



Tithe an
Oireachtais
Houses of the
Oireachtas

Joint Committee of Inquiry into the Banking Crisis

Clarification Statement of

Michael Somers

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- “(a) with the prior consent in writing of the committee,
- (b) to the extent necessary for the purposes of an application to the Court, or in any proceedings of the Part 2 inquiry, or
- (c) to his or her legal practitioner.”¹

Serious sanctions apply for breach of this section. In particular, your attention is drawn to section 41(4) of the Act, which makes breach of section 37(1) a criminal offence.

¹ See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013

Mr Ciaran Lynch, TD,
Chairman of the Committee.

Dear Chairman

I refer to your letter of 2 October

The answers to your questions are as follows:

1 Mr Fingleton and INBS

The Guidelines from the Minister for Finance to the NTMA required that, unless we were satisfied with the risk exposure involved, we were not to place deposits with counterparties with a credit rating from Standard and Poor's of less than A1 (or equivalent from other rating agencies). I do not recall ever advising Mr Fingleton formally of anything. I have a slight recall that he asked me informally about placing deposits and I would have said he did not have the appropriate credit rating.

2(a) Mr Mc Donagh's assessment re INBS.

Most meetings were called at short notice and NTMA attendance usually depended on who was available to attend. My message to whoever was attending was to concede nothing as regards placing any of the money for which we were responsible with the Irish commercial banks. I don't recall any particular focus on INBS at meetings I attended - it appeared to be insignificant compared to Anglo. As a general approach, I would have preferred a guarantee to nationalisation as the lesser of two evils, in part because I could not see any particular competence in either the Department of Finance or the Central Bank to run a commercial institution in difficulties. However, I would not have fought a battle on this as I felt it was up to the Department and the Bank to sort it out between themselves. My overriding concern was to ensure, in so far as I could, at all these meetings, that the funds under our control would not find their way into the commercial banks. There appears to have been a perception abroad that the NTMA favoured the nationalisation of Anglo as I received a phone call before the Sunday meeting in December from a non-executive director of Anglo to say that only the NTMA and Merrill Lynch were pushing for the nationalisation of Anglo and that this was not warranted. I was a bit surprised that such an apparently strong view was being ascribed to the NTMA. As regards a yes or no answer to the question, I don't ever recall focussing particularly on INBC as there were much larger issues at stake.

2(b) System wide guarantee.

I don't recall being at any meeting where a system wide guarantee was discussed. My main recollection is of hearing on the radio that the Government had increased the guarantee on deposits from euro 20,000 to euro 100,000 on Saturday, 20th September. I was abroad at an EIB board meeting for the early part of the following week. I don't know how the system

wide guarantee came about on the night of 29 September other than what I have read and what some people said to me.

I became aware of it on the morning of 30 September in New York through a text message on my phone from Brendan Mc Donagh. The message was as follows

" DOF rang. Taoiseach has decided to guarantee all banks and if that does not work to nationalise" Date 29/09/2008. Time 20.20

I presume the time is New York time.

2(c)

I don't know how relevant it is but I still have the phone - this was pre-smart phone days- and I might be able to recover the message if you wish. I have a note of the message that I wrote some time after the event. Apart from that, I don't know what evidence I could have.

2(d)

I don't know when or why a system wide guarantee became the preferred option other than that it emerged on the night of 29 September.

3 Meetings on 24 September.

I don't recall what was discussed at meeting(s) on that date. If there is any documentation that the NTMA received or produced, it should be on the NTMA systems. I personally would not have produced any documents.

If I can be of any further help, please let me know.

Yours sincerely

Michael Somers