Anglo Irish Bank Corporation

Determination of Value of Shares Transferred to the Minister for Finance and Rights Extinguished under the Anglo Irish Bank Corporation Act 2009

Report prepared by David Tynan, Assessor under the Anglo Irish Bank Corporation Act 2009

Dated 23 April 2020

Contents

1. Introduction

1.1. On 15 January 2009, the Government of Ireland announced that it would take Anglo Irish Bank Corporation Public Limited Company ("Anglo" or "the Bank") into public ownership.

1.2. On 21 January 2009, the Anglo Irish Bank Corporation Act 2009 (the "Act") was enacted. This Act provided for the transfer to the Minister for Finance of all shares in Anglo Irish Bank, the extinguishing of certain rights in Anglo Irish Bank and for the appointment of an Assessor to determine the fair and reasonable value of the shares transferred and the rights extinguished and the consequent amount of compensation, if any, payable to persons in respect of those shares and those rights.

1.3. On 16 November 2018, I was appointed as the Assessor under the Act.

1.4. The Anglo Irish Bank Corporation (Section 36) Regulations 2019 (the "Regulations") which relate to my role as the Assessor were made on 7 February 2019.

1.5. Since my appointment I have gathered information from a variety of sources to assist me in my determination. A summary of the information reviewed is contained in Section 7 of this Report. I have also received Submissions (as referred to in Section 2.8 below) from a number of former shareholders and rights holders in relation to their view of aggregate value of the transferred shares and extinguished rights in Anglo as at 15 January 2009. In reaching the conclusions that I set out in this Report, I have considered carefully all of the evidence and Submissions that have been made available to me.

2. Requirements of the Act and Regulations

Summary

In this section I summarise the key parts of the of the Act which set out how I am required to determine the fair and reasonable aggregate value of transferred shares and extinguished rights. I have also summarised the key aspects of the Regulations and provided an overview of the interaction with former shareholders and rights holders and the Submissions received.

Section 25 of the Act

2.1. Section 25 of the Act sets out how I am required to determine the fair and reasonable aggregate value of transferred shares and extinguished rights.

2.2. The Act states in Section 25 (1) that I am to determine value as at 15 January 2009 (which I refer to as the "Valuation Date" in this Report).

2.3. Section 25 (2) states that value is to be determined on the basis of the true financial state of the Bank taking into account underlying market values of the Bank's assets and the extent of its actual, contingent and prospective liabilities at 15 January 2009, having regard to the rights attaching to each class of transferred shares, and assuming no financial assistance, investment or guarantee by the State (other than that provided under the Credit Institutions (Financial Support) Act 2008 which is referred to in this Report as the "Guarantee").

2.4. Section 25 (3) states that I must have reference to the following and specifies that I must do so at the Valuation Date in each case:

2.4.1. The share price of the Bank and movements in the price during such period as I consider appropriate **(Section 25 (3) (a));**

2.4.2. Relevant information about the business of the Bank whether publicly available or not **(Section 25 (3) (b))**;

2.4.3. Whether the Bank was unable or likely to become unable to continue as a going concern in the short, medium or long term, or that there was a material risk of it not being able to do so **(Section 25 (3) (c));** and

2.4.4. Capital and solvency levels **(Section 25 (3) (e))**.

2.5. Section 25 (3) states that I must also have regard to the following matters:

2.5.1. The viability of its business model **(Section 25 (3) (d))**;

2.5.2. Its liquidity **(Section 25 (3) (f))**;

2.5.3. The terms of the Credit Institutions (Financial Support) Scheme 2008 (SI No. 411 of 2008) **(Section 25 (3) (g));**

2.5.4. Any access to funding from central banks of the Euro area that the Bank had or would be likely to have had **(Section 25 (3) (h))**;

2.5.5. Any relevant evidence that I obtain in the performance of my functions **(Section 25 (3) (i))**;

2.5.6. Any Submissions made to me **(Section 25 (3) (j))**; and

2.5.7. Any other relevant matter **(Section 25 (3) (k))**.

The February 2019 Regulations

2.6. Section 36 of the Act empowers the Minister for Finance ("the Minister") to make regulations for the purpose of facilitating the performance by the Assessor or the Minister or the Minister's nominee of his or her functions under the Act. The Minister made the Regulations for this purpose and they came into operation on 8 February 2019.

2.7. The Regulations define certain terms and set out the steps I was required to undertake in order to facilitate the making of Submissions to me in relation to the aggregate value of transferred shares and extinguished rights. The Regulations also describe minimum information to be provided when making a Submission, the period for making a Submission and the period for me to review the Submissions.

2.8. To comply with the requirements of the Act and the Regulations in relation to the making of Submissions, I undertook the following steps:

2.8.1. On 26 February 2019, I wrote to former shareholders and rights holders to provide information about my appointment and to outline the process, contact details and timing for making Submissions. The letter also included copies of a press advertisement and frequently asked questions together with details of a website which I was required to set up under the Regulations.

2.8.2. On 28 February 2019, as required by the Regulations, I placed an advertisement in the Irish Independent, Irish Times, Financial Times and Iris Oifigiúil which contained the information about the Submissions process that was included in the letter of 26 February 2019.

2.8.3. From 28 February 2019, a website was available which provided information about the background to my appointment. The website contained, amongst other things: the letter to former shareholders and rights holders; details about the Submissions process; frequently asked questions; links to the Act and Regulations; information about the Bank, and contact details.

2.8.4. A dedicated telephone number, email address and PO Box address were put in place to assist former shareholders and rights holders to communicate with the Assessor and make Submissions.

2.9. The letter, press advertisement and website invited former shareholders and former rights holders to make Submissions to me in respect of the aggregate value of the transferred shares and extinguished rights as at 15 January 2009.

Submissions Received

2.10. During the Submissions period, which commenced on 28 February 2019, I was contacted by over 4,000 former shareholders and former rights holders by phone, email and post.

2.11. The vast majority of the Submissions received from former shareholders and former rights holders were to advise me of the number of shares that they held and to request that they are included in any Compensation Scheme that may be set up in the event that I determine that compensation is payable to former shareholders and former rights holders for transferred shares and extinguished rights.

2.12. A small number of the Submissions received included views about the aggregate value of transferred shares and extinguished rights of the Bank as at 15 January 2009. As part of my work, I have taken into account the information contained in the Submissions.

Further Submissions Received

2.13. In accordance with the Act, a copy of my draft Report dated 15 October 2019 was sent to those parties who had submitted initial Submissions in accordance with paragraphs 2.7 to 2.12 above. These parties were invited to submit further Submissions on my draft Report.

2.14. A very small number of parties, who submitted further Submissions on my draft Report, disagreed with the determination contained in my draft Report and put forward alternative arguments that they have asked me to consider. Having carefully considered the arguments and evidence submitted to me with requests to reconsider the determination contained in my draft Report, I have concluded that there is no basis to change the determination contained in my draft Report.

3. The Banking Environment

Summary

In this section I provide an overview of the banking environment in Ireland leading up to the Valuation Date, describe the background to the Bank's growth and development and consider why its business model became unviable and resulted in its nationalisation in January 2009.

Irish Banking Environment[1]

3.1. The Irish Banking sector grew rapidly in the years leading up to the Valuation Date. Between 2002 and the end of 2007, outstanding loans by the six main banks grew from c. €148bn to c. €400bn or by an average of c. 22% p.a. This growth was significantly higher than the growth of the Irish economy which grew at an average annual rate of 8% in the same period. By the start of 2008, outstanding loans stood at over twice GDP, compared to about 1.1 times GDP in 2000.

3.2. Between 2002 and 2007, net lending to the construction and property sector grew at an average annual rate of almost 50%, increasing from c. €15bn in 2002 to almost €110bn. The proportion of lending for speculative construction and property projects (defined as lending for projects without contracts in place) grew from c. €4bn to c. €35bn between 2002 and the end of 2007. In addition, while the proportion of outstanding residential mortgages fell from 74% to 54% of total lending, the total value of outstanding mortgage loans grew from c. €35bn to c. €91bn.

3.3. These lending growth rates far exceeded both the economic growth and lending growth in other countries such as the UK. It also exceeded the capacity of domestic retail and corporate deposit sources in Ireland to fund the growth. To bridge this funding gap, banks turned to the interbank markets for wholesale deposit market funds which could be sourced by borrowing from domestic and non-domestic banks and on international capital markets. Accordingly, between the end of 2002 and 2007, foreign debt, which was increasingly used by banks to fund domestic lending, grew from €26bn to €129bn or by an average of c. 38% p.a. In the five years to mid-2008 the net foreign liabilities of the Irish banking system increased from c. 20% to c.70% of GDP, and wholesale funding rose to 55% of banking system assets[2]. This change in funding structure made banks more vulnerable to changes in interest rates and to changes in market sentiment. Wholesale funding had a shorter maturity profile than retail bank deposit funding and did not provide a long term source of funds particularly in times of market stress.

[1] The data referenced in 3.1, 3.2 and 3.3 is extracted from the Report of Peter Nyberg titled Misjudging Risk: Causes of the Systemic Banking Crisis in Ireland (referred to herein as "the Nyberg Report"). In March 2011, the Nyberg Report was submitted to the Commission of Investigation into the Banking Sector in Ireland (referred to as "the Banking Enquiry"). The banks referred to are AIB, BoI, Anglo, EBS, IL&P and INBS which were known as the 'covered banks',

[2] Source: IMF statement to the Banking Enquiry.

3.4. During 2007 and 2008 the growth rates of the economy, house prices, lending and funding were considered by several monetary authorities, investors and economists to be very high if not unsustainable. Notwithstanding this, there was a belief in Ireland that the economy would be capable of achieving a smooth transition from high to modest growth, or a "soft landing". However, investors (particularly international investors) providing the increased level of wholesale funding to the Irish financial system, began to consider that property prices were too high, and that construction and property loans were at risk of default[3].

3.5. The collapse of the sub-prime residential mortgage market in the United States triggered the beginning of a global financial crisis leading to the failure of Bear Stearns (March 2008) and Lehman Brothers (September 2008) as well as the United States Federal bail-out of AIG, Fannie Mae and Freddie Mac. The US$700bn Troubled Asset Relief Programme was introduced in October 2008 to stabilise the financial market in the US. In the UK, Northern Rock was nationalised in February 2007 and Bradford & Bingley in September 2008. The potential contagion cause and effect of such events posed a serious and growing threat to the continued functioning of the global financial system during this period. To prevent this, central banks, Governments and regulators implemented extraordinary measures to support financial system liquidity particularly in Europe and the US[4].

3.6. In Ireland, banks began to struggle to secure funding from international markets at the same time as property values were in decline. Banks such as Anglo, which did not have a broad customer deposit taking network, were struggling to access sources of wholesale funding in international capital markets. They had relied on shorter term corporate and interbank funding to fund longer term property development loans. They were competing against better capitalised banks in Europe for wholesale funding from a position of weak liquidity and declining property values. Although the two larger Irish banks, AIB and Bank of Ireland, had broader and more stable sources of funding through their large retail networks, their wholesale sources came under pressure in the second half of 2008, as did those of IL&P and INBS, amongst others[5].

3.7. Against this backdrop, during the second half of 2008, authorities in Ireland began to consider crisis resolution options including bank sector acquisitions, recapitalisations, nationalisation and other support initiatives to alleviate the liquidity pressures in the Irish financial system. At this stage, it appeared that the authorities and banks were focusing on liquidity issues rather than capital issues and there were no substantive plans to consider raising capital or to reduce lending[6].

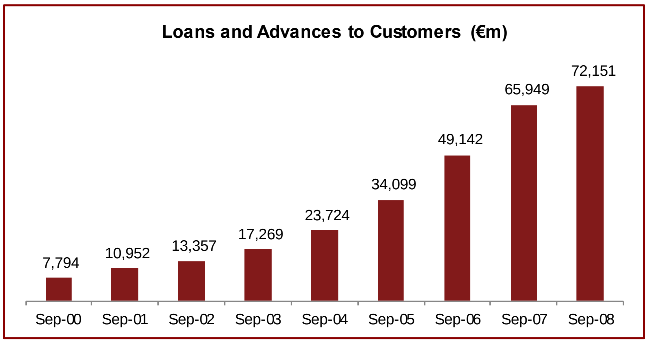
[3] See a report by Patrick Honohan titled 'The Irish Banking Crisis, Regulatory and Financial Stability Policy 2003 – 2008' ("the Honohan Report") which was prepared for the Minister for Finance in May 2010.
[4] Based on review by the Assessor of publicly available information relating to the global financial crisis.
[5] The funding challenges faced by the Irish banks are discussed in the Banking Enquiry and the Nyberg Report.
[6] This is based on review of minutes, emails and memos provided by the Department of Finance, the Central Bank and the Special Liquidator (to IBRC - Irish Bank Resolution Corporation).

Anglo's Business Model

3.8. On 17 March 2008, the Bank's share price fell by almost 15% following announcements in the US the previous day relating to the emergency sale of Bear Stearns to J.P. Morgan Chase. The fall in Anglo's share price was significantly greater than that of other Irish banks which fell c.5% or 6% on average and may have been due to short positions held by investors in the Bank's shares at that time. The Bank's senior management was concerned about the negative effect of the share price decline on deposits and held discussions with the Financial Regulator about measures to alleviate pressure on deposits. Towards the end of that week the Financial Regulator stated that transactions in the Bank's shares would be examined. The Central Bank also stated that the Irish financial sector remained robust and that Irish banks had no material exposure to the US mortgage market (which had impacted Bear Stearns) and following that, the share price partially recovered. However, in the days and weeks following the share price fall, the Bank's net liquidity position began to deteriorate significantly[7].

3.9. While all the banks had participated in the growth described earlier, Anglo's competitive approach differed from that of its peers. From the early 2000s, Anglo gained market share by providing property and property related loans to a relatively narrow customer base which it built up through cultivating relationships with individual property developers. As part of this strategy, the Bank sought to support and stay with its customers as their portfolio of projects and investments grew and, in many instances, this support extended to providing significant additional lending to these customers to enable them to invest personally in other property and related projects. The Bank expanded into the UK and the US and adopted the same competitive approach in these markets, particularly from 2005 onwards[8].

3.10. Anglo typically charged higher margins and fees on its loans compared to its competitors. In return, it had a faster loan approval process and offered more flexibility in relation to loan repayment, performance and security conditions. This was seen as an advantage by property developers who were in competitive bidding situations, particularly in a market where property prices were rising strongly. Between the end of 2004 and 2008, customer loans grew from c. €24bn to c. €72bn, or by an average of c. 32% per annum and market share increased to 18% (compared with 3% in 2002). The table below illustrates the growth of the Bank's customer lending from 2000 to 2008 based on information extracted from the published financial statements.



[7] Based on review of the share price of the Bank and on review of minutes, emails and memos provided by the Department of Finance, the Central Bank and the Special Liquidator.
[8] Based on review of the report of the Banking Enquiry, the Honohan and Nyberg Reports and review of the annual reports of the Bank.

3.11. The Bank did not have a large branch network with the ability to gather retail deposits. Accordingly, it relied on largely corporate deposits and deposits from high net worth individuals and, increasingly, wholesale sources for the funding needed to grow lending. While this institutional (as opposed to retail) deposit base was capable of placing larger deposits with the Bank, such customers required above-market rates to place their funds on deposit. This strategy was successful in allowing the Bank to secure funding in stable markets. As time progressed, the Bank used more sophisticated approaches to access funds from international capital markets, such as covered bonds and asset backed securities. For example, a €2 billion UK covered bond programme was established in March 2007 by the Bank and a €2.2 billion Commercial Mortgage Backed Notes programme was launched in September 2008. However, although they are able to commit larger deposits at a price, institutional and capital market funding sources can be more short term and volatile than retail deposits, particularly in times of market stress thus making the roll-over of funding more difficult to achieve[9].

3.12. By September 2008, approximately c. €48bn of mostly property loans had been originated by the Bank in the previous 4 years. In addition, the Bank's loan book became very concentrated and by September 2008, 15 property customers accounted for c.48% of the Irish lending book[10].

3.13. The first signs of liquidity difficulties for the Bank had emerged in the second half of March 2008 following the emergency sale of Bear Stearns to J.P. Morgan Chase in the US. Following that, the Bank's liquidity position remained under pressure during the summer of 2008[11]. By the end of September 2008, while loans to customers were c. €72bn compared to c. €66bn in the prior year, customer deposits declined from c. €53bn at 30 September 2007 to c. €51bn at 30 September 2008[12]. It subsequently emerged that the September 2008 deposit balance included c. €7.2bn from IL&P which had originated as a short term loan to IL&P from Anglo. The IL&P deposit was discussed by the senior management of the Bank during October 2008 following enquiries from the Financial Regulator about the nature of the deposit. The Financial Regulator also discussed the IL&P deposit directly with management of the Bank[13]. Without that IL&P funding, the underlying deposit base of the Bank would have fallen to c. €44bn. In addition, institutional and capital market sources of deposits increased from c. €7bn in 2007 to c. €20bn at the end of September 2008, which included borrowings from the European Central Bank (ECB) of c. €7.6bn. This amount was borrowed under open market operations known as sale and repurchase agreements and was included within the Bank's liabilities where it was categorised as deposits by banks. Under ECB regulations, such funding was required to be collateralised and the Bank provided the ECB with certain loans and advances to customers as collateral. The funding was required in order to cover the Bank's inability to source all of its funding from wholesale and other market sources[14].

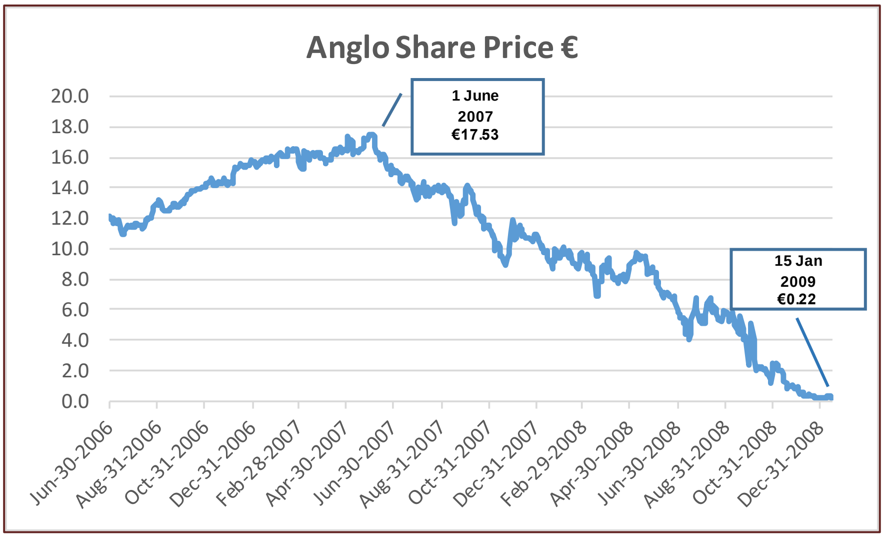
[9] Based on review of the report of the Banking Enquiry, the Nyberg Report and Honohan Reports and review of the annual reports of the Bank.
[10] Annual report and the December 2008 Asset and Liability Committee Memo of the Bank.
[11] Based on information in a Daily Liquidity Update Report of 15 January 2009 prepared by the Bank.
[12] Source: Annual Report of the Bank for 2008.
[13] Source: information provided by the Central Bank.
[14] The €7.6bn funding was not specifically disclosed in the 2008 accounts but was reported in note 37 of the December 2009 financial statement.

3.14. Profitability also deteriorated in the year to 30 September 2008. Although net interest income increased from c. €1.6bn in the year to 30 September 2007 to c. €1.9bn in the year to 30 September 2008, profits after tax declined to €644m from €1,008m due to an increase in the level of provisions for loan impairments to €879m (from €149m in 2007), or to 1.2% of loans (from 0.2%).

3.15. While other banks had begun to copy Anglo's business model in an effort to achieve the same kind of growth and profitability, their loan growth was not as high as that of Anglo[15]. They had broader customer and sector lending exposure, more diverse funding sources including larger retail pools, were less concentrated in speculative property lending, and they were not perceived to be as tied to the fortunes of individual developers and borrowers as Anglo was.

3.16. The Bank's liquidity pressures persisted in September 2008 and questions about the quality and level of provisioning of the Bank's loans started to emerge. Negative investor sentiment continued, and the Bank's share price declined from €5.81 to €2.30 or by almost 60% between the 1st and 29th of the month placing a severe strain on its ability to retain its deposit base.

3.17. The chart below presents the evolution of the Bank's share price between the end of June 2006 and the Valuation Date.



As can be seen from the chart, the share price fell from a high of €17.53 on 1 June 2007 to €0.22 on the date the Bank was nationalised. This decline reflected the market's concerns about the ability of the Bank to continue as a going concern.

The September 2008 Guarantee

3.18. By mid-September 2008, the reduced access of Irish banks to liquidity sources became an urgent issue and both the Department of Finance and Financial Regulator began to consider the nationalisation of a bank or building society and/or a guarantee of banking liabilities[16]. These alternatives had been under review since early in 2008 from which point enabling legislation had

[15] Based on information in the Banking Enquiry and the Nyberg Report, Anglo's customer loans grew by c.28% p.a. between 2000 and 2008, whereas the average growth rate of lending for other banks, excluding Ulster Bank, was c.17% in the same period. Ulster Bank grew by c.31%. The Nyberg Report and the Banking Enquiry reviewed the business models of the banks.
[16] A 'Scoping Paper' was prepared by the Department of Finance in January 2008 to assess options in the case of systemic threat to financial stability.

been drafted. With deposit outflows increasing significantly, the Board of Anglo discussed and explored potential mergers with IL&P and sought funding support from AIB and BoI. Notwithstanding these measures it became apparent to the Bank that, by the end of September 2008, it would be unable to meet demands for repayment of deposits. During the final days of that month, large volumes of deposits were being withdrawn and the Bank expected that to continue[17].

3.19. The consequences of a disorderly collapse of Anglo would have been very serious for the Irish financial system and economy. Having considered the alternatives, the Government took the decision to guarantee, for a period of 2 years, liabilities of AIB, BoI, Anglo, IL&P, INBS and EBS totaling c. €400bn. The Credit Institutions Financial Support Act to give effect to this decision was enacted on 30 September 2008. Following this, AIB and BoI agreed to provide short term liquidity to Anglo which enabled the Bank to remain open[18]. In the days following the Guarantee, the deposit run on Irish banks eased and bank share prices, which had been on a strong downward curve, recovered somewhat and stabilised.

Nationalisation

3.20. Following the Guarantee, attention turned to using its two-year window of protection to recapitalise the banks and provide them with longer term funding that would enable them to operate independently when the Guarantee expired.

3.21. Concerns had grown that loan loss provisions across the banking system did not reflect the decline in property values and that the capital base of banks was insufficient to cover the levels of impairment required and, at the same time, meet or exceed regulatory capital thresholds. Accordingly, the Government and the Central Bank commenced an analysis of the quality of bank loans as well as analysis of impairments and capital that would be required to bring greater stability to the banking sector. The Central Bank retained PwC to review the quality of a significant portion of Anglo's loan book under stress scenarios[19]. This analysis commenced in September 2008 and PwC reported to the Financial Regulator that there was sufficient capital to cover expected impairments over a three-year stress period based on a 4% Core Tier 1 capital ratio. PwC's report[20] noted that the analysis was based on discussions with management of the Bank, a review of large loans only and was performed during a two-week period which did not allow time for detailed review of credit files. Analysis performed by an international Investment Bank advising the Department of Finance reported to the Department in November 2008 that the covered banks would require between c. €7bn and c. €16bn of capital based on a target Core Tier 1 capital ratio of 7% and an average impairment rate of 2.7% (compared to 0.8% at September). This analysis implied that Anglo would require c. €1.5bn of additional equity capital[21].

3.22. Support for Irish banks in equity and debt markets was evaporating rapidly and the Government believed that recapitalisations would need to be announced and implemented early in 2009.

[17] Bank Board minutes for September discussed the severe liquidity pressure the Bank was facing and the ongoing discussions with the Financial Regulator about measures to alleviate system-wide funding difficulties.
[18] Based on review of the report of the Banking Enquiry (Volume 1, page 279).
[19] PwC was instructed by the Financial Regulator to commence a review of bank loan books in September 2008.
[20] PwC's report was known as the Atlas Report.
[21] Source: Confidential report provided by the Department of Finance.

Various approaches including pure equity, preference shares and bank combinations were considered although it was recognised that mergers were complex and time consuming to complete. Nationalisation was also on the agenda for banks with a high exposure to property development[22].

3.23. In October 2008 the British Government announced plans to take RBS and HBOS into public ownership and to inject £37bn into the banking system. The Governments of Germany and France announced plans to inject capital of €140bn to support banks and to provide combined guarantees of up to €720bn. During October and November 2008, private equity groups contacted the Government in Ireland with a view to investing in restructured banks provided the Government was willing to share any losses with investors. By late November 2008 the Government had begun to consider a recapitalisation programme of €10bn for the covered banks which was to be raised through the issuance of redeemable preference shares by each covered bank[23].

3.24. Anglo was in regular discussions with the Financial Regulator and the Department of Finance. Morgan Stanley was retained by the Bank to test the appetite of investors but was unable to find interested parties[24]. The decline in property prices continued and the Bank's share price dropped below €1 on 17 November 2008 giving it a market capitalisation of c. €0.8bn[25], further complicating its ability to raise equity or preference capital from private investors. In early December 2008, the Bank released its results for the year to 30 September 2008. The Bank disclosed that its development lending was c. €17bn, or c.24% of the total loan book of c. €72bn and that almost €7bn of loans, which had previously been booked as property investment at the end of March 2008, were being reclassified to property development at the end of September 2008[26]. With these disclosures, external investors and lenders may have become aware for the first time of the extent of the Bank's exposure to property development lending. In November 2008, the Department of Finance was advised that Anglo's total commercial real estate lending was over 80% of total loans which was more than double the equivalent percentage for AIB and BoI[27].

3.25. In mid-December the Bank met the Department of Finance and confirmed that it would not be able to raise capital from private investors on its own. The Bank advised that €2.5bn of capital would be required and requested State underwriting in order to persuade investors to subscribe for a share offering. Liquidity was expected to be exhausted in the short term[28].

Various alternatives were considered by the Department[29]. On December 18, the Bank's chairman resigned following disclosures relating to corporate governance irregularities (regarding director's loans) and the CEO resigned the following day.

[22] Based on information provided by the Department of Finance, dated November and December 2008 and January 2009, relating to the proposed recapitalisation of the Bank.
[23] Source: Nyberg Report and the report of the Banking Enquiry.
[24] Source: Information provided by the Department of Finance.
[25] Based on the Bank's share price chart.
[26] Based on Davy commentary relating to the results release (as discussed in an email from the Financial Regulator provided by the Central Bank).
[27] Based on information provided by the Department of Finance, dated November and December 2008 and January 2009, relating to the proposed recapitalisation of the Bank.
[28] Based on the Bank's Board minutes of December 2008.
[29] Based on information provided by the Department of Finance, dated November and December 2008 and January 2009, relating to the proposed recapitalisation of the Bank.

3.26. On 21 December, the Taoiseach announced that Anglo would be capitalised via an initial investment of €1.5bn of perpetual preference shares which would entitle the Government to 75% voting control of the Bank and that further capital would be made available to Anglo if it was required. The Government also announced that AIB and BoI would each issue €2bn of perpetual 8% preference shares to the State. The preference shares of the three banks would be treated as Core Tier 1 capital and could be redeemed within 5 years at par or after 5 years at a premium of 125% of par[30]. An EGM to approve the Anglo capitalisation was scheduled to take place on 16 January 2009[31]. The capitalisation plan was generally interpreted as a positive for the financial system by investors and depositors and served to calm liquidity concerns. As the Christmas holiday period approached, it was expected that the plan would be implemented early in the New Year.

3.27. On 12 January 2009, the Bank was notified that Fitch intended to downgrade the Bank's credit rating due to the deteriorating economic position of Ireland, the proposed €1.5bn State capital injection resulting in 75% State ownership, the fall in the share price and the loss of confidence about the Bank's future[32]. The Bank informed the Financial Regulator that demands for repayment of deposits of between €2bn and €3bn were expected over the course of the following week and confirmed that it did not have the liquidity to meet such demand[33]. In the middle of January 2009, prior to the Valuation Date, the Minister for Finance became aware of the nature of the IL&P deposit of €7.2bn[34]. This information along with the downgrade and lack of liquidity heightened the Government's concerns about the true financial position and governance of the Bank and undermined confidence that it would be able to survive without immediate additional State intervention and support.

3.28. The next day, 15 January 2009, the Government informed the Board of Anglo[35] that the Government had decided to withdraw Anglo's proposed €1.5bn preference share recapitalisation. The Board, which was asked by the Government to consider either the liquidation or nationalisation of the Bank, concluded that the Bank would not be able to continue to trade without Government support and consented to the Bank being taken into public ownership[36].

[30] Source: information provided by the Department of Finance.
[31] Source: December 2008 Board minutes of the Bank.
[32] Source: January 2009 Board minutes of the Bank.
[33] Source: January 2009 Board minutes of the Bank.
[34] Source: As stated by the Minister in a Dáil Éireann Debate on 11 February 2009 (https://www.oireachtas.ie/ga/debates/debate/dail/2009-02-11/24/).
[35] Source: information provided by the Department of Finance.
[36] Source: January Board minutes of the Bank.

4. Financial Position of Anglo Irish Bank

Summary

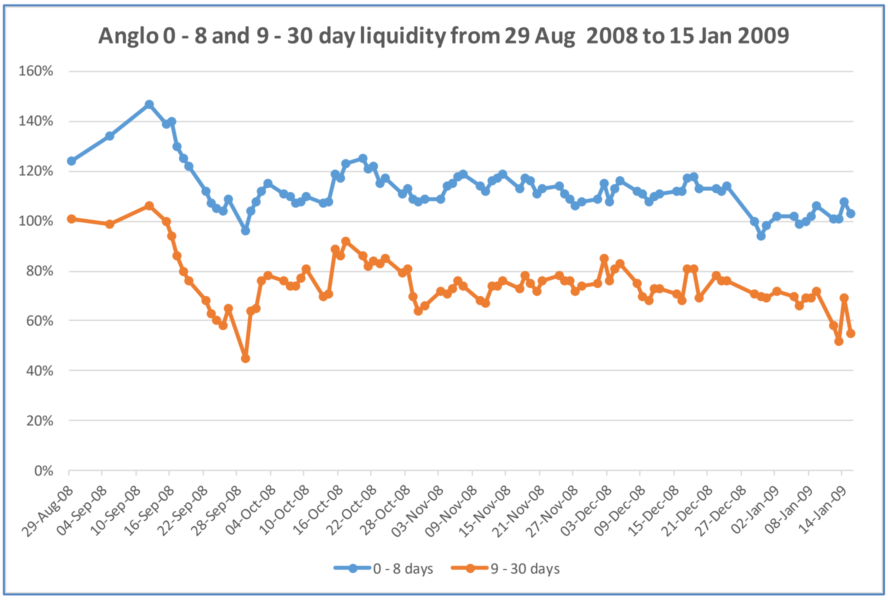
In this section I outline the Bank's liquidity, loan impairment and capital ratio situation in the period leading up to the Valuation Date.

Liquidity

4.1 From around August of 2008, the Bank's ability to make daily payments to depositors and other creditors declined sharply[37]. At that time, the Financial Regulator required banks to maintain minimum daily liquidity and the Bank was reporting its liquidity ratios on a daily basis to the Financial Regulator. The ratios measured liquidity over two periods: zero to 8 days, and 9 to 30 days. To calculate the ratios for each of these periods the Bank measured whether expected cash inflows from funding sources would be sufficient to cover expected cash outflows and to meet the regulatory limits which were at least 100% for 0 to 8 days and at least 90% for 9 to 30 days[38]. The Bank's own internal limits were 125% and 100% respectively[39].

4.2 In its liquidity reports the Bank measured liquidity for both the aforementioned periods on a combined and individual basis. The report for 15 January 2009 showed that liquidity for 0 to 8 days was c. €700m and that the ratio was 103%. For the 9 to 30 day period however liquidity was c. €5bn negative and the ratio was 55% meaning the Bank was in breach of the regulatory minimum for that period (the report showed that the 9 – 30 day ratio was below the regulatory level every day between the date of Guarantee and 15 January). The daily liquidity report on the Valuation Date also contained projections which showed that net total liquidity for 0 to 30-days was expected to reach €22bn negative by mid-February 2009. The projected figures did not assume any investment or support by any investor, State or regulatory entity. The chart below presents the daily liquidity ratios for both periods from the end of August to the Valuation Date[40].

[37] Source: Anglo Daily Liquidity Update Report 15 January 2009.
[38] Source: Anglo Daily Liquidity Update Report 15 January 2009.
[39] Anglo Asset and Liability Committee Report December 2008.
[40] Based on daily liquidity ratios provided by the Bank to the Financial Regulator.



This information shows that, even with the Guarantee in place, during the period prior to nationalisation the Bank was close to being unable to meet demands to repay depositors or to pay other liabilities as they fell due. The projections in the daily liquidity report of 15 January 2009 also show that there was no prospect it that would be able to do so.

Capital Adequacy

4.3 A bank's regulatory capital is also an important indicator of its financial strength. As regulated businesses that hold deposits from and lend to the public, banks are required to hold minimum levels of regulatory capital. The main purpose of regulatory capital is to enable banks absorb losses which occur when borrowers do not repay loans and/or when the value of assets held by the Bank as security for a loan decline. Capital is also held to cover other market and operational risks, but the amount and quality of lending assets is by far the main determinant of the amount of capital a bank must hold. Bank capital ratios are calculated as a percentage of assets which, in the case of a bank such as Anglo, comprise loans to customers.

4.4 To calculate the ratio, assets are weighted according to their risk with performing loans, for example, being weighted at 100% and non-performing loans or loans with low quality security rated at, for example, 150%. Large loans, although performing, would also be a riskier category of asset to the extent they represent a large exposure to a single sector of the economy or to a single individual. At the Valuation Date, the minimum percentage of regulatory 'Core Tier 1' capital, which comprises mainly capital from equity share issuance, was 4% as a percentage of risk weighted assets[41]. Core Tier 1 capital is loss-absorbing capital and will be reduced before other levels of capital if, for example, loan impairments booked in the Profit & Loss Account result in losses after tax. In Anglo's case, in addition to equity capital, Core Tier 1 capital also included preference shares and other regulatory adjustments.

[41] The Bank's capital ratios in 2008 were calculated under the Basel II Standardised Approach.

As asset quality deteriorates and impairments are booked, the level of risk weighted assets rises and, other things being equal, capital as a percentage of risk assets will fall. In normal market circumstances, should a bank face the possibility that its capital ratios, particularly the Core Tier 1 ratio, will fall to a level below the regulatory minimum, it can raise capital or sell assets to ensure that does not happen. If it does happen, regulatory authorities can intervene to oversee the implementation of a solution and / or to revoke a bank's licence to operate. The power to revoke a banking licence in the Irish financial system in 2008 resided with the Irish Financial Services Regulatory Authority (or IFSRA which was also known as the Financial Regulator)[42].

4.5 Banks also hold capital known as 'Tier 1 Capital' which includes Core Tier 1 *plus* for example, perpetual preferred shares which Anglo included in its calculation of this ratio. The minimum Tier 1 Capital ratio at the time of the nationalisation was 4.75% of risk weighted assets.

4.6 Banks also hold capital above Core Tier 1 and Tier 1 levels and this level is known as 'Tier 2 Capital' and usually comprises the sum of Core Tier 1, Tier 1 and any additional capital over and above those two levels such as subordinated debt with various levels of seniority and maturity dates. Subordinated debt is a category of capital that is unsecured and usually issued to investors at higher rates of interest. It is designed to provide additional capital cover for the loss absorbing Core Tier 1 level and is considered to be not as risky as share capital but riskier than secured or senior debt. At the Valuation Date, Anglo had subordinated debt in issue which was included in its Tier 2 Capital[43]. The three levels of capital described above are combined to arrive at 'Total Capital', the minimum regulatory ratio for which was 9.5% of risk assets in November 2008.

4.7 The Bank's December 2008 Risk Management report was prepared by its Asset and Liability Committee (or ALCO). ALCO was responsible for reporting to the Board the risks that the Bank faced in its lending, funding and operations in order to enable decisions to be made about how these and other risks were to be managed. ALCO also reported the Bank's capital and liquidity ratios to the Board. The December 2008 ALCO report showed risk weighted assets c.€89bn and estimated capital ratios as follows at the end of November:

4.7.1 Core Tier 1: c. €4.5bn or 5.03% of risk weighted assets;
4.7.2 Tier 1: c. €6.6bn or 7.37% (this ratio includes Core Tier 1);
4.7.3 Tier 2: c. €3.1bn or 3.51%; and
4.7.4 Total Capital: c. €9.7bn or 10.88% (comprised of Tier 1 plus Tier 2).

4.8 The December 2008 Report also showed actual capital ratios for October which were similar to those above. While those October ratios were in excess of the regulatory limits, the report also noted that in October, loans to the Renting and Business Sector were c. €57.2bn which was 588% of total capital whereas the 'Single Sector Exposure' Limit of the Financial Regulator was 200%.

When loans to the construction sector were added, the percentage rose to 632% compared to the

---

[42] IFSRA was established in 2003 by the Central Bank and Financial Services Authority of Ireland Act 2003 and was dissolved in 2010.
[43] Subordinated debt with a defined maturity date was included within the liabilities covered by the Guarantee. Perpetual, or undated, subordinated debt was not covered by the Guarantee (based on information in the Banking Enquiry Report).

Regulator's 'Connected Sector Exposure Limit' of 250% of total capital. These exposure ratios were not reported for November. However, there is no evidence to suggest that they had improved in November.

Loan Impairments

4.9 The December 2008 ALCO report showed that monthly loan impairment balance rose from c. €0.362bn in May 2008, or 0.52% of outstanding loans at that date, to c. €1.017bn by the end of November or 1.39% of loans. Between August and September, impairments doubled rising from c. €0.423bn to c. €0.960bn. Loans on the 'Watch List', which were loans being reviewed regularly with a view to their possible impairment, rose from c. €1.398bn in May to c. €3.216bn in November, or from 2.0% to 4.4% of total loans.

4.10 In December 2008, JLL undertook a review of the valuations of a selection of commercial, residential and land properties in Ireland which had been used as collateral for bank borrowing. JLL estimated that the market value of these properties at the end of December was c.45% below the values estimated by the banks[44].

4.11 It is unlikely that the levels of impairment recorded by the Bank up to late 2008 were adequate in light of the evidence showing declines in property values that had been in progress for almost two years. In analysis provided to the Department of Finance in November 2008, the Department's advisers estimated that an impairment rate at the end of September 2008 of c.2.7% could be appropriate for Anglo[45]. An impairment level of 2.7% at November 2008 (i.e. an increase of c.1.3%) would imply additional impairments of c. €0.958bn based on the Bank's customer loan balance at that date of c. €73.1bn. Without any other adjustment, this would have reduced the estimated November Core Tier 1 Capital from c. €4.5bn to c. €3.5bn, or to 3.95% of risk weighted assets[46], which was below the regulatory minimum of 4%. The analysis provided to the Department noted that Core Tier 1 ratios of the Irish banks would have to rise to 7% in order to provide confidence that banks would have adequate regulatory capital and funding after increased loan impairments.

4.12 Based on the analysis prepared on behalf of the Financial Regulator and the Department of Finance, increasing the impairment of the Bank's loans book at the end of November 2008 appears reasonable when considering the rate of decline in property values taking place in the market, the increases in defaults and problem loans, and the inappropriate Bank valuation methods noted by JLL.

[44] The JLL report was prepared in December 2008 and provided to the Banking Enquiry.
[45] Source: Report by the Investment Banking advisers to the Department of Finance.
[46] Assessor's estimate based on a report of November 2008 prepared for the Department of Finance by its Investment Banking advisers and on the December 2008 ALCO report.

While the Bank's rate of impairment increased during 2008[47], the need for additional loan impairments over and above the levels booked was foreseeable and it is likely that such additions, had they been implemented, would have caused the Bank to breach regulatory capital limits at the Valuation Date and would have eroded the equity base of the Bank.

Conclusion

4.13 The analysis set out above summarises the main aspects of the financial position of the Bank in the lead-up to its nationalisation on 15 January 2009. The daily liquidity reports clearly showed that the Bank did not expect to have sufficient funds to pay deposit withdrawals. While the capital reserves in the December ALCO report were above the minimum, maintaining that position was heavily dependent on not recording further loan impairments. Loan property valuations prepared in December 2008 indicated that property values were c.45% lower than those estimated by the banks. While there is not a direct correlation between the property value declines and loan value declines, an increase in the impairment percentage from 1.39% reported for November 2008 to 2.7% or anything above that level would have reduced the Core Tier 1 ratio to below the regulatory minimum. An impairment level of 7.5% would have reduced total regulatory capital to zero[48].

4.14 The Bank was aware of these issues and sought to raise third-party funding to allow it to continue as a going concern. When it was clear that third party funding was not available, it turned to the Government for support[49].

4.15 In December 2008, the Government agreed to invest €1.5bn in the Bank in the form of preference shares[50]. The knowledge that this funding would be available provided the Directors of Anglo with a reasonable basis to continue to manage and operate the Bank as a going concern[51].

4.16 Once the decision was taken by the Government in January 2009 not to invest the €1.5bn in the Bank, given the liquidity and capital position of the Bank, it was clear or ought to have been clear to the Directors that the Bank could no longer continue to trade as a going concern as it was both cashflow and balance sheet insolvent. In that instance they needed to pursue an insolvency option or proceed with the nationalisation of the Bank[52]. As noted in 3.28 above, the Board concluded that the Bank would not be able to continue to trade without Government support and consented to the Bank being taken into public ownership.

[47] Per information in the ALCO reports.
[48] Assessor's estimate based on the information in the December ALCO report.
[49] Based on information provided by the Department of Finance, dated November and December 2008 and January 2009, relating to the proposed recapitalisation of the Bank.
[50] Based on information provided by the Department of Finance, dated November and December 2008 and January 2009, relating to the proposed recapitalisation of the Bank.
[51] In the opinion of the Assessor.
[52] In the opinion of the Assessor.

5. Fair and Reasonable Value

Summary

In this section I outline the approach that I have taken to determine the fair and reasonable aggregate value of the transferred shares and extinguished rights at the Valuation Date.

Section 25 of the Act

5.1. **Section 25 (1)** of the Act states that I must determine the fair and reasonable aggregate value of transferred shares of each class and the extinguished rights as at 15 January 2009.

5.2. **Section 25 (2)** states that I am to determine the value referred to above:

5.2.1. On the basis of the true financial state of the Bank at the Valuation Date, taking into account the underlying market values of the Bank's assets and its actual, contingent and prospective liabilities at that date;

5.2.2. Having regard to the rights attaching to each class of transferred shares; and

5.2.3. Assuming no financial assistance, investment or guarantee (other than the Government Guarantee of September 2008) would in future be provided to or made in the Bank, directly or indirectly, by the State.

I return to the requirements of Section 25 (2) in paragraph 5.4 below.

5.3. **Section 25 (3)** states that to determine the value referred to in 5.1 above, I must have reference to the items listed in **Section 25 (3) (a) to (k)**. Each of these items are considered below.

*5.3.1. The share price of the Bank at close of business on 15 January 2009 and movements in that price during such period as I consider appropriate (**Section 25 (3) (a)**).*

The closing share price on 15 January 2009 was €0.22 per share. In Section 3 above, I have included a table showing the share price movement of the Bank between June 2006 and the Valuation Date. The share price fell from its high of €17.53 per share in June 2007 to €0.22 per share at the Valuation Date. The market capitalisation over the same period fell from c. €13bn to €0.169bn or by almost 99%.

At the Valuation Date, it is my opinion that there was price sensitive information in relation to the Bank which was not in the public domain. This information included matters relating to the liquidity and capital position of the Bank, the fact that the Government had made a decision not to proceed with the investment of €1.5bn in the Bank as well as information about the €7.2bn deposit from IL&P and information about governance irregularities. In light of the absence of disclosure by the Bank about these matters and because, at the Valuation Date, the Bank was not in a position to continue to trade as a going concern without access to further funding, I do not believe that the share price of the Bank on the Valuation Date is an appropriate indicator of value.

*5.3.2. Relevant information about the business of the Bank as of 15 January 2009, whether publicly available or not (**Section 25 (3) (b)**).*

In carrying out my work, I had access to a large amount of information about the business of the Bank as of 15 January 2009. This included information which was not in the public domain such as the matters outlined in Section 5.3.1 above. A list of the information reviewed is set out in Section 7 below.

5.3.3. *Whether the Bank was, on 15 January 2009 unable or likely to become unable to continue as a going concern in the short, medium or long term, or that there was a material risk of it not being able to do so (**Section 25 (3) (c)**);*

In Section 3 of this report, I considered the trading conditions for the Bank in the period leading up to its nationalisation. As conditions deteriorated, the Bank sought to raise funds from private sources but was unable to do so. In the absence of private sector funding, the Government had indicated that it was prepared to invest funds in the Bank. However, in January 2009 the Government withdrew this support (as it was entitled to do so) when it became aware of further financial irregularities and governance issues in the Bank. On the basis of these facts, I concluded that the Bank was unable to continue as a going concern in the short term.

*5.3.4. The viability of the Bank's business model (**Section 25 (3) (d)**).*

In Section 3 of this report, I considered the Bank's business model and how this led to strong growth of lending to the property development sector. I also described the Bank's reliance on shorter term institutional and capital market funding sources and how, from the first quarter of 2008, such sources became less reliable leading to liquidity difficulties. In Section 4, I outline that JLL had estimated in December 2008 that the market value of commercial, residential and land properties was c.45% below the values estimated by the banks. Given the Bank's exposure to the property sector, this was going to have a strongly negative impact on the viability of the Bank's business model.

*5.3.5. The capital and solvency levels of the Bank at 15 January 2009 (**Section 25 (3) (e)**).*

In Section 4 of this Report, I consider the Bank's reported capital adequacy and loan impairments. I considered independent evidence of declining property market values at the end of November 2008 and concluded that the need to increase the Bank's loan impairments was foreseeable. I concluded that increased impairments would have caused the Bank to breach regulatory capital limits. In view of such a breach, the unavailability of third party funding and the liquidity position of the Bank, I concluded that once the State withdrew the proposed investment of €1.5bn, it was clear, or ought to have been clear to the Directors that the Bank could not continue to trade as a going concern.

5.3.6. *The liquidity of the Bank (**Section 25 (3) (f)**).*

In Section 4 of this Report, I have reviewed the Bank's liquidity position in the lead up to nationalisation. This review showed that, even with the Guarantee in place, the Bank was close to being unable to meet demands to repay depositors or to pay other liabilities as they fell due. The projections in the daily liquidity report of 15 January 2009 also show that there was no prospect it would that be able to do so.

5.3.7. *The terms of the Guarantee (**Section 25 (3) (g)**).*

I reviewed the Credit Institutions Financial Support Act 2008 and the Credit Institutions (Financial Support) Scheme 2008 (SI No. 411 of 2008) ("the Scheme") which gave effect to the Guarantee. I considered that Section 6 (1) of the 2008 Act enables the Minister for Finance to "provide financial support in respect of the borrowings, liabilities and obligations of any credit institution or subsidiary which the Minister may specify". I also note that the primary purpose of the Scheme was to maintain, in the public interest, the stability of the financial system in the State and to provide financial support to certain credit institutions or subsidiaries of credit institutions operating in the State. Notwithstanding the existence of the Guarantee, the Bank struggled to access liquidity to meet demands to repay depositors or to pay other liabilities as they fell due.

5.3.8. *Any access to funding that the Bank had or would be likely to have had from central banks of the euro area, including the Central Bank and the European Central Bank **(Section 25 (3) (h))**.*

In Section 3 of this Report, I outlined how the Bank had borrowings of €7.6bn from the ECB at the end of September 2008. There was no evidence provided to me that indicated that there was a willingness on the part of the Central Bank or the European Central Bank to provide further liquidity in the absence of an equity injection into the Bank.

5.3.9. *Any relevant evidence that I obtained in the performance of my functions (**Section 25 (3) (i)**).*

As noted in 5.3.2 above, I had access to a large amount of information about the business of the Bank as of 15 January 2009. This included information which was not in the public domain such as the matters outlined in Section 5.3.1 above. A list of the information reviewed is set out in Section 7 below. Where I have utilised this information in the Report, the source of the information has been noted in the footnotes on each page.

5.3.10. *Any Submissions made to me **(Section 25 (3) (j))**.*

In Section 2 of this Report, I outlined the process I have undertaken to obtain Submissions from relevant parties. Recurring themes from the Submissions related to the transfer of assets to NAMA, the merger with INBS, the expected solvent liquidation of IBRC, statements made by certain politicians and public servants at the time the Bank was taken into public ownership stating that the Bank was solvent and the concept of a long- term liquidation. I believe these matters require further elaboration:

- In June 2009, following nationalisation, the Government invested €3bn of cash into Anglo and a further €1bn of cash was invested in August 2009. These funds were invested by way of Ordinary Shares and counted as Core Tier 1 Capital of the Bank

- The National Asset Management Agency (NAMA) was established in November 2009 with the aim of acquiring loans from participating credit institutions including the banks covered by the Guarantee. At the establishment of NAMA, it was anticipated that loans would be acquired at a large discount from their book values. By December 2011, NAMA had acquired €74.4bn of loans from five banks.

- For the year ended 31 December 2009 (15 months) the Bank reported losses after tax of c. €12.7bn and for the year ended 31 December 2010 losses of c. €17.7bn. These losses were after c. €15bn of impairments in 2009 and c. €19.5bn of impairments and discounts on loan sales to NAMA in 2010. Therefore, between the Valuation Date and the end of 2010, the total of impairments and discounts on the Bank's loan portfolio was c. €34.5bn.

- By December 2010 over four tranches, the Government had issued Promissory Notes to the Bank for €25.3bn which, together with the above-mentioned €4bn capital injection, amounted to total Government funding of €29.3bn by the end of 2010. The Bank was able to pledge the Promissory Notes as collateral with the ECB and thereby obtain €25.3bn cash in the form of Emergency Liquidity Assistance.

- Without the Promissory Notes and the capital injection, the Bank's capital base would have been c. €26bn negative by the end of 2010. As the Promissory Notes were booked as a Capital Reserve, the capital base of the Bank was reported at €3.5bn at the end of that year.

- In July 2011, following the approval of a restructuring plan by the European Commission, Anglo and INBS were merged into a new entity – the Irish Bank Resolution Corporation or IBRC.

- By the end of 2012, NAMA had completed the acquisition of impaired and problem loans. €34.4bn of loans were acquired from Anglo for €13.4bn implying a discount of 61%.

- In February 2013, Special Liquidators were appointed to IBRC to commence the liquidation of its remaining assets which had not been transferred to NAMA. In their most recent progress update report to the Minister for Finance of May 2019, the Special Liquidators reported that between the commencement of the liquidation of IBRC in 2013 and February 2019, cash inflows comprising mainly the sale of loan books and assets were c. €17bn. The inflows exceeded total outflows of c. €16bn, which included dividends to creditors, payments to NAMA and administrative overheads and liquidation fees, among other items. The progress report showed that the excess of inflows over outflows from the liquidation has, so far, reached €1.25bn.

- Between its inception and the end of 2018, NAMA used the proceeds from sales of property assets to pay day-to-day operating expenses and to repay debt that was issued to acquire the loans in the first instance. In its annual report to the Minister for Finance for the year ended December 2018, NAMA reported that it expects to return a surplus of c. €4bn to the Exchequer after realising all of its assets and paying all of its liabilities. Any surplus generated by NAMA can be seen as a partial return to the State on the c. €64bn investment it made to recapitalise the banks and stabilise the banking system during the crisis.

- Some of the Submissions have indicated that the forecast surplus for NAMA and the IBRC liquidation should in some way be attributable to the holders of the transferred shares and extinguished rights. Under an extreme assumption that the entire NAMA surplus can be attributed to Anglo, then the combined IBRC and NAMA surplus is forecast to be c. €5.25bn. However, this combined surplus must be set against the €29.3bn that the Government invested in Anglo and a €5.4bn investment in INBS (a total of €34.7bn). There would have been no surplus had the Government not, in the first instance, invested in both Anglo and INBS to recapitalise their balance sheets. The only way the holders of the transferred shares and extinguished rights could be correct in their suggestion that they are entitled to some of the surplus is if the forecast surplus were to exceed €34.7bn. On the basis that achieving such an outcome is not possible, I do not believe that the events post the Valuation Date provide any evidence that value can be attributable to the holders of the transferred shares and extinguished rights. It is important to note that the concluded values noted in this paragraph are not intended to reconcile with the valuation determined in paragraphs 5.17 – 5.30 of this Report. The values noted above are based on what actually happened post the Valuation Date. The valuation set out in paragraphs 5.17 – 5.30 is determined having reference to the matters set out at section 25(3) of the Act.

- In some of the Submissions received, parties have made the argument that, because certain politicians and public servants made statements at the time the Bank was taken into public ownership to the effect that the Bank was solvent, this was an indication that the Bank's shares had value at the Valuation Date. I have considered the point in detail when preparing this Report. As outlined in Section 4 of this Report and having had access to a wide range of information available up to 15 January 2009, I have concluded that the Bank was insolvent at the date it was taken into public ownership, both from a cashflow and balance sheet perspective.

- Another scenario put forward in the Submissions received suggested modelling a long-term liquidation of the Bank to maximise the return from the loan portfolio for the benefit of the shareholders. The theory underlying this scenario is that the properties which secured the loans were of high quality but property prices in general were cyclically low. The scenario involved a model whereby it would be assumed that a liquidator would hold the loans until such time property prices had recovered thereby creating equity value for the shareholders. I do not believe that this scenario was viable for two reasons. Firstly, such a scenario is not consistent with role and duties of a liquidator as outlined in Section 5.15 and 5.16 of this Report. Secondly, as of 30 September 2019, NAMA continued to hold loans which had been acquired from the Bank which have a nominal value of c. €11.3bn and a current realisable value of c. €0.5bn, thus indicating a deficit of c. €10.8bn on these loans. This shortfall is in excess of twice the book equity value of the Bank at 15 January 2009. Notwithstanding the strong recovery in property prices, particularly in the period from 2015 – 2018, a long-term hold strategy (had it been a viable option) would not, in any event, have created equity value for the shareholders. This is due to the inconsistent quality of the underlying property assets which secured the loans as evidenced by, amongst other things, the shortfall referred to above.

5.3.11. *Any other relevant matter* ***(Section 25 (3) (k))****.*

All relevant matters that I have considered in reaching my determination are described in this Report.

Determination of Value

5.4 In order to determine the fair and reasonable aggregate value of the transferred shares of each class and the extinguished rights as at 15 January 2009, I note that I am required to determine the value on the basis of the true financial state of the Bank on the Valuation Date (Section 25 (2) (a)). In order to do so, I am required to take into account the underlying market values of the Bank's assets and the extent of its actual, contingent and prospective liabilities as at that date. In order to ascertain such market values and liabilities, I adopted certain recognised valuation approaches as set out below.

5.5 The market value approach is a standard valuation appraisal technique used when valuing businesses on a going concern basis. It is based on the definition of market value as being the price which might reasonably be negotiated between a willing seller and a willing buyer in an open market sale on the basis that both parties have equal knowledge and that each is acting for self-interest and gain. It is ordinarily assessed by reference to: offers to acquire the whole of the share capital; trading multiples of comparable quoted companies; transactions involving comparable shares; or cash flow forecasts.

5.6 There were no offers at the time for all or part of the Bank that could have been indicators of the market value of its assets. As a result of the fundamental uncertainty around the financial position of the Bank and the prospects for future earnings, reference to trading multiples of comparable banks would not reasonably be regarded as being relevant or providing indications of positive value. Comparable trading and transaction multiples are normally used for the valuation of companies where there is no uncertainty about whether they can continue as going concerns. This was not the case for Anglo and I therefore concluded that the use of such comparable multiples is not appropriate.

5.7 As a result of the weakness of the Bank's liquidity, capital and asset quality, there was little prospect of the Bank being able to pay dividends and a breach of regulatory ratios would have prevented any distributions to shareholders. As there is little, if any, ground to conclude that the Bank could produce sustainable future dividends or cash flows, the use of other common valuation approaches such as dividend yield or discounted cash flow approaches are not, in my opinion, appropriate for the Bank either.

5.8 Another common valuation technique that would be considered alongside those mentioned above is the net asset approach. This approach focuses on the balance sheet of a company rather than on sustainable future profits, dividends or cash flows. It is commonly used to value financial institutions and involves an estimation of the market value of balance sheet assets and liabilities. It is also used to value companies which are unlikely or unable to continue as going concerns and which can therefore provide a return to shareholders after the realisation of assets in the market and repayment of creditors.

5.9 Given the Bank's financial position, without further support from the State (which I am required to assume pursuant to Section 25 (2) (c)) or another investor, the Directors would have been obliged to consider the insolvency options for the Bank once the Government withdrew its offer to invest in the Bank[53].

Assessing the true financial state of the Bank through Insolvency Options[54]

5.10 It appears to me it is appropriate, in order to determine the true financial state of the Bank on 15 January 2009 (taking into account the underlying market values of the Bank's assets and the extent of its actual, contingent and prospective liabilities at that date), that I should consider the insolvency options open to it at that time. This approach will, by definition require, me to have regards to the rights attaching to each class of transferred share by reference to the surplus (if any) left after payment of creditors.

5.11 At the time of the nationalisation, the insolvency options available to the Directors of the Bank were either to apply to the court to appoint an Examiner or apply to the court to appoint a Liquidator.

5.12 Examinership is a process under Irish law whereby the protection of the Court is obtained to assist

[53] Opinion of the Assessor, after taking legal advice in relation to this matter

[54] At the Valuation Date The primary legislation governing the law of corporate insolvency was contained in the Companies Acts, 1963 to 2006.

the survival of a company. It allows a company to restructure with the approval of the High Court. Since the introduction of Examinership legislation, a bank has never availed of this process. Some financial services entities have done so but it is difficult to envisage a situation where this could have been deemed appropriate for Anglo at the time. In the first instance it is limited to a 100-day period to formulate a rescue plan, secure investment and agree a scheme of arrangement with creditors and the Court. For a business as complex as that of Anglo, this would have required significant planning in the year or two prior to seeking Court protection. In seeking such protection, it has to be demonstrated that the business has a reasonable prospect of survival under certain conditions. Given the extent of the investment that the Bank required to restore liquidity and capital adequacy, and the financial crisis taking place globally, it is very difficult to envisage any other entity or group investing the amounts require to rescue Anglo. When applying to the High Court for the appointment of an Examiner, a company or group must demonstrate that it is insolvent or about to become insolvent. For the most part this will imply that there is no value in the equity of the business. A key requirement of any successful examinership is the sourcing of new investment to firstly, provide cashflow to trade during the examinership period and secondly, provide funding for a scheme of arrangement. In the event that an investor can be found and agreement reached, it is likely that they will acquire a majority, if not 100%, of the equity save for any management incentives granted. In most cases, the value attributable to the existing shareholders is eliminated and the new investment funds are used to deal with the creditors in the scheme of arrangement.

5.13 On the basis that the option of a Creditors' Members Voluntary Winding Up was not feasible (as it is likely that the directors would have wished to ensure that the Bank's assets and revenues were protected from dissipation during the period leading to the creditors' and shareholders' meetings), the only other insolvency option available to the Directors of the Bank was to appoint an official Liquidator. While a creditors' voluntary winding up was possible in theory, I do not believe that the outcome would have been materially better for shareholders than an official winding up under the supervision of the High Court, having regard to the rights attaching to each class of shares, and noting that no distribution on an insolvent winding up to any class of shareholders would take place. In order to initiate such a winding up, the Directors would make an application to the High Court to grant a winding up order and appoint an official Liquidator with the powers contained in the Companies Acts. This would have had a number of consequences most notably a cessation of trade and the disposal of the Bank's assets on a timely basis. To effect an orderly winding-up of the Bank, a Liquidator would have required funding in order to maintain some level of staffing, pay professional and legal fees and generally cover all costs necessary to dispose of the assets and deal with the Bank's creditors. The Liquidator would have had to fund the liquidation using a combination of cash held by the Bank, immediate asset sales or, if possible, by borrowing which the Liquidator would have the powers to do. The appointment of a Liquidator would not have provided protection against the actions of other creditors with rights of enforcement. As noted previously, the loan from the ECB was secured over certain loans and advances to customers. This would clearly have created a very complex situation and led to diminution in value of the assets through a disorderly break-up of the business.

5.14 Irish legislation does not have the equivalent of Company Administration that is available in the

UK[55]. A form of Administration is enshrined in the Insurance Act 1983 which was enacted to meet the needs of PMPA, an insurer which became insolvent in 1983. In Ireland, the Company Administration form of rescue is available only for non-life insurance companies. It is not available for a bank and therefore it was not an option available for Anglo at the Valuation Date. Such legislation may have allowed for a longer term work out of the business if it was felt that, by doing so, this would have resulted in a better return for all of the stakeholders. However, as this legislation does not exist in Ireland, this option was not considered.

5.15 Prior to considering the Liquidation Analysis in detail, it is important to consider the role of a liquidator. Following his/her appointment, a liquidator is usually the agent of the insolvent company. Liquidators are subject to statutory duties to the courts, the Office of the Director of Corporate Enforcement and to creditors. In addition to statutory duties, liquidators owe a fiduciary duty to the company and to its creditors (as a class rather than individual creditors). Creditors are the beneficiaries of an insolvent company's assets and, as such, a liquidator must exercise due care and skill in the interests of creditors as a whole when realising the assets of the company. Liquidators of insolvent companies do not owe a fiduciary duty to members. Even if it ultimately transpires that there is a surplus to be distributed to members once all creditors have been paid in full, a liquidator is not obliged to exercise his/her powers with this in mind.

5.16 While a liquidator does not have an express statutory obligation to obtain the highest price reasonably obtainable in the circumstances as receivers do, it is accepted that the obligation is of a similar standard. In that regard, while this general obligation on liquidators has not been defined in statute or considered in great detail by the courts, it has been described generally as an obligation to ensure assets are not sold at an undervalue and that the maximum price possible has been obtained at the time of sale. There is no provision mandating that a sale must occur as soon as possible following the appointment of the liquidator but, equally, there is no obligation on a liquidator to wait until a future date when it is speculated that the property might attract a higher sale price. The timing of the sale is at the discretion of the liquidator (often with the benefit of professional valuation advice) and, typically, a liquidator will move to a sale of the assets reasonably promptly with a view to distributing whatever funds might be available for creditors just as soon as is practicable given the circumstances of the case.

Liquidation Analysis

5.17 Once appointed, the Liquidator would have sought to protect the assets in the first instance and then realise the assets on a timely basis. The proceeds from the sale of the assets would be used to pay the costs of the liquidation in the first instance followed by the payment of statutory employee obligations, secured creditors, unsecured creditors, preference shareholders and finally ordinary shareholders.

5.18 It is also likely that the appointment of the Liquidator would have triggered a call by creditors for repayment in full of all liabilities covered by the Guarantee and, possibly, a claim from the State on

[55] The UK Company Administration legislation is contained in the UK Insolvency Act 1986.

the liquidated assets.

5.19 The principal asset of the Bank at the Valuation Date was a customer loan book which had a reported balance outstanding of c. €72bn at 30 September 2008. The liquidator would have sought to sell this book either, it its entirety or more likely on a piecemeal basis by grouping assets into smaller portfolios, for example by asset class or geography.

5.20 At the time, there was no active market for loan portfolio sales in either Ireland or Western Europe[56]. Accordingly, it is not possible to look at comparable transactions to estimate the likely values to be derived from the sale of the loan book.

5.21 As a proxy for the discounts that purchasers might apply to such portfolios, I reviewed information about Commercial Mortgage Backed Securities ("CMBS") spreads and prices at the Valuation Date in the UK, Europe and the US to consider the discount at which CMBS assets were trading in public markets. CMBS are publicly-traded securities which are backed by real estate assets. At the time, the majority of the CMBS prices were trading at a discount to par to reflect the uncertainty in this asset class. My research showed discounts for UK and European CMBS in January 2009 ranged from c.15% for AAA rated securities to c.62% for BBB rated securities[57]. In preparing my liquidation analysis, I have used a discount of 35% to calculate the realisable value of the Bank's loan book. My research also indicated that US CMBS spreads in late 2008 and early 2009 were at a level that would produce discounts similar to if not greater than those I observed for Europe and the UK.

5.22 Given the uncertainties surrounding the Anglo loan book, the declining property prices and difficult trading environment in Ireland, I would expect that the discount applicable to the Anglo portfolio would be in excess of the discount for the AAA rated securities. In addition, the fact that it would have been a distressed sale and the fact that there was no active market for Irish portfolios at that time would have further increased the discount applied. Accordingly, while I have used a discount of 35% in my analysis on the basis that the estimated credit rating of the Bank's loan portfolio was between AAA and BBB at the Valuation Date, it is likely that the actual discount on the sale of the loan book would have been considerably higher than 35%[58].

5.21 The table below provides an estimated liquidation Statement of Affairs based on the 35% discount referred to above and summarises payments to creditors according to their priority of payment and security. The table presents the estimated residual funds that would be available to former shareholders upon the liquidation of the Bank, after payments to creditors according to their priority. The September 2008 balance sheet was the latest complete balance sheet available on which to prepare an estimated liquidation Statement of Affairs. With the exception of the need for additional loan provisions, there was no evidence to suggest the balance sheet changed materially between then and the Valuation Date.

[56] There is very limited public information available on loan portfolio transactions prior to the Valuation Date. The loan portfolio sale market in Ireland only commenced c.3 years after the Valuation Date.
[57] Source: Both the European Securitisation Forum Data Report Q1 2009 and Bloomberg provided spreads and price data as at the Valuation Date.
[58] Opinion of the Assessor.

Estimated Liquidation Statement of Affairs
As at 15 January 2009

€ in millions	Book Value at 30 Sept 2008	Collaterallised Loans	Adjusted Book Value		Estimated Realisation Value
Assets				**35% Loan Discount**	
Loans and advances to customers	72,151	(11,758)	60,393	**(21,138)**	39,255
Assets classified as held for sale	12		12		12
Loans and advances to banks	14,002		14,002		14,002
Available-for-sale financial assets	8,158		8,158		8,158
Other assets	6,998		6,998		6,998
Total assets	**101,321**		**89,563**		**68,425**
Amounts due to Preferential Creditors and Estimated Liquidation fees					(1,000)
Surplus/(Deficit) available for guaranteed creditors					**67,425**
Less Amounts due to Guaranteed creditors					
Customer accounts	(51,499)		(51,499)		(51,499)
Deposits by banks	(20,453)	11,758	(8,695)		(8,695)
Debt securities in issue	(17,280)		(17,280)		(17,280)
Dated subordinated liabilities	(2,112)		(2,112)		(2,112)
Total Guaranteed	**(91,344)**		**(79,586)**		**(79,586)**
Surplus/(Deficit) after guaranteed creditors					(12,161)
Other Creditors					
Undated subordinated liabilities	(2,836)		(2,836)		(2,836)
Other liabilities	(3,009)		(3,009)		(3,009)
	(5,845)		**(5,845)**		**(5,845)**
Estimated surplus/(deficit) for Ordinary Shareholders					**(18,006)**

Including the €7.6bn ECB funding, there are €11.76bn of loans and advances to customers which have been collateralised to 3rd parties. I have made the logical assumption that these parties would have exercised their rights over the collateralised assets and therefore would not be available for the Liquidator to realise. Accordingly, the amount available for realisation by the Liquidator have been reduced by this amount.

5.23 Thereafter I have assumed that the Liquidator would sell the residual c. €60.4bn of customer loans, which is the largest asset on the Bank's balance sheet. Applying a discount rate of 35% as outlined above, this would result in the recovery of c. €39.3bn on the customer loan portfolio.

5.24 I have made an assumption that all other assets would be recovered in full which almost certainly overstates what would happen in reality.

5.25 I have estimated that statutory redundancy payments to the bank's former employees together with the Liquidators fees and costs would be c. €1.0bn and these amounts would be the first to be discharged by the Liquidator leaving a surplus after preferential creditors of c. €67.4bn.

5.26 I have assumed that all other liabilities would be fully repayable.

5.27 Based on the assumptions set out above the Liquidation process would result in an estimated deficit of c. €18bn. Therefore, there would be no funds available for ordinary or preference shareholders.

5.28 The likely recoveries on the realisation of individual loans would have ranged from 100% of the outstanding balance at the high end, to single digit cents in the Euro at the low end. A detailed valuation exercise of the individual loans on a line-by-line basis would have derived a more precise estimate of what the write-down would have been.

5.29 However, I do not believe that this increased level of accuracy would have made any difference to my ultimate conclusion. Given the low level of shareholders' funds, it would have taken a write-down of just 5.7% of the total outstanding loans and advances to customers to wipe out shareholder's funds of €4.1bn leaving no surplus available for shareholders. Given the turbulence in the market at the time, the JLL estimate of the decline in property values, the fact that 24% of the portfolio was secured on highly priced development land and the fact that large portion of the book was on interest roll up, I am satisfied that any write-down would have been a lot closer to 35% than to 5.7%, thereby wiping out the entire shareholder's funds of the Bank at the Valuation Date.

5.30 Based on the analysis set out above, it is clear that any liquidation of the Anglo business would have resulted in a significant deficit in the balance sheet with the realisable assets exceeding the liabilities. Accordingly, it is reasonable to assume that the liquidation of the business would have resulted in there being no funds available for distribution to the holders of the transferred shares (both ordinary and preference) or extinguished rights. This leads me to conclude that the true financial state of the Bank on 15 January 2009, taking into account the underlying market values of the Bank's assets to the extent of its actual, contingent and prospective liabilities at that date, was such that no value can be attributed to holder of shares of any class in its share capital, nor to any rights holders.

6. Conclusion

Conclusion

6.1. I have considered the financial state of the Bank on 15 January 2009, taking into account the underlying market values of its assets and the extent of its actual, contingent and prospective liabilities at that date. It is clear that the Bank required a significant amount of capital to enable it to continue as a going concern.

6.2. The Bank tried to raise capital from third party sources and was unable to do so.

6.3. The Government indicated that it would invest €1.5bn in the Bank which would have enabled it to continue as a going concern for a period of time. The Government subsequently withdrew its offer to invest in the business (as it was entitled to do so) following the disclosure of additional financial irregularities and financial issues.

6.4. At that time, following the Government's decision to withdraw its offer to invest €1.5bn in the Bank, the Directors were aware or should have been aware that the Bank was not in a position to continue as a going concern. The alternative facing the Directors was to either proceed with some form of insolvency option or agree to the nationalisation of the Bank. I note that I am required to assume that no financial assistance, investment or guarantee (other than the Guarantee already provided) would in future be provided to or made in the Bank, directly or indirectly, by the State.

6.5. The only viable insolvency option available in Ireland at that time was to apply to court to appoint a Liquidator.

6.6. The liquidation of the Bank would have resulted in the cessation of the trade and disposal of the assets. My analysis indicates that the liquidation would have resulted in a significant deficit in the Bank's balance sheet. I note that I am required to have regard to the rights attaching to each class of transferred shares. However, following the completion of the liquidation, there would have been no surplus available for distribution to the holders of the transferred shares (both ordinary and preference) or extinguished rights.

6.7. I therefore determine that the fair and reasonable aggregate value of the transferred shares and the extinguished rights as at 15 January 2009 for the purposes of payment of fair and reasonable compensation for the acquisition of those shares and the extinction of those rights was nil.

6.8. I therefore determine that no compensation is payable to former shareholders of any class or to former rights holders.

7. Summary of Information Reviewed

Information provided by the Special Liquidator to IBRC

In July 2011, the Bank was merged into the Irish Bank Resolution Corporation (IBRC). In February 2013 the Special Liquidators appointed to IBRC, which by that date also included INBS, commenced the liquation of that entity and became the custodians of the books and records of the Bank for all periods up to and including the Valuation Date. Accordingly, I approached the Special Liquidators regarding that information and I was provided a large number of documents, including:

- Main Board Minutes of the Bank from September to December 2008 and for January 2009.
- Main Board Packs of the Bank from September to December 2008 and for January 2009.
- Committee Board minutes from September to December 2008.
- ALCO Committee minutes for September, October and December 2008 and January 2009.
- Risk and Compliance Committee minutes for September and November 2008 and January 2009.
- The share register of members as at Valuation Date.

Information provided by the Central Bank

The information provided by the Central Bank includes:

- Central Bank briefing notes for the period from September 2008 to January 2009.
- Various emails concerning the Bank's funding, capitalisation, regulatory matters, daily liquidity and reporting, among others between September and December 2008 and in January 2009. This information included the detail of the Bank's daily liquidity funding update of 15 January 2009.
- Letters and memos from the Financial Regulator in connection with Bank regulatory, business planning, liquidity and capitalisation between September and December 2008 and in January 2009.
- Minutes of meetings between the Financial Regulator and the Bank during August, September, October, November and December 2008 and January 2009 concerning the Bank's funding, liquidity, lending, business planning and regulatory issues.
- Financial Regulator memos from September to December 2008 and January 2009 concerning the Bank's liquidity, credit rating, ECB funding, lending exposures, stress testing and business plan, among other matters.

- Various emails, memos and schedules concerning the Bank's financial position during September 2008 provided by the Bank to the Financial Regulator. Information from December 2008 relating to the Bank's funding maturity profile.
- Memos and supporting schedules relating to 'on-site' meetings between the Financial Regulator and the Bank during October and November 2008.
- Emails, memos and supporting documents relating to the establishment of and granting of a banking licence for Anglo Irish Mortgage Bank during September to December 2008.
- The internal Group Audit Report of the Bank dated September 2008.
- The Annual Report and results presentation of the Bank for the year-ended 30 September 2008 and a related internal memo of the Financial Regulator.
- A copy of the statement by the Bank's Chairman which accompanied the Bank's interim results for six months to 31 March 2008.
- Details of large exposure loans at 30 September 2008 and accompanying notes.
- Correspondence between the Bank and the Financial Regulator regarding queries from the Regulator on the Bank's Prudential Returns for December 2008 and responses from the Bank.
- Daily liquidity update dated 29 December 2008 and a liquidity funding template dated 15 January 2009 which detailed the funding position of the Bank up to and including 15 January 2009.

Information provided by the Department of Finance

The Department of Finance provided information relating to a proposed issuance of Preference Shares by the Bank which was scheduled to take place in January 2009. The information covered the following matters through various emails, memos, presentations and supporting analysis, including:

- Presentations prepared by the Department's Investment Banking advisors in November 2008 relating to the Bank's loan quality and capital adequacy.
- Memo dated December 2008 prepared by the Department considering the pros and cons of nationalisation vs recapitalisation for the Bank.
- Memo dated November 2008 prepared by the Financial Regulator concerning its review of the Bank's business plan and 30 September 2008 results announcement.
- A draft preference share term sheet prepared by the Department and its financial advisers on 19 December 2008.
- A memorandum prepared by the Department dated December 2008 discussing why banks should be recapitalised.
- Analysis prepared by the Department's Investment Banking advisers dated December 2008 testing the impact on the Bank's capital ratios of capital injection alternatives.

- Email from the Department's Investment Banking advisers dated December 2008 detailing a possible Government direct equity investment in the Bank (known as 'Plan B') and forwarding an email from the NTMA summarising a meeting of 16 December 2008 between the Minister for Finance and the Board of the Bank.
- Emails and memos from the Department's Investment Banking advisers dated December 2008 discussing Government capitalisation alternatives for the Bank including an underwritten capital raise, direct equity and nationalisation. Notes on the Department's consideration of same.
- A Department of Finance email dated December 2008 summarising a Government meeting to decide the amount of capital to be raised by the Bank.
- Email dated December 2008 from the Investment Banking advisers to the Department of Finance recommending nationalisation of the Bank.
- Email from the Financial Regulator to the Department dated 19 December 2008 containing a draft letter from the Department's legal advisers to the Financial Regulator setting out the terms of a Preference Share issue by the Government.
- Analysis by the Department's advisers showing the impact on capital ratios of various Preference Share amounts.
- Department of Finance email of 6 January 2009 containing a draft Government press release for the next day regarding the recapitalisation of the Banking system through preference shares and annexing information about previous Government decisions, notes for editors and an indicative preference share term sheet.
- Note of a meeting of 12 December between the Department of Finance and the Chairman, CEO and members of senior management of the Bank.
- Email dated December 2008 to the Department of Finance from its Investment Banking advisers discussing the requirements for preference shares to be considered as Core Tier 1 capital by the Regulator.
- Email dated December 2008 from the Department of Finance containing a draft press release by the Minister for Finance relating to a €1 billion Core Tier 1 capitalisation through the issuance of preference shares.

Submissions from Former Shareholders

Section 2 of my Report describes the requirements of the Act and the Regulations regarding Submissions from former shareholders and the measures I put in place to obtain Submissions both at the outset of my work and following the preparation of the draft Report.

Although I was contacted by over 4,000 former shareholders and former rights holders by phone, email and post, the vast majority of the communications that I received were to advise me about the number of shares owned and to request inclusion in any Compensation Scheme.

A small number of the communications received included views about the aggregate value of transferred shares and extinguished rights of the Bank as at 15 January 2009. As part of my work, I have taken into account the information contained in those Submissions.

8. Abbreviations

AAA	The highest rating (of Rating Agency Standard & Poor's, or S&P) that can be applied to a bond issuer. An AAA rating denotes a high quality borrower with almost no credit risk.
ALCO	Assets & Liability Committee.
BBB	The lowest S&P rating possible that can be applied to an issuer of bond and still be considered to be investment grade. BBB rated borrowers are considered to be medium quality borrowers with some credit risk. Issuers rated below this level are considered to have significant credit risk.
BoI	Bank of Ireland.
CMBS	Commercial Mortgage Backed Securities.
ECB	European Central Bank.
EBS	Educational Building Society.
EGM	Extraordinary General Meeting.
HBOS	Halifax Bank of Scotland.
IBRC	Irish Bank Resolution Corporation.
IFSRA	Irish Financial Services Regulatory Authority.
IL&P	Irish Life & Permanent.
IMF	International Monetary Fund.
INBS	Irish Nationwide Building Society.
JLL	Jones Lang LaSalle.
NAMA	National Assets Management Agency.
NTMA	National Treasury Management Agency.
PwC	PricewaterhouseCoopers.
RBS	Royal Bank of Scotland.