

Frequently Asked Questions

Direction Order in relation to Anglo Irish Bank and Irish Nationwide Building Society under the Credit Institutions (Stabilisation) Act 2010

What action is the Minister taking?

The Minister is taking action in connection with the restructuring of Anglo Irish Bank Corporation Limited and Irish Nationwide Building Society. The purpose of the Court Orders is to direct both institutions to take certain actions to facilitate the restructuring of the institutions.

What actions are the two institutions required to take under the Court order?

The particular actions the institutions are required to take under the Court order are as follows:-

- Commence the process for the sale of their deposits and certain assets of both institutions
- Commence taking the necessary steps to proceed with the restructuring of both institutions as outlined in the Plan submitted to the European Commission on 31 January 2011, subject to final agreement with the Commission and the external authorities in due course.

This Direction Orders were made by the High Court under Part 2 of the Credit Institutions (Stabilisation) Act 2010.

Why is it necessary to take this action?

The continued and on-going existence of Anglo and INBS has been a factor in the destabilisation of the Irish banking system in recent years. There is now a need for the State to take action to resolve the future of Anglo and INBS so as to help restore the Irish financial sector. The State's principal position that, as a matter of public policy, Anglo's position should be worked out in an orderly manner over a period of years as set out in the Minister's statement of 8 September 2010, has been endorsed by the External Authorities (IMF/EU/ECB) who are co-ordinating the financial support programme for the State. The Restructuring Plan envisages the orderly work out of Anglo and INBS over a period of years and, as part of that process, the immediate transfer of deposits from both institutions to a third party credit institution.

What is the restructuring plan for Anglo and Irish Nationwide?

In accordance with the Programme, a specific restructuring plan for these two institutions was submitted on 31 January 2011 to the EU Commission for approval under State Aid rules. This plan will now have to be considered by the Commission, in consultation with the other External Authorities as necessary.

What does the restructuring Plan provide for?

The Plan is in accordance with Government policy as endorsed by the External Authorities and provides for, in relation to these two institutions, the work out of the assets that remain after transfers to NAMA in a manner that seeks to protect the financial system as a whole and also to minimise the capital losses associated with this work out. The sale of deposits and associated assets have been included in the plan as a first step in the restructuring process.

When do you expect a decision on the restructuring Plan?

This is a matter for the European Commission in the first instance. A restructuring plan for Anglo Irish Bank and INBS was submitted to the European Commission on 31 January in line with the timelines agreed with the IMF, ECB and EU for approval under State Aid rules. The national authorities are continuing to engage closely on an ongoing basis with the European Commission and the other bodies on this plan. The current expectation is that there should be an indication of the Commission's assessment as to the restructuring outcome later in the spring.

Is this the reason why the Minister took the Court action today?

The new Credit Institutions (Stabilisation) Act 2010, enacted last December, provides the Minister with certain powers to seek Court orders if these are necessary to achieve the purposes of the Act. These include powers to give directions to banks. The ultimate decision on such matters, however, rests with the Court. The Minister intends to avail of the powers under this Act, as and when appropriate, to contribute towards the achievement of the restructuring of the banking sector as outlined in the Programme of Financial Support. The use of the Act will help give legal protection to the two institutions during this process.

What is intended in respect of deposits in the two institutions?

Pursuant to the Joint Restructuring Plan in respect of Anglo Irish Bank and Irish Nationwide Building Society which was submitted to the EU Commission on 31 January 2011, it is intended that the bulk of the deposits of both institutions will be transferred to one or more third party institutions following an auction process conducted in accordance with EU State aid requirements. This process will now commence. It is expected that the auction process will be completed in the coming weeks. The identity of the party or parties to whom the deposits will be transferred will be made known as soon as the auction process is completed.

It is a fundamental objective of the Joint Restructuring Plan that the restructuring of Anglo and INBS protects depositors. The position of depositors, both during and after the auction process, will be protected under deposit protection schemes, and by, if applicable, the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2010. The terms and conditions of existing deposits in Anglo and INBS that will be

transferred to another institution, including in relation to maturity and interest rate, will be unaffected by the transfer.

Individual queries on the question of savings and deposits should be addressed to Anglo or INBS in the first place.

Will you inform depositors about the outcome of the auction process?

Both institutions will update their deposit customers regarding this process and the outcome of the process.

Will I be able to withdraw money at my local INBS branch or Anglo branch or call centre?

Yes, INBS and Anglo branches and call centres will continue to operate as normal and will be available to transact deposit business in accordance with normal terms and conditions. INBS and Anglo will continue to communicate with its customers during and after the process and will clearly set out the transitional arrangements that will apply following any transfer of the deposits and assets in both institutions.

Will my mortgage in INBS be affected by this court order?

The Court Order in respect of INBS does not affect the mortgage assets of INBS. Accordingly, any mortgage loan a person has with INBS is not affected by the Court Order.

What is the position regarding staff in these institutions?

The restructuring of the banking system will have implications for the employees of the affected institutions. However, such matters will have to be addressed by the institutions themselves in the first instance. However, the position of employees in the business areas of the two institutions that will be affected by the transfer of deposits and assets will be safeguarded as appropriate in accordance with applicable employment legislation with regard to the objective of affecting a swift transfer of the deposits and assets at the end of the auction process.

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