec'13	Difference
Sovereign	0	0	0
Institutions	2	0	(2)
Corporate	515	728	213
Total foundation IRB approach	**517**	**728**	**211**
Retail Mortgages	1,966	2,935	969
Retail Qualified Revolving	49	42	(8)
Retail Other	140	36	(104)
Total advanced IRB approach	**2,155**	**3,013**	**857**
Total IRB approach	**2,672**	**3,740**	**1,068**

Table 52: Exposures split by geographical area by exposure class, average PD% and average LGD% (Art 452.j)

	ROI Balances			UK Balances			Other EU Balances			Rest of World			Total		
All figures in €m	**EAD**	**PD%**	**LGD%**	**EAD**	**PD%**	**LGD%**	**EAD**	**PD%**	**LGD%**	**EAD**	**PD%**	**LGD%**	**EAD**	**PD%**	**LGD%**
As at 31 December 2020															
Sovereign	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Institutions	32	0.0%	45.0%	2	0.1%	45.0%	120	0.1%	45.0%	346	0.0%	45.0%	500	0.0%	45.0%
Corporate	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Total foundation IRB approach	**32**	**0.0%**	**45.0%**	**2**	**0.1%**	**45.0%**	**120**	**0.1%**	**45.0%**	**346**	**0.0%**	**45.0%**	**500**	**0.0%**	**45.0%**
Retail Mortgages	14,733	9.7%	22.6%	59	15.9%	25.2%	17	9.4%	21.0%	25	15.1%	20.8%	14,834	9.7%	22.6%
Retail Qualified Revolving	646	2.1%	57.7%	3	1.4%	73.3%	1	0.5%	79.1%	1	0.8%	73.5%	651	2.1%	57.8%
Retail Other	206	8.1%	68.8%	1	16.4%	71.3%	0	40.7%	72.9%	0	3.1%	81.8%	207	8.2%	68.8%
Total advanced IRB approach	**15,585**	**9.3%**	**24.6%**	**63**	**15.1%**	**28.2%**	**18**	**9.0%**	**24.0%**	**26**	**14.5%**	**22.9%**	**15,692**	**9.3%**	**24.6%**
Total IRB approach	**15,618**	**9.3%**	**24.7%**	**65**	**14.7%**	**28.6%**	**138**	**1.2%**	**42.3%**	**372**	**1.0%**	**43.5%**	**16,192**	**9.1%**	**25.3%**
As at 31 December 2019															
Sovereign	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0%	0	0.0%	0.0%	0	0.0%	0.0%
Institutions	38	0.1%	45.0%	2	0.1%	45.0%	132	0.1%	45.0%	344	0.0%	45.0%	516	0.0%	45.0%
Corporate	194	43.1%	45.0%	4	2.9%	45.0%	0	0.0%	0%	0	0.0%	0.0%	198	42.3%	45.0%
Total foundation IRB approach	**232**	**36.1%**	**45.0%**	**6**	**2.0%**	**45.0%**	**132**	**0.1%**	**45.0%**	**344**	**0.0%**	**45.0%**	**714**	**11.8%**	**45.0%**
Retail Mortgages	16,069	8.9%	23.6%	105	11.7%	30.9%	22	6.4%	25.3%	38	9.3%	26.1%	16,234	8.9%	23.6%
Retail Qualified Revolving	665	2.5%	54.4%	3	1.7%	67.5%	1	0.8%	73.0%	1	1.3%	67.7%	670	2.5%	54.5%
Retail Other	301	7.5%	64.4%	0	24.7%	64.1%	0	1.9%	51.7%	0	1.6%	52.0%	302	7.5%	64.4%
Total advanced IRB approach	**17,036**	**8.6%**	**25.5%**	**109**	**11.4%**	**32.1%**	**23**	**6.2%**	**27.0%**	**39**	**9.0%**	**27.2%**	**17,206**	**8.6%**	**25.6%**
Total IRB approach	**17,268**	**9.0%**	**25.8%**	**115**	**10.9%**	**32.8%**	**155**	**1.0%**	**42.3%**	**383**	**1.0%**	**43.2%**	**17,921**	**8.7%**	**26.3%**

Use of Credit Risk Mitigation Techniques (Art 453)

Policies and processes for netting (Art 453.a)

The Group does not currently apply contractual netting for its derivative exposures. Credit Risk Mitigation (CRM) is, however, used to calculate credit exposure for the Group's repurchase agreements. Credit exposure on these agreements is calculated using the Financial Collateral Comprehensive Method whereby regulatory volatility adjustments are applied to both sides of a transaction and the adjusted amounts are offset against each other to arrive at the Exposure at Default. The remainder of the Group's non-retail IRB and Standardised credit exposures are not impacted by CRM.

Collateral valuation and management (Art 453.b & c)

As the Group's principal exposure to credit risk is in respect of residential mortgages, which are calculated under the IRB approach, the value of the collateral held is reflected in its LGD estimation process.

A common way to view residential real estate collateral is to view it by loan to value (LTV). The following table summarises the overall exposure weighted indexed LTV.

Table 53: Exposure weighted indexed LTV for retail mortgage portfolios

Indexed LTV	RoI Residential Mortgages	
	Owner Occupied	Buy-to-let
Dec-20	63%	89%
Dec-19	62%	92%

The LGDs for the Group's retail portfolios are based on internal models and are divided into pools driven by appropriate drivers of loss. As is required by the CRD there is currently a minimum value of 10% utilised where internal estimates are less than this value. As at 31 December 2020, the average exposure weighted LGD for the Group's retail mortgage portfolios in Ireland was 22.6% (2019: 23.6%).

For non-retail IRB exposures, supervisory LGDs are used for minimum regulatory capital requirements calculation purposes as is required under CRD IV. These LGDs are not reduced through CRM and are applied directly to obligors in the calculation of risk weights.

Although the Group's derivative portfolio is typically collateralised through CSA agreements, and was so as at 31 December 2020, the Group has not received regulatory approval to recognise these agreements as CRM techniques for regulatory returns and consequently, do not reduce credit exposure. Collateral valuations are automated where possible and performed frequently by obtaining market prices from both licensed third party data providers and regulatory bodies.

Further information regarding the policies and processes for collateral valuation and management are described on page 73 of the Group's 2020 Annual Report.

The collateral taken by the group to mitigate risk is influenced by the exposure type and primarily consists of cash and real estate (for mortgage lending only).

Risk Concentrations within credit risk mitigation (Art 453.e)

The Group is an ROI based retail bank and due to its customer structure and operating focus in this market, the only collateral concentration risk that the Group is exposed to is the Irish residential property market.

Quantitative Disclosure on credit risk mitigation (Art 453.f)

The table below shows the Group's total exposure calculated under the Foundation IRB and Standardised Approaches before and after netting, volatility adjustments and CRM.

Table 54: EU CR3: CRM techniques – Overview (Art 453.f)

2020	Exposures unsecured - Carrying amount €m	Exposures secured - Carrying amount €m	Exposures secured by collateral €m	Exposures secured by financial guarantees €m	Exposures secured by credit derivatives €m
Total loans	3,310	-	-	-	-
Total debt securities	2,479	-	-	-	-
Total exposures	**5,789**	**-**	**-**	**-**	**-**
Of which defaulted	-	-	-	-	-

2019	Exposures unsecured - Carrying amount €m	Exposures secured - Carrying amount €m	Exposures secured by collateral €m	Exposures secured by financial guarantees €m	Exposures secured by credit derivatives €m
Total loans	1,554	-	-	-	-
Total debt securities	1,963	-	-	-	-
Total exposures	**3,517**	**-**	**-**	**-**	**-**
Of which defaulted	-	-	-	-	-

The Increase in total loans was due to additional placements with Central Banks at the end of 2020. Debt securities holdings also increased following the purchase of additional sovereign bonds during the year.

Table 55 :EU CR4: Standardised approach – Credit risk exposure and CRM effects (Art 453.f)

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
2020	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes	€m	€m	€m	€m	€m	%
Central governments or central banks	5,290	-	5,290	-	-	-
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Total	**5,290**	**-**	**5,290**	**-**	**-**	**-**

Increases due to increased placings with the Central Bank and the purchase of sovereign bonds during 2020.

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
2019	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes	€m	€m	€m	€m	€m	%
Central governments or central banks	3,002	-	3,002	-	-	-
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Total	**3,002**	**-**	**3,002**	**-**	**-**	**-**

Article 453 (g)

Not applicable.

Use of the Advanced Measurement Approaches to operational risk (Art 454)

The Group does not use the Advanced Measurement Approach to operational risk.

Use of internal market risk model (Art 455)

The Group does not use any internal market risk models under article 363 of the CRR to calculate its capital requirements.

IFRS 9 transitional arrangements (Art 473a)

The IFRS 9 transitional arrangements regime was materially changed in June 2020 in response to the COVID-19 pandemic. The transitional time period was extended to 2024 from 2022 with the 'dynamic' start date reset to 1 January 2020. The IFRS 9 transitional arrangements help to mitigate the negative impact on CET1 capital arising from both the introduction of expected credit loss accounting in 2018 and also the effects of the COVID-19 pandemic in terms of increased provisioning required above and beyond the level at the end of 2019 for the Bank's performing loans.

The Group applied the IFRS 9 transitional arrangements under Article 473a of the CRR throughout 2020. The Group applied the transitional arrangements in full, including paragraph 4. The Group also applied the first subparagraph of paragraph 7a assigning a risk weight of 100 % to the total standardised addback amount as an alternative to recalculating the standardised exposure value per paragraph 7(b).

The Group did not apply the temporary treatment specified in Article 468 concerning unrealised gains and losses measured at fair value through other comprehensive income. The Group does not have any exposure to central/regional government, local authority or public sector entity debt instruments measured at fair value through other comprehensive income.

The increase in available capital amounts and capital ratios as a result of application of the IFRS 9 transitional arrangements is primarily derived (c.60%) from the 'Day 1' impact of IFRS 9 expected credit losses as at 1 January 2018 compared to IAS 39 impairment provisions at 31 December 2017. The remaining impact is derived from an increase in IFRS 9 Stage 1 and Stage 2 expected credit losses as at 1 January 2020 compared to 1 January 2018 (c.30%) and as at 31 December 2020 compared to 1 January 2020 (c.10%).

The increase in the leverage ratio as a result of application of the IFRS 9 transitional arrangements is due to higher Tier 1 capital.

Table 56: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9

Template IFRS 9-FL: Template on the comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 CRR			
€m		**Dec-20**	**Dec-19**
Available capital (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,535	1,765
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,412	1,631
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	1,535	
3	Tier 1 capital	1,725	1,850
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,603	1,716
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	1,725	
5	Total capital	1,779	1,911
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been	1,657	1,776

Template IFRS 9-FL: Template on the comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 CRR			
€m		**Dec-20**	**Dec-19**
	applied		
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	1,779	
Risk-weighted assets (amounts)			
7	Total risk-weighted assets	8,480	10,012
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,471	9,996
Capital ratios			
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	18.1%	17.6%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.7%	16.3%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	18.1%	
11	Tier 1 (as a percentage of risk exposure amount)	20.3%	18.5%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.9%	17.2%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.3%	
13	Total capital (as a percentage of risk exposure amount)	21.0%	19.1%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.6%	17.8%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	21.0%	
Leverage ratio			
15	Leverage ratio total exposure measure	21,082	20,389
16	Leverage ratio	8.2%	9.1%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7.6%	8.4%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8.2%	

Information on payment breaks

The following templates (Tables 57 & 58) provide additional information on the payment breaks as required by the EBA to meet the Pillar 3 disclosure requirement. Template 1 and 2 are outlined below. Template 3 has not been included, as PTSB do not have any exposures which qualify for this template at 31 December 2020.

The following template provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, in accordance with EBA/GL/2020/02.

Table 57 : Information on loans and advances subject to legislative and non-legislative moratoria

31 Dec 2020 €m	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non-performing				Performing			Non-performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due < = 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due < = 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	27	25	1	21	2	1	2	2	1	0	1	1	0	1	0
of which: Households	27	25	1	21	2	1	2	2	1	0	1	1	0	1	0
of which: Collateralised by residential immovable property	27	25	1	21	2	1	2	2	1	0	1	1	0	1	0
of which: Non-financial corporation	0	0	-	-	-	-	-	0	0	-	-	-	-	-	-
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Refer to page 75 of the Group's 2020 Annual Report for more details on the types of payment break offered to customers.

The following template provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria in accordance with EBA/GL/2020/02 by residual maturity of these moratoria.

Table 58 : Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

31 Dec 2020 €m	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	>3 months<= 6 months	>6 months <= 9 months	>9 month <=12 months	> 1 year
Loans and advances for which moratorium was offered	17,905	1,642							
Loans and advances subject to moratorium (granted)	17,905	1,642	-	1,615	27	-	-	-	-
of which: Households		1,595	-	1,568	27	-	-	-	-
of which: Collateralised by residential immovable property		1,579	-	1,552	27	-	-	-	-
of which: Non-financial corporations		47	-	47	0	-	-	-	-
of which: Small and Medium-sized Enterprises		-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property		46	-	46	-	-	-	-	-

Glossary of terms

Advanced IRB The Advanced Internal Ratings Based (IRB) approach allows a bank to use its 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).

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.

Basis point One hundredth of a per cent (0.01%), so 100 basis points is 1%. It refers to changes in interest rates and bond yields**.**

Basel III Basel III is a global, voluntary regulatory framework on bank capital adequacy, stress testing and market liquidity risk.

Buy-to-let Residential mortgage loan provided to purchase residential investment property for rental purposes.

CCF Credit Conversion Factor converts an off balance sheet exposure (e.g. guarantee or credit facility) into its credit exposure equivalent.

CET 1 ratio Ratio of a bank's common equity capital to its total risk-weighted assets.

Common Equity Tier 1 capital 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.

CBI The Central Bank of Ireland directly supervises the bank since 1 January 2019 as a less significant institution.

CRD Capital requirements directive: Statutory law implemented by the European Union for capital adequacy. The CRD has introduced a supervisory framework in the European Union which reflects the Basel II and Basel III rules on capital measurement and capital standards.

CRR Capital Requirements Regulation is a European regulation on prudential requirements for credit institutions

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.

CSA Credit Support Annex is an annex to an ISDA agreement which allows the exchange of cash, or other allowed collateral, between the counterparties based on the mark to market movements of their derivative contracts.

CVA Credit valuation adjustment 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.

Debt securities Instruments representing certificates of indebtedness of credit institutions, public bodies and other undertakings. Debt securities can be secured or unsecured.

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.

EAD Exposure at default Exposure at default is the gross exposure under a facility upon default of an obligor.

ECAI (External Credit Assessment Institution) means a credit rating agency registered or certified in accordance with Regulation EC 1060/2009.

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.

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.

Foundation IRB The Foundation Internal Ratings Based (IRB) Approach allows a bank to use their own estimated risk parameters for the purpose of calculating regulatory capital for credit risk to estimate probability of default (PD) to arrive at the total risk weighted assets (RWA).

GDP Gross Domestic Product 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 Group Holdings plc and its subsidiary undertakings.

Home loan A loan provided by a bank, secured by a borrower's primary residence or second home.

ICAAP Internal Capital Adequacy Assessment Process undertaken to ensure the Group is adequately capitalised against the risks in its business operations. The ICAAP is subject to review and evaluation by the regulatory authorities.

ILAAP Internal Liquidity Adequacy Assessment is similar to the ICAAP process but concentrates on the adequacy of a bank's liquidity rather than capital.

IRB The Internal Ratings Based Approach (IRB) Approach allows a bank to use its 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.

LCR Liquidity Coverage Ratio: The ratio to ensure that a 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. The LCR was phased in over a number of years, with credit institutions obliged to hold 60% of their full LCR in 2015, 70% in 2016, 80% in 2017 and 100% in 2018, as per CRD IV.

LGD Loss Given Default 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.

Loan to Deposit Ratio is a commonly used statistic for assessing a bank's liquidity by dividing the banks total loans by its total deposits.

LTV Loan to value is a lending risk assessment ratio of mortgage amount to the 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.

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.

Non-performing assets Non-performing assets are defined as NPLs plus foreclosed assets.

NSFR Net Stable Funding Ratio: The NSFR is defined as the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The ASF is defined as the portion of capital and liabilities expected to be stable over the time horizon considered by the NSFR, which extends to one year.

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, systems and human error, fraud, or from external events.

Own funds The sum of Tier 1 and Tier 2 capital.

Past Due Loan where repayment of interest or principal is overdue by at least one day.

PD Probability of Default is a financial term describing the likelihood that a borrower will be unable to meet its debt obligations.

PPU Permanent Partial Use is a permission received from a bank's supervisor to allow it to revert to using the standardised approach instead of the IRB approach.

RWAs Risk weighted assets is a measure of amount of bank's assets or off-balance sheet exposures which are weighted according to risk.

Securitisation Securitisation is the process of taking an illiquid asset, or group of assets, and through financial engineering, transforming them into a security.

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.

Standardised The Standardised Approach requires banks to follow prescribed steps to arrive at the total risk weighted assets (RWA) unless they have been approved to use a different approach (e.g. IRB).

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 hybrid instruments and subordinated term debt.

Total Net Cash Outflows means total expected cash outflows, minus total expected cash inflows, in the specified stress scenario for the subsequent 30 calendar days.

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.

TRIM Targeted Review of Internal Models