

QUESTIONS AND ANSWERS

Transfer of Anglo Irish Bank's and Irish Nationwide Building Society's deposit books

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 transfer with immediate effect the deposits and certain assets from both institutions, following an auction process that was commenced under the Direction Orders previously issued on 8 February.

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 is that, as a matter of public policy, Anglo 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 and has been endorsed by the External Authorities (IMF/EU/ECB) who are co-ordinating the financial support programme for the State.

What is the restructuring plan for Anglo and Irish Nationwide?

In accordance with the Programme, a joint restructuring and work out plan for these two institutions was submitted on 31 January 2011 to the EU Commission for approval under State Aid rules. The 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 Anglo and INBS to third party credit institutions, namely AIB and IL&P respectively. This plan is now being considered by the Commission, in consultation with the other External Authorities as necessary.

What does the restructuring plan provide for?

In accordance with Government policy the plan provides for the work out of the assets that remain in these institutions 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 corresponding assets are included as a first step in the plan. The Government policy in this regard has been endorsed by the External Authorities.

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 continue to engage closely 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.

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

As a result of the Transfer Orders, substantially all of the deposits of Anglo and INBS have transferred to AIB and ILP respectively.

It is a fundamental objective of the Joint Restructuring Plan that the restructuring of Anglo and INBS protects depositors. The position of Irish depositors is fully protected under the Deposit Guarantee Scheme and the Eligible Liabilities Guarantee Scheme (ELG). UK deposits will retain the protection of the ELG and will be protected under the UK Financial Services Compensation Scheme. Isle of Man deposits will also retain the protection of the ELG and also be protected by the Isle of Man Depositors' Compensation Scheme. The terms and conditions of deposits previously held in Anglo and INBS, including inter alia, 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. See contact numbers for Customer relationship teams.

Anglo's relationship team: +353 1 616 2618 (Monday to Friday, 9am – 5pm)

Irish Nationwide Building Society's relationship team: 1850 522 522 (Monday to Friday, 8am – 8pm and Saturday 9am-1pm from Friday 25 February).

What action will I be required to take as a customer of INBS (Anglo)?

No action is required as a result of this transfer. The respective institutions (IL&P and AIB) will keep customers updated on their transfer of deposits in due course. IL&P and AIB have stated that they are committed to honouring each of the terms and conditions of the savings products as if customers still remained with INBS and Anglo Irish Bank. All savings will also retain the full level of protection under the relevant deposit guarantee schemes as described earlier.

Will my existing terms and conditions remain in place in AIB and IL&P?

Yes, the existing terms and conditions of deposits will be unaffected by the transfer.

I do not wish to bank with AIB/IL&P, can I break my contract without any penalty?

The terms and conditions of deposits, including in relation to matters such as maturity, will be unaffected by the transfer. All depositors will retain the full level of protection under the existing deposit guarantee schemes as described earlier. Any penalties arising from breaking fixed term contracts will be as set out in the terms and conditions applicable to the relevant deposit account.

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

Both institutions INBS/Anglo will update their deposit customers regarding 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 and will clearly set out the transitional arrangements that will apply.

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.

24 February 2011