

Thank you, Chairman and Good Morning.

I am joined this morning by my colleagues:

- **Eamonn Crowley**, Chief Financial Officer;
- **Shane O'Sullivan**, Group Director of Operations; and,
- **Stephen Groarke**, Chief Risk Officer.

We welcome the opportunity to talk to the Committee.

Indeed, this is our third attendance at the Committee this year with our most recent meeting being just over two months ago.

I understand this morning the Committee will wish to discuss progress in respect of the Tracker Mortgage issue and the proposed sale of Non-Performing Loans in particular and we look forward to answering your questions in a few moments.

Perhaps I may begin by updating the Committee on developments on these issues since we last met.

### Tracker Mortgages

In January we gave the Committee a detailed report on the progress we had made in respect of the Tracker Mortgage issue.

At that time, we explained that we had completed our review of mortgage accounts and we had identified 1,979 accounts which we deemed impacted and that all account holders had been offered redress and compensation.

By the end of May 96% of impacted customers had received their redress and compensation payments; a small number of account holders have instructed us NOT to make payments pending decisions they wish to make.

That remains the position. However, as we have always pointed out, it is not for us to declare this exercise to be concluded. Ultimately, the Central Bank of Ireland has oversight of this redress programme in each of the participating banks. Their review of our work is ongoing and we continue to engage with them.

## Non-Performing Loans

At our meeting in March we gave considerable detail about the progress we had made in dealing with Arrears Management and Non-Performing Loans at the Bank since the financial crisis.

We outlined how we had reached out to the owners of 35,000 properties, how we had helped the owners of almost 14,000 properties to return their loans to Performing Status and how we had dramatically slowed the flow of new arrears cases.

In addition, we outlined the tension between Long-Term Arrears Management, as mandated by the Troika in 2012, and NPL Management, as mandated by the ECB in 2017.

At our meeting in March, the Committee was particularly anxious about the inclusion of long-term treatments known as Split Mortgages in the proposed Project Glas loan sale. This was as a result of their continued classification by the Regulator as Non-Performing – this is a real example of the tension described above.

However, in May, we announced our decision to remove these Split Mortgages from the Project Glas sale and we continue to review how we might approach these loans in a way that will meet the objectives of our Regulators in respect of Non-Performing Loans. Indeed, let all of us be in no doubt that Split Mortgages are “NPLs” that need to be managed carefully.

A second issue which the Committee discussed with us in May was the steps we were taking to return properties which had been surrendered to the Bank to the market and I am happy to confirm that so far this year we have reached sale agreed in respect of 539 of these properties.

We have also been in discussion with the Housing Agency on the use of properties in our possession and we have offered them 400 such properties.

Also, we have identified approximately 500 borrowers who we believe may meet the necessary criteria to allow them to avail of Mortgage to Rent and we are in contact with them to see if we can progress the matter.

In the weeks since we last met there have been a number of important interventions on the issue of NPLs by the Central Bank of Ireland.

I think it has now been made very clear (1) that banks do need to move quickly to deal with the high percentage of NPLs on their balance sheets if we are to protect the banking system and the wider community from any downturn in the economy; and, (2) the sale of Non-Performing Loans to third party funds neither dilutes nor weakens the extensive protections which mortgage account holders have when it comes to their loans and their homes. I trust that these interventions will have reassured the public on this issue.

Finally, I am happy to report that Permanent TSB is continuing to make progress on its recovery from the crisis. Our business and financial performance is trending positively; our lending volumes are up strongly year-on-year; and, our customer deposits remain stable. We are well on the way to fixing the bank which will be of enormous benefit to taxpayers, customers and thousands of staff.

So that brings me to the end of my opening remarks and I look forward to answering your questions.

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