



An Roinn Airgeadais  
Department of Finance

Ms Catherine Murphy, TD,  
Dáil Éireann,  
Leinster House,  
Kildare Street,  
Dublin 2.

20<sup>th</sup> April 2015

Dear Ms Murphy,

I refer to the Minister for Finance's reply to Parliamentary Question number 12628/15 regarding the sale of Siteserv by IBRC. In the reply, the Minister advised that the Department of Finance would make records regarding the review of this transaction available to you following their release as part of a Freedom of Information request.

I can confirm that records were released in relation to the Siteserv transaction on Friday 17<sup>th</sup> April 2015, please find the records enclosed.

Yours sincerely,

David Tuohy  
David Tuohy  
Department of Finance.



Ms Catherine Murphy, TD,  
Dáil Éireann,  
Leinster House,  
Kildare Street,  
Dublin 2.

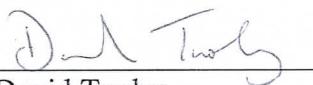
20<sup>th</sup> April 2015

Dear Ms Murphy,

I refer to the Minister for Finance's reply to Parliamentary Question number 13119/15 regarding the introduction of the revised IBRC Relationship Framework in March 2012. In the reply, the Minister advised that the Department of Finance would make records regarding the introduction of the revised Relationship Framework available to you following their release as part of a Freedom of Information request.

I can confirm that records were released in relation to this matter on Friday 17<sup>th</sup> April 2015, please find the records enclosed.

Yours sincerely,

  
\_\_\_\_\_  
David Tuohy  
Department of Finance.

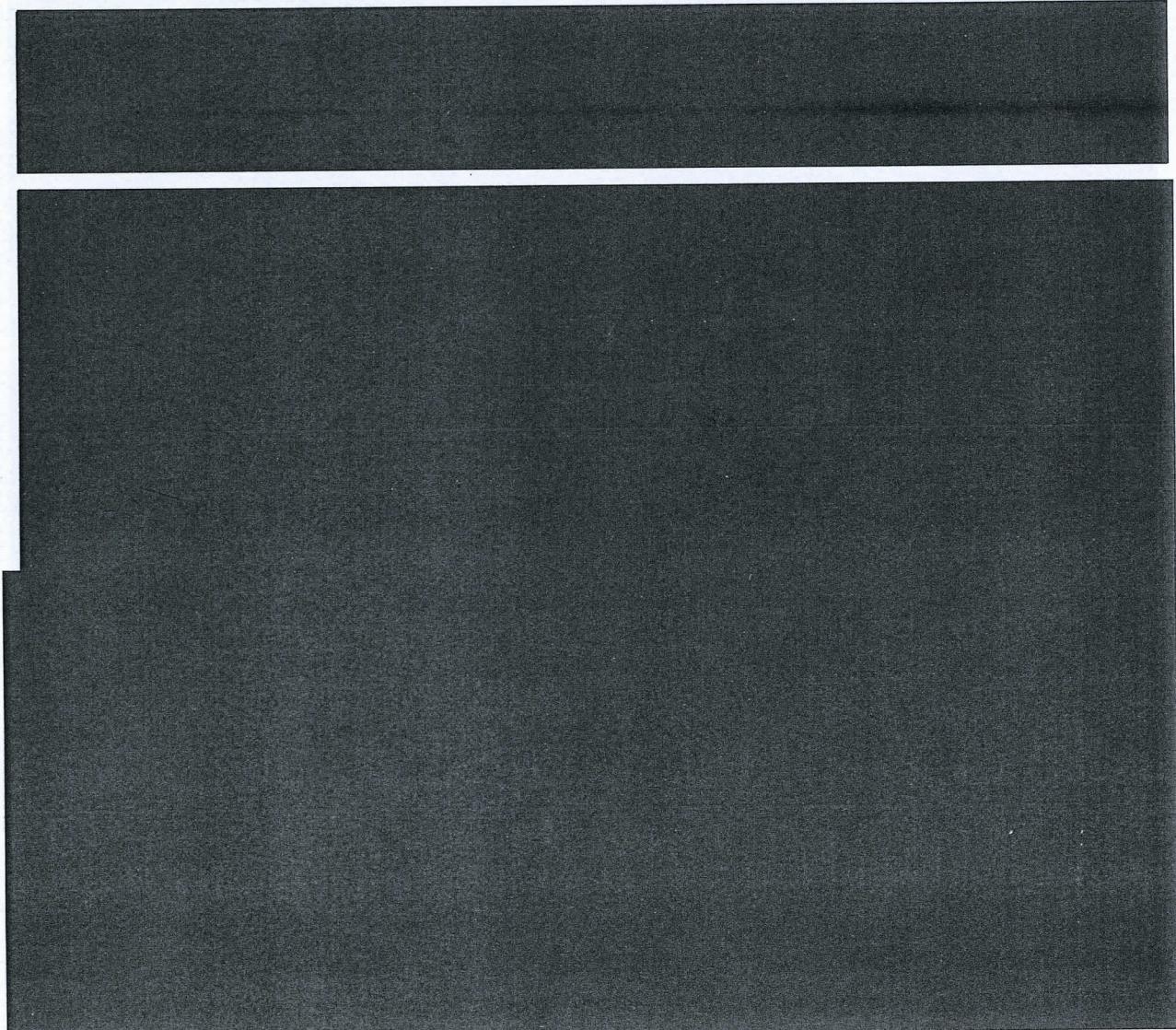
**IBRC**

**Briefing Note for meeting with CEO/Chairman**

To:	Ann Nolan/Secretary General
Cc:	Secretary General, Michael Torpey
From:	Shareholder Management Unit
Date:	July 2012

This briefing note is intended to provide an overview of the outstanding issues in IBRC. The note is to provide briefing material for the meeting with Mike Aynsley, CEO and Alan Dukes, Chairman of IBRC scheduled for Wednesday 25<sup>th</sup> July 2012.

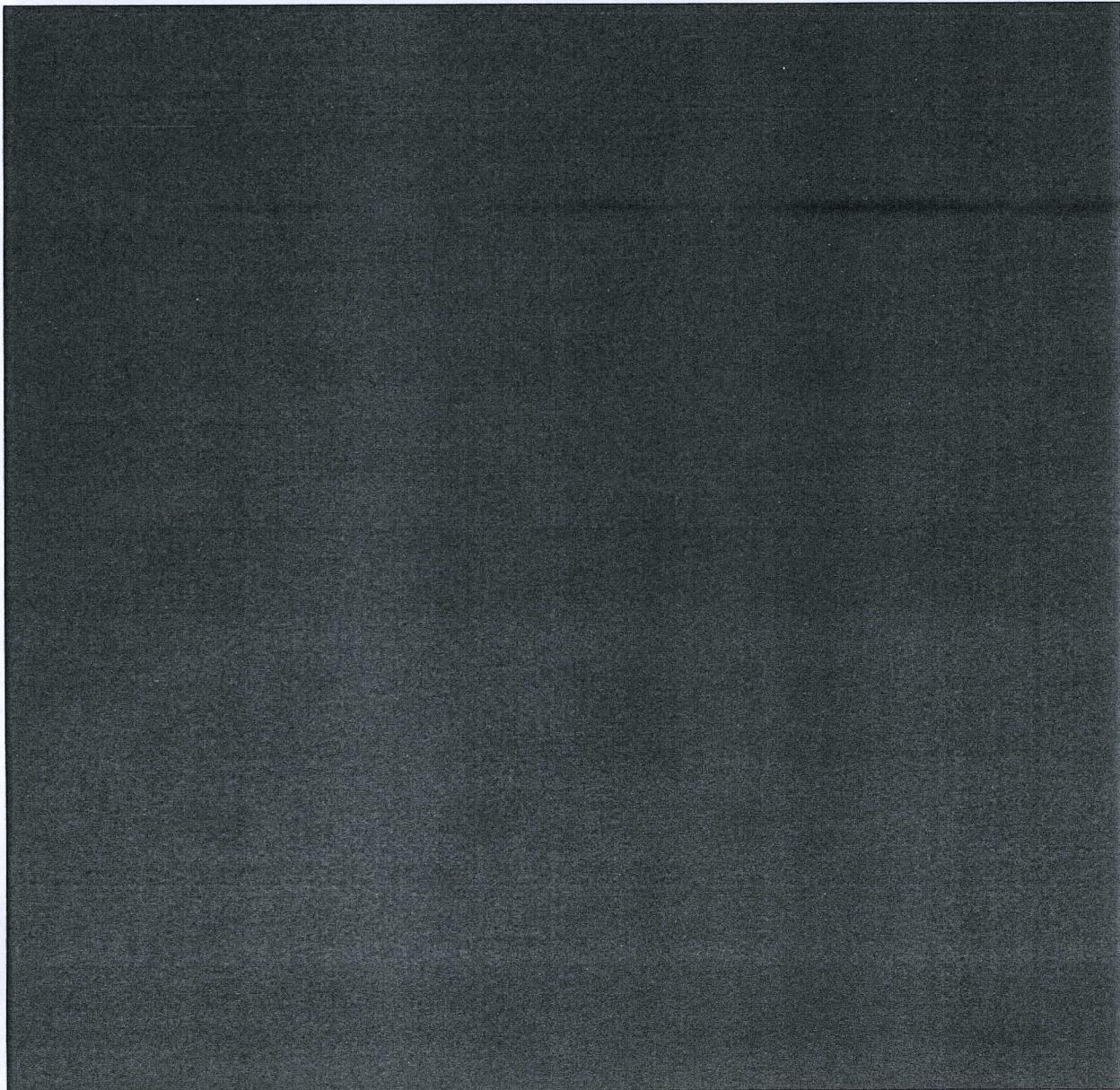
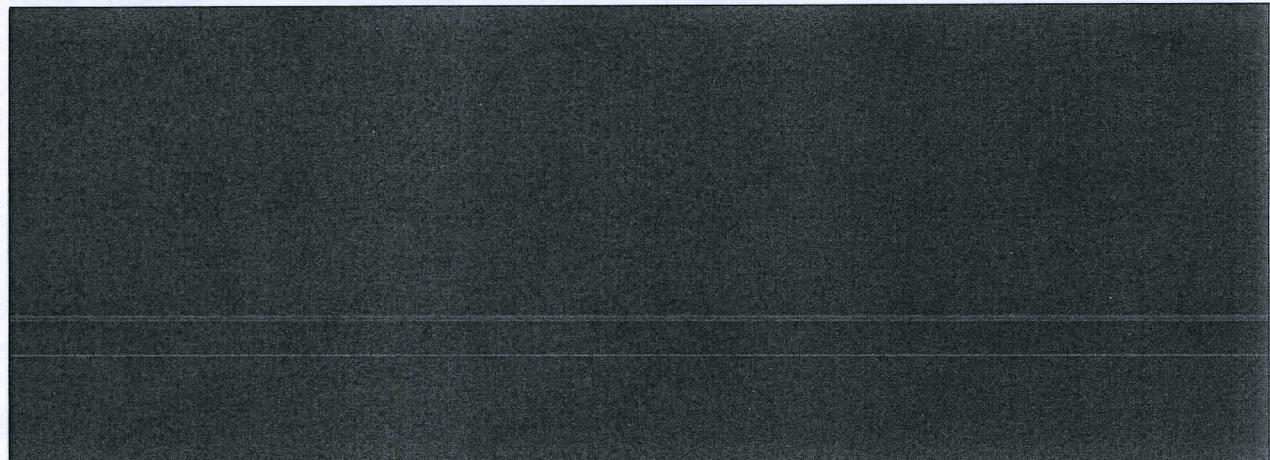
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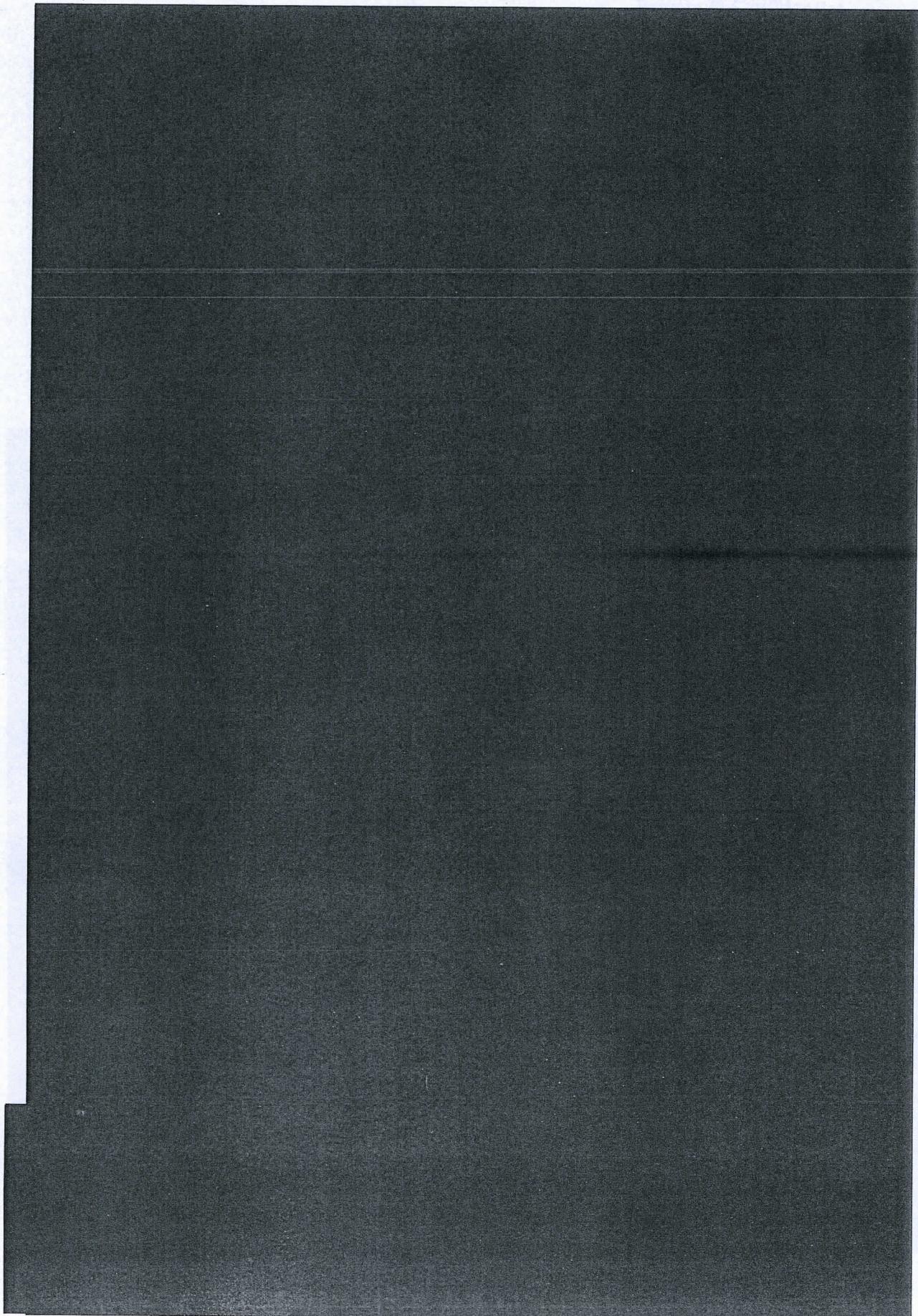


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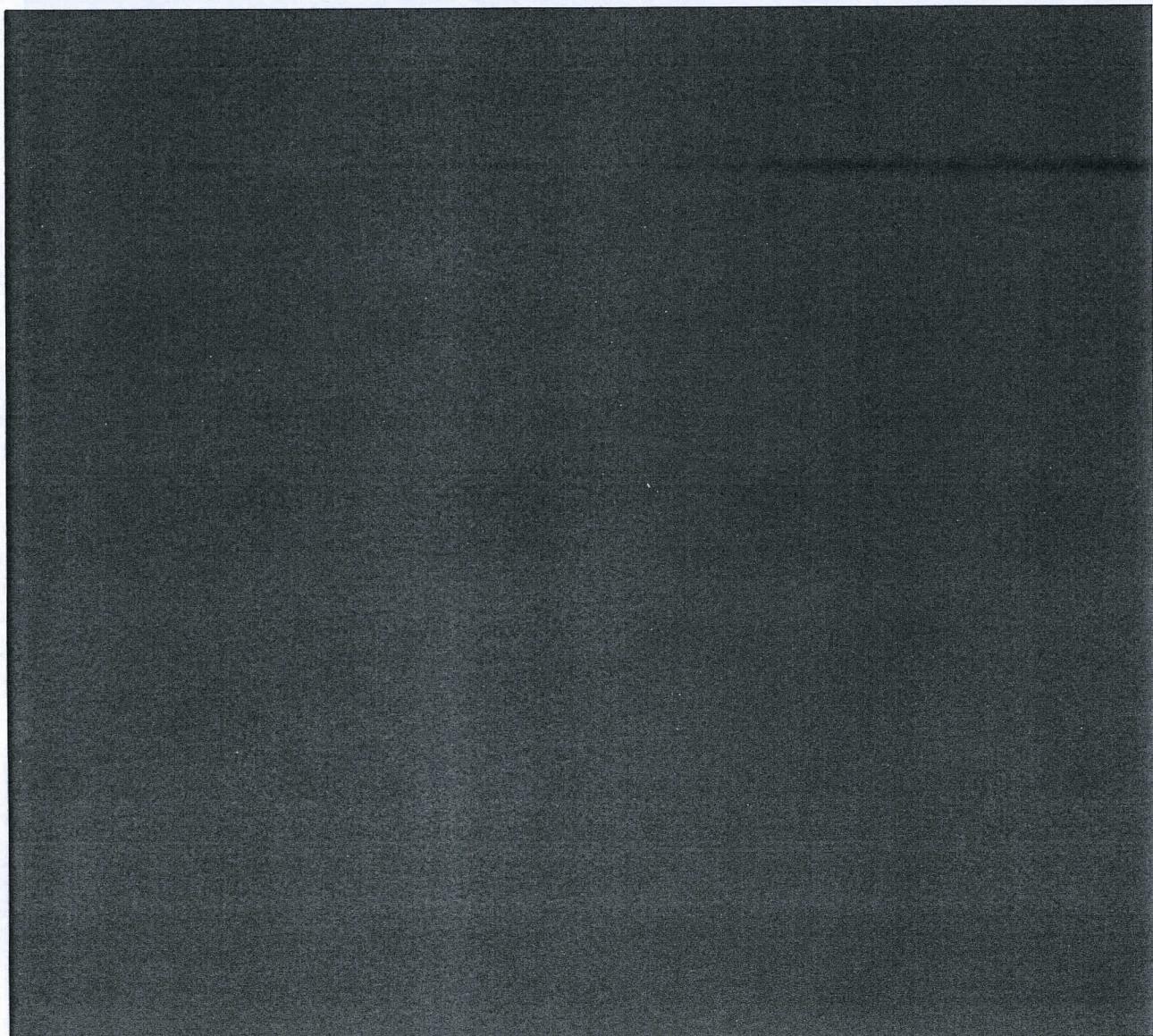
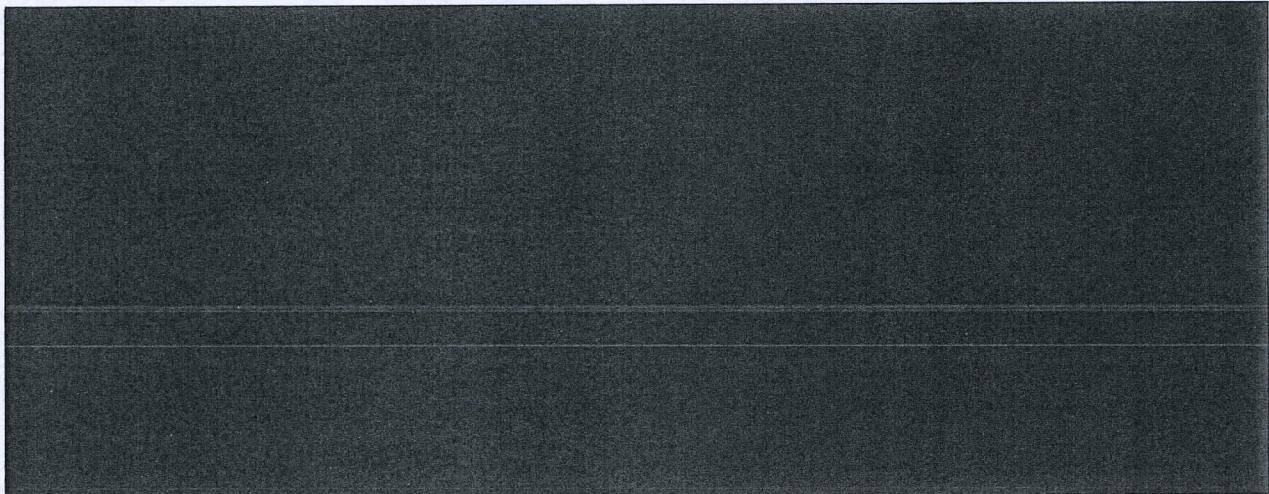


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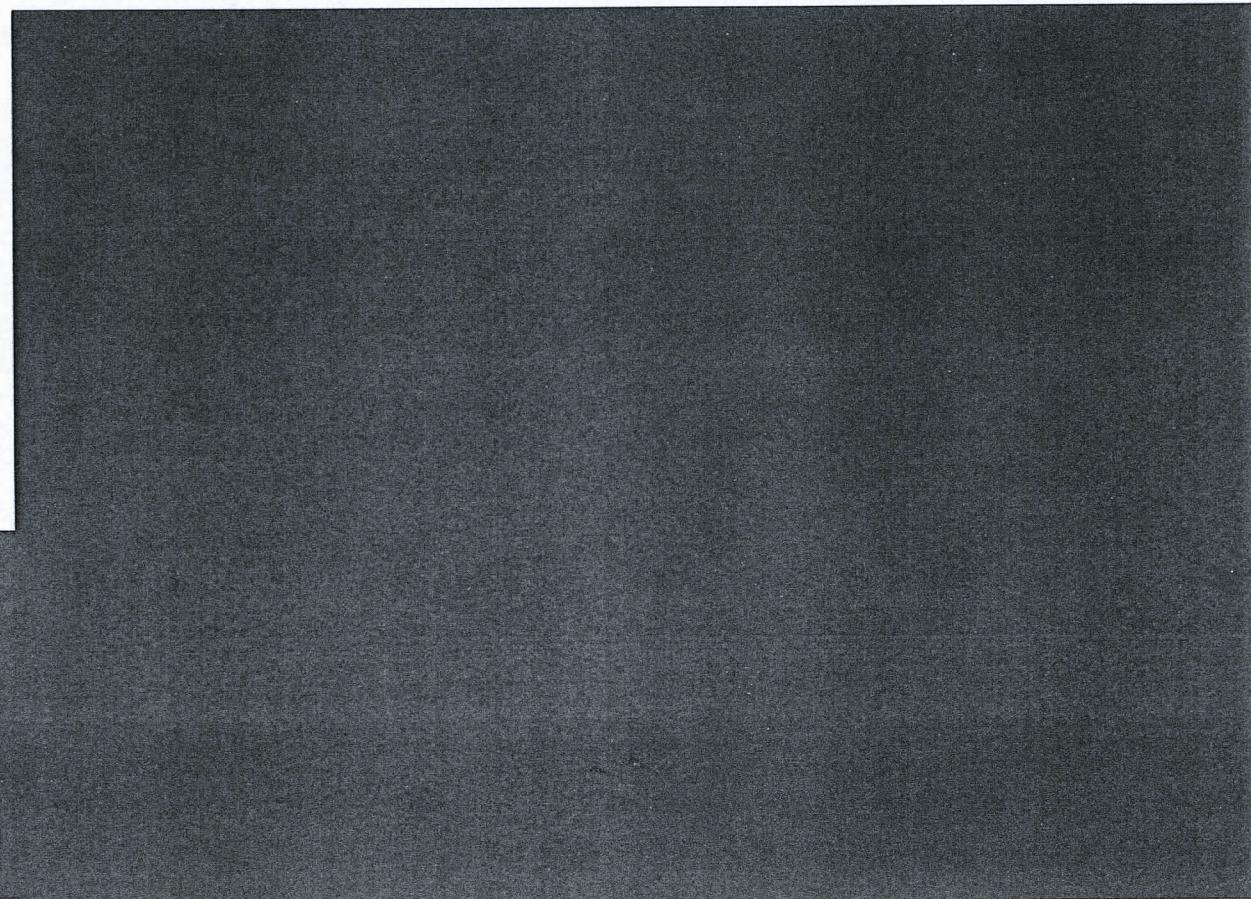


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**6. Business Conduct**



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This image shows a dark gray, almost black, textured surface. The texture appears to be a fine, vertical-grained material, like a wall or a heavy curtain. There are some very small, light-colored specks scattered across the surface, which look like dust or minor imperfections in the material. The lighting is even, though there's a slight shadow along the right edge.

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Other Business Conduct Concerns

4. SiteServ

We have serious concerns in relation to the execution of this transaction which are the subject of another note (also attached)

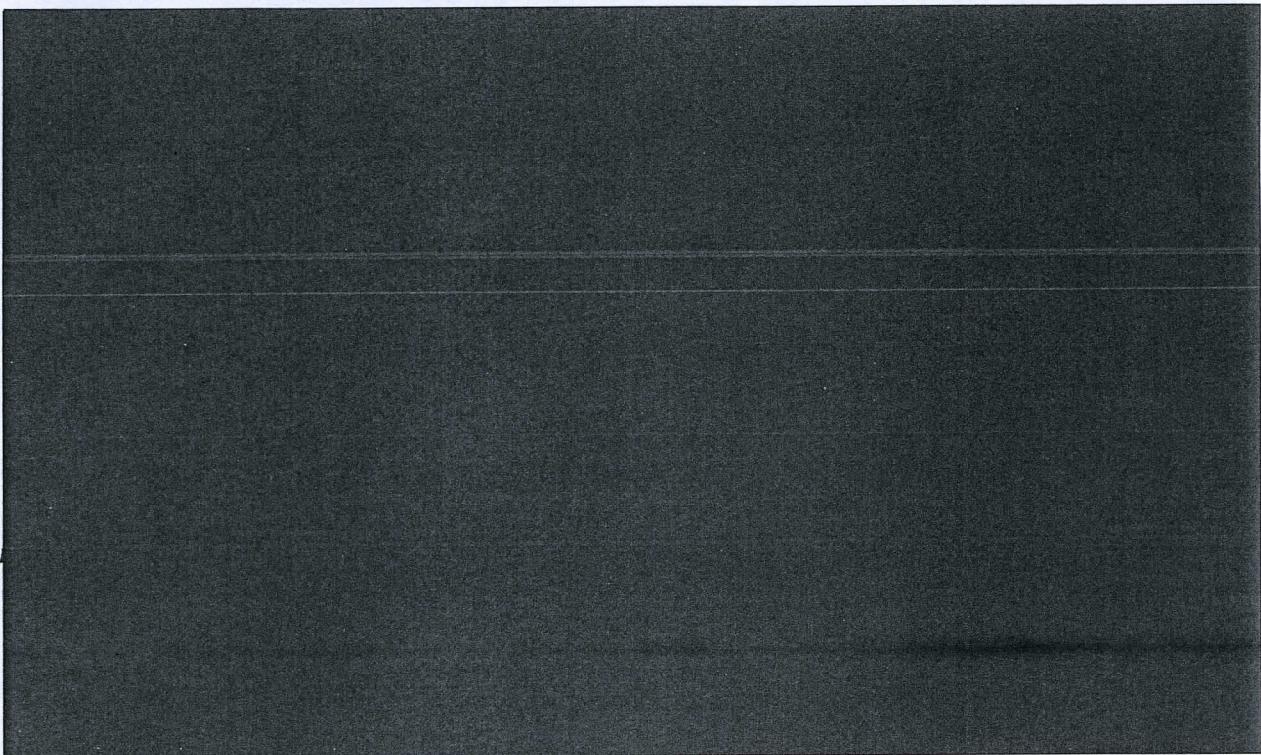
We are concerned at the number of large transactions that have been poorly executed under the direction of the current CEO. The performance of management in executing these transactions raises the question of the effectiveness of the CEO. The poor management displayed in a number of these items along with the increased level of public concern and political and media scrutiny that they commanded is damaging the credibility of the institution and by extension the State.

SiteServ is the subject of a separate memo but to summarise we are concerned with the quality of some of the decisions taken in respect of this transaction. The sale decision has raised a number of areas where we believe that decisions taken by IBRC resulted in a less optimum return for the bank. The transaction has also been the subject of a number of PQs and press queries which further questioned the commercial rationale for some elements of the sale including payments made to existing shareholders. We are recommending that the Chairman is asked to commission a full independent review in relation to the Siteserv transaction.

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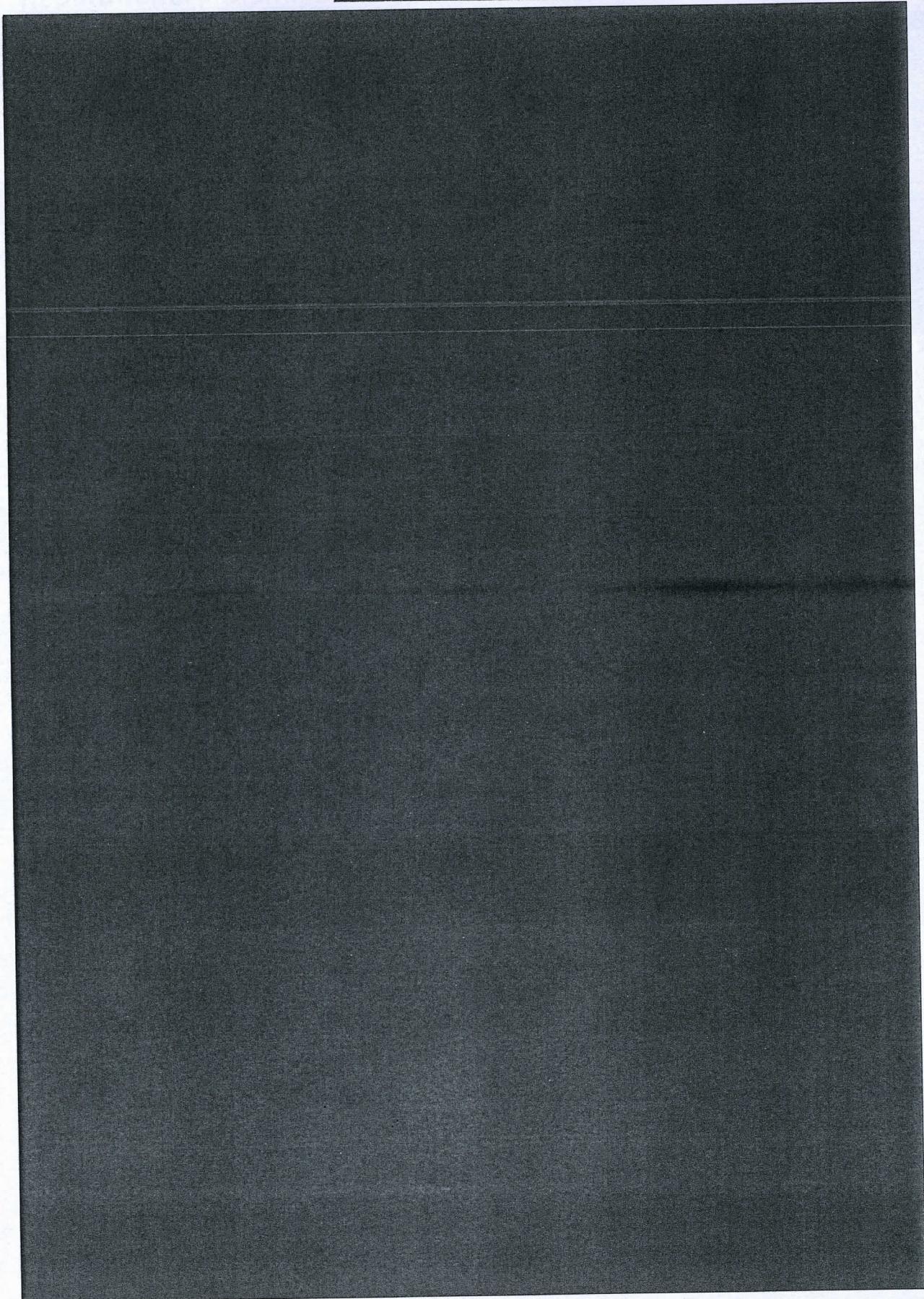
**Proposed Approach for the Meeting**



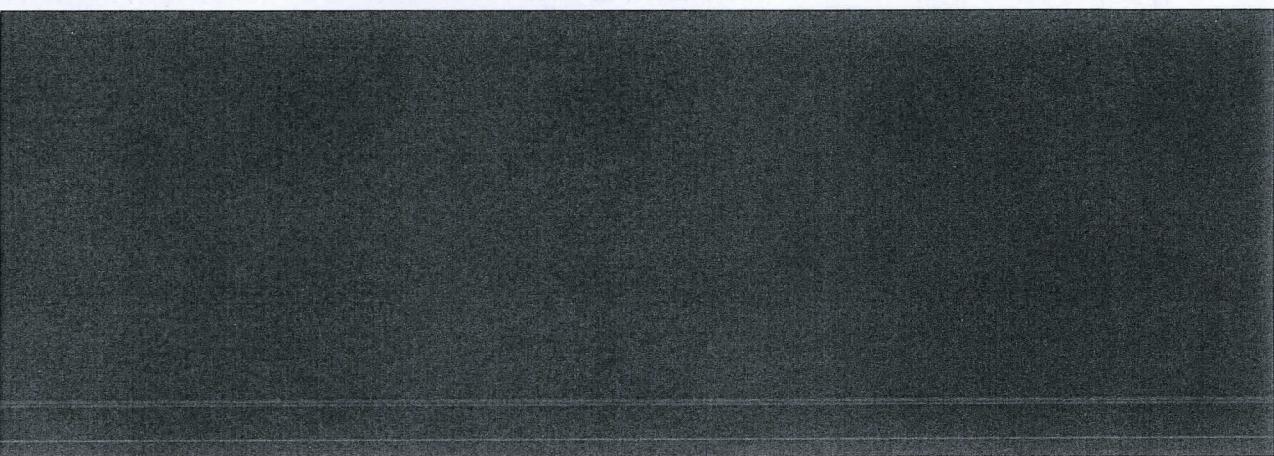
***Business Conduct***

- [Redacted]
8. The Chairman should also be requested to commission a full independent review in relation to the Siteserv transaction.
  9. Raise the fact that the Minister is very concerned with how a large number of transactions have been handled over the past number of months and that this has led to the Department to question the effectiveness of the CEO and the current management team.
- [Redacted]

## SPEAKING POINTS



## Reputational / Management Issues



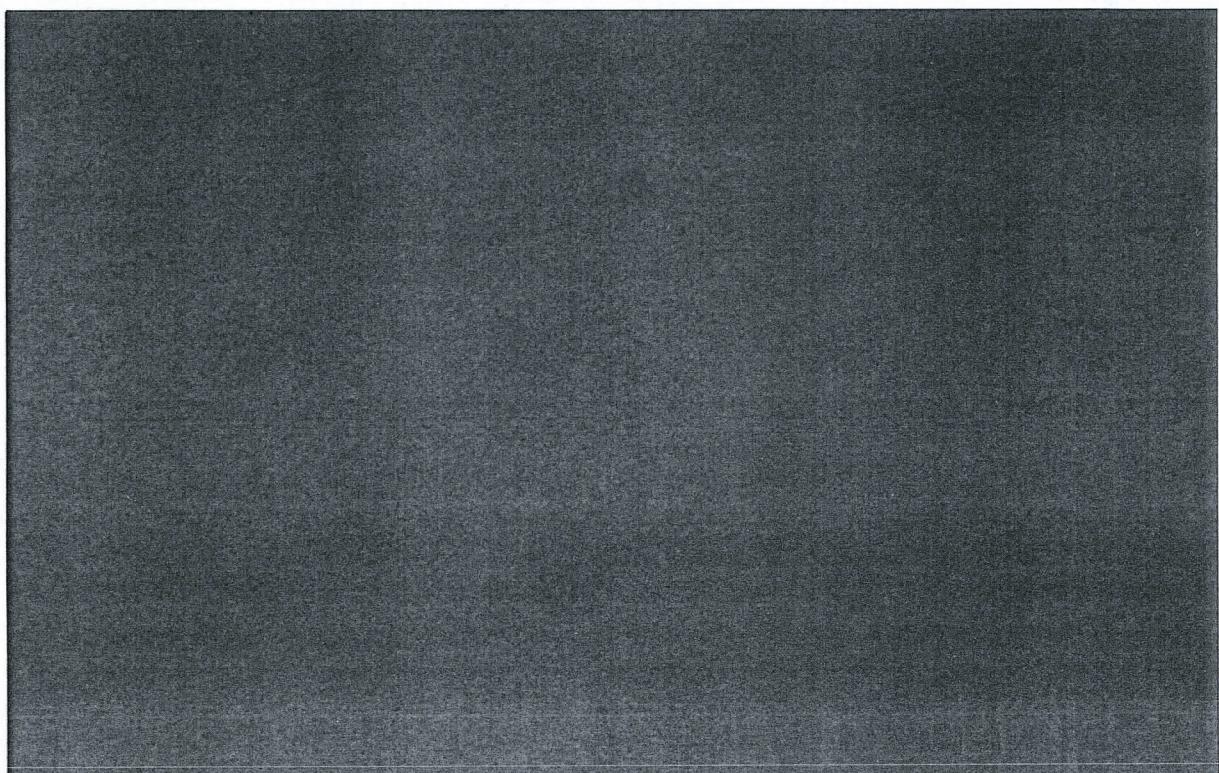
- Events over the past number of months have led me to question the effectiveness of the management team in IBRC.



- o SiteServ decision making (full review to be commissioned)



- I expect the Board to ensure that the bank in its approach and operations is operating to the exemplary standards and in the public interest. I am concerned that the reputation of IBRC and by extension the State has been damaged as a result of these events.





## Briefing Note for meeting with IBRC CEO

Enclosures:

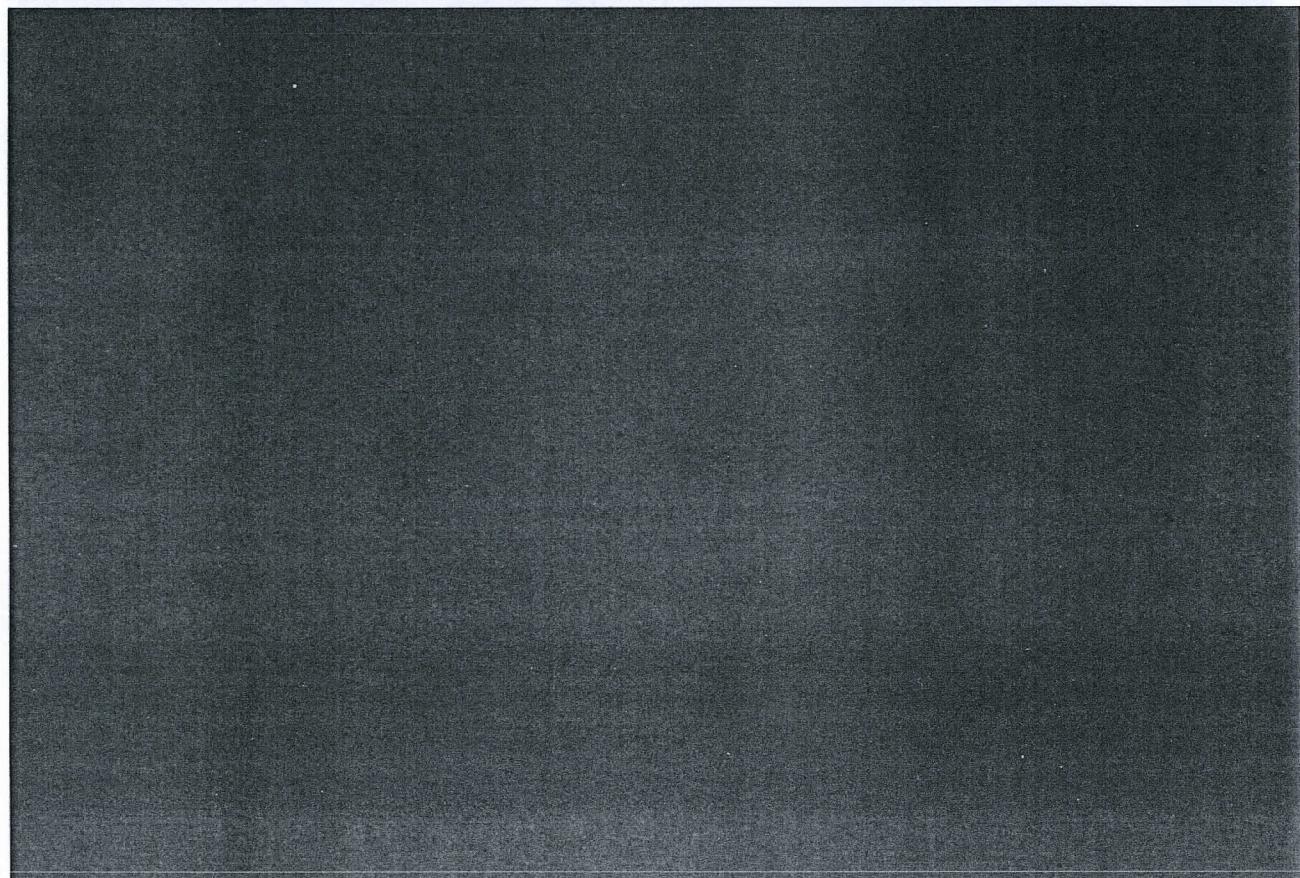
Tab A – [REDACTED]

Tab B – [REDACTED]

Tab C – [REDACTED]

Tab D – Supporting analysis on SiteServ transaction

Tab E – [REDACTED]





SiteServ

- We are concerned that IBRC consider the CBI report compiled on the transaction vindicates their position.
  - To be clear we are concerned with a number of the decisions taken by the bank in relation to this transaction including (Tab D);
    - The decision to allow the sale process to be run, by SiteServ's advisors
    - The decision to exclude trade buyers from the process
    - The timing of the exclusivity period when there were other bids outstanding
    - The payment of €5m to existing shareholders
1. Is IBRC satisfied that this transaction represented the best commercial outcome for the bank?
  2. We want an independent commercial assessment completed for this transaction

[REDACTED]

Reputational Issues [REDACTED] /SiteServ/ [REDACTED]

• [REDACTED]  
• [REDACTED]  
• [REDACTED]  
• [REDACTED]

- The reputation of IBRC and by extension the State is vulnerable due to the approach taken by the bank in relation to these matters. IBRC's processes should be beyond challenge to protect this.

[REDACTED]

**MEMORANDUM 27 OCTOBER 2011**

**IBRC RELATIONSHIP FRAMEWORK**

From: Danny Buckley  
To: Michael Torpey

I attach for your review the latest draft of the IBRC relationship framework (RF). The history to this is that an RF was put in place in July 2009 by the Minister (the 2009 RF). We had prepared a revised RF which the bank had reviewed (and proposed wholesale changes) – this draft was not specified by the Minister as a result of a number of delays.

We have since revisited that revised draft RF. The draft of the RF attached is the latest version. Compared to the July 2009 version this RF is more prescriptive as to the involvement of the Minister in the following areas:

1. Attendance in an observer capacity at board meetings, board committee meetings, executive committee meetings and any other meetings the Minister may determine
2. Attempts to tighten control over public statements
3. Provides the right to receive of board minutes (which is happening already but is not stipulated in the 2009 RF)

I would like to draw your attention to two key considerations:

1. Legal advice that appointing advisors jointly with IBRC is a difficult and may cause issues
2. Updated framework will most likely be very poorly received by IBRC. This would likely result in intense lobbying at a Ministerial level (or higher), press coverage and possibly staff or board resignations.

Given these potential impacts it is important that this document is reviewed in advance in detail by senior staff in the Department.

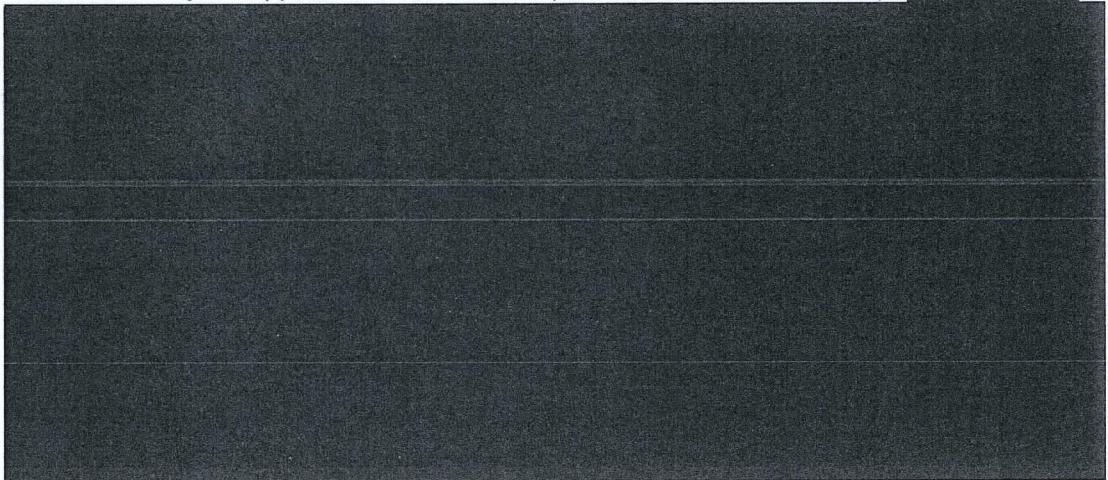
As you are aware, finalised RFs must be in place by 31 December for each of the institutions the State has provided capital to. The IBRC is seen as the template for the other institutions.

Before the RFs can be finalised they must be sent to both DG Comp and the Irish Competition Authority for their review - this should be a relatively quick process. We then propose to send the document to the bank. The risk with not sending the document to the bank before the other authorities is that the bank proposes wholesale changes to the document which then need to be re-run through the European authorities. However, given this is a document that is specified by the Minister, we should not be allowing a negotiation on the RF with the bank.

Yours, Danny

### **Joint appointment of advisors**

Arthur Cox has given considerable thought to your suggestion to include provision in the framework for joint appointment of advisors (at the Minister's discretion). [REDACTED]



To overcome these issues, while striving to embed the underlying reasoning behind the joint appointment suggestion, the framework contains Paragraph 27, which makes a number of provisions:

- a. Prior written consent required for the appointment of key advisors on material matters relevant to the objectives, business plan, and legacy issues
- b. Full, and direct access to key advisors at the Minister's discretion including meetings without IBRC representation
- c. The Minister to be consulted on instructions issued to key advisors , copied on all substantive changes to those instructions, and advice received from key advisors,
- d. IBRC to instruct key advisors to cooperate with the Minister
- e. The Minister to be able to retrospectively deem any advisor appointed by IBRC a 'key advisor' at his discretion

These provisions should (to the extent complied with by IBRC) enable us to engage with and influence the work of advisors appointed by IBRC – [thus I recommend the current paragraph to you]

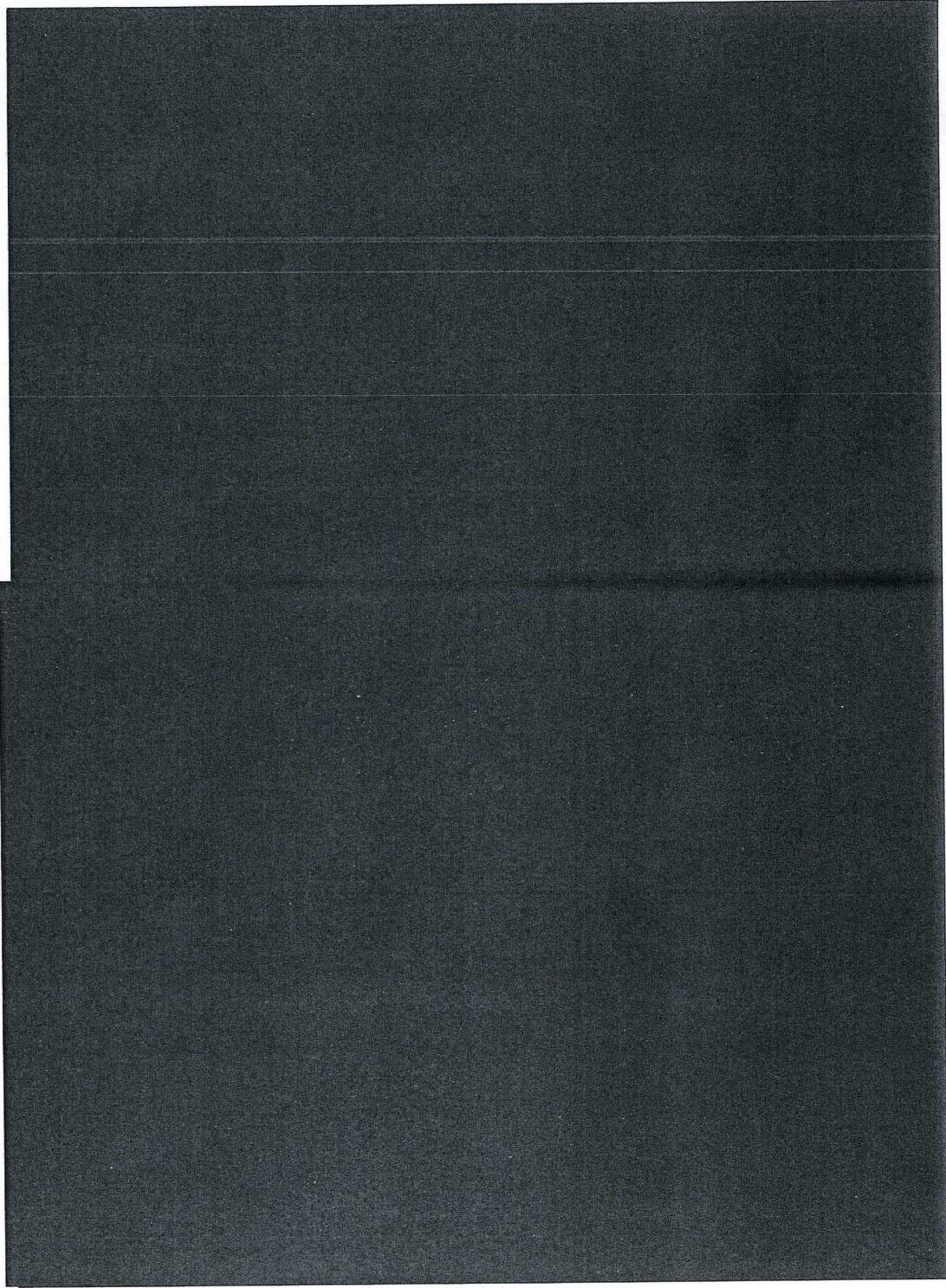
### **LIKELY REACTION FROM IBRC, AND ASSOCIATED RISK OF SENIOR MANAGEMENT RESIGNATIONS**

As this draft of the framework is quite prescriptive in the duties and obligations it imposes on IBRC (the opposite to the suggested update supplied by IBRC), and given current strained relations with IBRC's senior management team, it is likely that IBRC will react negatively. It is probable that IBRC will attempt to engage directly with the Minister to alter the framework. It would be helpful if the Minister were well briefed on the need for a prescriptive

framework and its contents., such that the Minister could respond appropriately to contact/questions from IBRC or other third-parties.

It is conceivable that members of IBC's senior management team may resign rather than operate under such a framework. While the probability of such resignations may be low, it is not insignificant. It would be worthwhile to think about the actions the Minister would take in such a situation whereby a new (interim) senior management team needed to rapidly appointed to IBRC, and how such resignations and appointments would be communicated to relevant stakeholders.

**ARTHUR COX ADVICE ON JOINT APPOINTMENT OF ADVISORS**





# An Roinn Airgeadais Department of Finance

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**To:** Principals Group  
**From:** Shareholding Management Unit  
**Date:** 27 Feb 2012  
**Subject:** IBRC Relationship Framework

## Background and deadlines

An IBRC relationship framework was entered into in July 2009. A new relationship framework must now be specified by the Minister (it does not require the agreement of the bank). The timeline for the new relationship frameworks, per the MEFP, is for publication by 31 March 2012<sup>1</sup>. To achieve this deadline DG Comp and the Irish Competition Authority must have approved the Relationship Framework. We currently propose distributing the document to these bodies on 2 March 2012 for IBRC.

To achieve these deadlines, a further meeting was held on 15 February with IBRC to obtain final comments on the relationship framework. As an action point from the meeting it was agreed that the bank would provide high-level points in relation to their concerns. One of these concerns, which we had agreed to include, was in relation to an 'ordinary course of business' carve out in the document. We agreed we would look at their high level concerns and reflect them in the RF, as appropriate, in advance of the bank's board meeting on 23 February.

The bank provided no feedback (despite further requests) and presented the RF as it was to the Board.

## Latest position and recommendation

Correspondence has been received post board meeting (Appendix 1) indicating that the current form of the RF is not acceptable to the board. The Bank is going to request McCanns (Ronan Malony) contact Coxs (POR) to discuss. Separately, the Board intends seeking a meeting with the Minister to discuss.

Given the extensive engagement that we have had with the bank on the relationship framework, we recommend the following actions:

1. We listen to the feedback of McCanns / IBRC and, to the extent appropriate, we will reflect such changes;
2. Final draft frameworks will be circulated to the Irish Principals on 29 February;
3. Final draft frameworks will be circulated to DG Comp / Irish Competition Authority and the Troika for consideration on 2 March
4. The Minister is asked to specify the relationship framework by end March.

**We request the Principals' confirmation to proceed on this basis.**

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<sup>1</sup> The MEFP can be interpreted to say that deadline applies to the core banks (and not IBRC), however, given the fact we are on draft 30 of the relationship framework we would like to get this matter closed off as soon as possible.

## **APPENDIX 1**

**From:** Mike Aynsley [mailto:[MikeAynsley@ibrc.ie](mailto:MikeAynsley@ibrc.ie)]  
**Sent:** 24 February 2012 10:22  
**To:** Buckley, Danny  
**Cc:** Alan Dukes; Ronan.Molony@mccannfitzgerald.ie  
**Subject:** Relationship Framework

Dear Danny

As discussed this morning, the Board met yesterday and considered the current state of revisions to the Relationship Framework. Further proposed changes, including reinsertion of language around 'Business as Usual' was also considered and Ronan Molony attended to provide independent insights following our most recent meeting with you.

The Board considers the current direction and proposals as unacceptable. One of the main reasons for this is the clear disconnect between what the Board can accept as a practical, implementable and workable document, and the countless inclusions by the DoF which generate multiple conflicts within the document that ensure it is not practical and would generate ongoing risk and cost to the Bank and the Board. From the Board's perspective, it is not at all acceptable that the Bank work from a document of nature proposed, under the informal guidance that 'the Bank would not actually be held to all these things' as was stated at the last meeting with you, Arthur Cox and ourselves. To reiterate, the Bank requires a document that is practical, implementable and workable. A further significant issue is that multiple operational inclusions which clearly reflect operational and communication processes and procedures that are viewed as inappropriate and simply unworkable in a document of this type – these should be linked to the framework and should be fully separated from the framework and subject to separate agreement between the Bank and the DoF.

As such, I have been asked to inform you of the Board's view and that it is intended to take up the matters directly with the Minister at an early date.

Danny, I am fully aware that you and the DoF are under pressure to finalise and submit revised frameworks for the Banks to the Troika by end March, and notwithstanding the above, I will do what I can to progress a solution with you as quickly as possible. As a starting point, I have asked Ronan Malony to contact Padraig O'Riordan with a view to creating a starting point for that.

Regards

Mike

**A.M.R. (Mike) Aynsley**

Group Chief Executive



# An Roinn Airgeadais Department of Finance

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**To:** Minister for Finance, John Moran, Sean Kinsella  
**From:** Shareholding Management Unit  
**Date:** 8 March 2012  
**Subject:** IBRC Relationship Framework & Governance

Minister

Please find attached a number of documents for your review:

1. Relationship framework
  - a. Covering memo
  - b. Relationship framework
  - c. Operational protocol
2. Confidential Memo on Governance matters in IBRC

It is important to note that the Relationship Framework is considerably more intrusive than the other banks. The reason for this increased level of oversight is considered necessary given experiences to date including some of the matters highlighted in the Governance memo.

Despite considerable drafting with the bank, we understand from the CEO that the bank's board felt that a recent earlier version of the Relationship Framework was "unacceptable". At this point we do not feel there is further purpose in further drafting with the bank.

The Troika may also have difficulties, but to date they have been less focused on IBRC given it is in work out.

While the Governance memo may take time to consider, we are under pressure to submit the Relationship Framework to the Troika, DG Comp and the Irish Competition Authority as soon as possible. Ideally we would submit the IBRC Relationship Framework tomorrow with the equivalents from AIB and ILP.

Shareholding Management Unit



# An Roinn Airgeadais Department of Finance

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Agreed by Min  
SK 3/3/12

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**To:** Minister for Finance, John Moran, Sean Kinsella  
**From:** Shareholding Management Unit  
**Date:** 7 March 2012  
**Subject:** IBRC Relationship Framework

## Executive Summary

IBRC continues to operate as a separate economic unit, however, given the work out nature of IBRC and the considerable capital provided to the bank, the Minister retains more rights compared to the other institutions. The Relationship framework contains the following provisions:

- o Consents required in relation to matters including i) before appointing, reappointing or removing GEXCO members, Board director, Chairman or CEO, iii) new / revised remuneration for any Board Director, GEXCO or groups of employees, iv) any remuneration packages which are not CIROC compliant, v) material transactions.
- o Consultation in advance on the following: i) annual business plan, ii) ordinary course of business transactions above certain thresholds, iii) public statements – this will cause particular difficulty for media appearances etc and will therefore be a problem for the bank.
- o Notification in relation to new or revised remuneration packages for staff earning more than €200,000
- o The Relationship Framework (RF) is taken to supersede the Code of Conduct for State Bodies (State Bodies Code) where there is a conflict. In addition, where there is an acquisition of an equity or quasi equity interest in an entity this is exempted from the requirement for Ministerial consent under the State Bodies Code.

IBRC has been consulted on an ongoing basis over a period of months in relation to the RF. The current draft of the document has not been provided to IBRC. The previous draft was considered by the Board of IBRC on 23 February 2012 and the Board considered it "unacceptable". On the basis of the bank's feedback to date, the bank may have concerns in at least the following areas (they have indicated that they will seek a meeting with the Minister to discuss):

1. The bank has consistently raised concerns in general terms in relation to the level of oversight and intervention rights in the bank. They feel that, in overall terms, the rights of oversight and intervention under the RF would hamper the ability of the bank to function efficiently and lead to lack of clarity in relation to the respective roles and responsibilities of the Board, senior management and the State. They also have concerns that the Department is not resourced to satisfy the requirements of the RF,
2. The oversight and control of public statements on matters with a significant public interest dimension and the ability of the Department to respond in a timely manner every time the bank seeks to make such a statement;
3. The Minister's right to have a representative to attend Board meetings as an observer.

As per the agreement with the Troika, the RFs for the banks must be published by the end of March. Prior to publication of the document it is necessary that the views of the Troika, DG Comp and the Competition Authority on the current version of the document are sought. To achieve this deadline we plan to submit the documents by 12 March at the latest. Further consultation with IBRC at this stage would run the risk that the RF will not be finalised in time to meet the end March deadline. For this reason, it is not proposed to engage further with IBRC apart from through engagements between Arthur Cox and IBRC's legal advisers, McCann Fitzgerald.

In these circumstances, there is a risk that IBRC might seek to take action to delay or impede the finalisation of the RF. However, under the Anglo Irish Bank Corporation Act 2009 the Minister has the power to unilaterally specify the RF and consultation with IBRC is not a requirement.



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### **Background**

The Minister specified a Relationship Framework (RF) for IBRC on 8 July 2009 which remains in force. The new RF for IBRC when specified will supersede and replace the existing RF. The general background to the RFs for the banks is as follows.

Further to undertakings made to DG Competition at the European Commission (DG Comp) for competition law purposes and in the context of deliverables to the Troika under the EU/IMF Programme of Financial Support for Ireland, the State as shareholder is putting in place RFs with each of the banks in which it has a shareholding.

The purpose of the RFs is to govern the relationship between the State and each bank. The Troika, DG Comp and the Competition Authority expect the RFs to reflect the following principles:

- (i) to recognise the separation of each bank from the State and to limit intervention by the State in the conduct of each bank's business;
- (ii) to recognise that each bank remains a separate economic unit with independent powers of decision and that that its Board and management team retain responsibility and authority for determining the Bank's strategy and commercial policies and conducting its day-to-day operations; and
- (iii) to provide for the separate management of each of the State's interests in Irish banks to ensure that there is no prevention, restriction or distortion of competition in contravention of merger control or competition law rules.

Draft RFs for each of the banks were prepared in December 2011 and shared with the Central Bank, the Troika and each of the banks. All parties, but particularly the Troika and Central Bank, expressed reservations over the level of oversight and intervention envisaged, the "public interest" dimensions to the documents and the role and independence of the Board and Management.

We would note that the focus of the feedback of the Troika and the Central Bank has been on the listed banks, i.e. Bank of Ireland, AIB and IL&P. Both appear to accept that IBRC is in a different position to the listed banks as it has been fully nationalised and is in wind-down mode. As a result, they appear to accept the rationale for the State having more extensive rights of oversight and intervention in IBRC.

Following conversations with the Troika in January, the following language was agreed as part of the final published MEFP for the January mission:

*"We are finalizing relationship frameworks with the covered banks to ensure their core businesses will be run on a commercial, cost effective and independent basis designed to ensure the value of the banks as an asset to the State. These frameworks for the core businesses of AIB, BoI and IL&P contain clear guidelines to: (i) ensure the Minister for Finance's relationship with the domestic banks is in line with best institutional shareholder practices; (ii) rule out intervention by the Minister for Finance in day-to-day management and commercial decisions (including in relation to lending) and preserve independence of the banks' boards; and (iii) allow the banks appropriate discretion to define their own strategies, budgets, and business plans. The frameworks will be published by end-March 2012"*



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Current Status

The IBRC RF has been revised to take into account feedback provided by the Troika and the Central Bank and, as considered appropriate, IBRC. The document has not been reworked to the extent that the AIB and IL&P documents have been, given that the reservations expressed by the Troika and Central Bank appear to have focussed on AIB and IL&P.

The current draft of the IBRC RF has been shared with the Central Bank. They have confirmed in writing that they do not have any further observations to make and that they are comfortable that the Framework will not impact on their ability to effectively supervise the Bank.

Key Elements

The key elements of the current draft of the document are:

1. The RF recognises the separation of IBRC from the Minister and limits intervention by the Minister in the conduct of the Bank's business to the extent necessary to protect the public interest.
2. The public interest objectives of the Minister in relation to IBRC remain in the document in Appendix II and matters that have a significant public interest dimension are subject to the consent or consultation of, or prior notification to, the Minister (see paragraphs 7 to 10 below).
3. The RF recognises that, subject to the rights of oversight and intervention under the RF, the Bank remains a separate economic unit with independent powers of decision and that its Board and management team retain responsibility and authority for determining the Bank's strategy and commercial policies and conducting its day-to-day operations.
4. The Board of IBRC retain responsibility and authority for all of the operations and the bank's business in accordance with the Board's legal and fiduciary duties and retain responsibility and authority for ensuring compliance with the regulatory and legal obligations of the Bank.
5. The State will manage each of the State's interests in Irish banks separately to ensure that there is no prevention, restriction or distortion of competition in contravention of merger control or competition law rules. Safeguards include no cross directorships and barriers to prevent sensitive commercial information passing via the State between banks.
6. The Board is obliged to keep the Business Plan under review and, in consultation with the Minister, update and adjust it at least annually. The Business Plan is intended to realise the public interest objectives of the Minister, including the implementation of the Restructuring Plan.
7. Certain "Material" matters" are subject to rights of intervention as set out below. A "Material" matter is any matter that:



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- a. is likely to significantly impact on the implementation of the Business Plan;
- b. has a significant public interest dimension; or
- c. is outside of the ordinary course of business.

The Minister may inform the Bank from time to time of matters that are deemed to have a significant public interest dimension for these purposes.

8. Ministerial consent is required for:

- a. The appointment or removal of the Chairman or the CEO.
- b. Appointments to the Board or the bank's Group Executive Committee (GEXCO).
- c. Remuneration related issues.
- d. "Material" transactions, i.e. transactions that:
  - (i) are likely to significantly impact on the implementation of the Business Plan;
  - (ii) have a significant public interest dimension; or
  - (iii) are outside of the ordinary course of business.
- e. Certain other reserved matters as set out in Annex III, which include:
  - (i) transactions other than on a normal commercial arm's length basis and legal proceedings involving directors, former directors, GEXCO members, former GEXCO members, Senior Managers, former Senior Managers and persons connected to these persons; and
  - (ii) any decision to take a significant step in relation to the Legacy Plan.

9. Ministerial consultation is required for:

- a. Any action that may have a significant bearing on the implementation of the Business Plan.
- b. Any transaction within the ordinary course of business but which exceed certain financial thresholds (i.e. an adverse impact on total regulatory capital or total equity of the bank of greater than €100 million or where the total purchase price, investment or proceeds could exceed €100 million).
- c. Public statements with a significant public interest dimension.
- d. The conclusion of any litigation relating to a "Material" matter, including agreement to any settlement terms or making any Material concession or admission. See paragraph 7 above in relation to what constitutes a "Material" matter.

10. There is an obligation to notify the Minister in advance of:



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- a. Any "Material" matter that comes to the attention of the Board. See paragraph 7 above in relation to what constitutes a "Material" matter.
  - b. The appointment of Senior Managers (persons who have an annual aggregate remuneration in excess of €200,000) and changes to the remuneration of Senior Managers.
  - c. Developments in relation to litigation relating to a "Material" matter. See paragraph 7 above in relation to what constitutes a "Material" matter.
11. There is an obligation to provide the Minister with any information or documents that the Minister reasonably requires, including all documents generated for Board meetings and GEXCO meetings and a monthly Business Plan Report.
12. The Minister has the right to appoint representatives to attend Board meetings in an observer capacity.
13. Certain rights of oversight and intervention in relation to advisers that are engaged in relation to any "Material" matters. See paragraph 7 above in relation to what constitutes a "Material" matter.
14. There is a formal consent/consultation procedure set out in Appendix IV for matters that subject to consent or consultation.
15. Consent under the Code of Practice for the Governance of State Bodies will not be required for certain transactions within the ordinary course of business or where the Minister has consented to the transaction under the consent/consultation procedure set out in Appendix IV.

As can be seen, the rights of oversight and intervention are significantly more extensive than in the case of the RFs for Bank of Ireland, AIB and IL&P.

The input of the State's legal advisers, Arthur Cox, has been incorporated into the current draft.

DRAFT DATED 7 MARCH 2011

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RELATIONSHIP FRAMEWORK

SPECIFIED BY

THE MINISTER FOR FINANCE

PURSUANT TO

SECTION 3 OF THE ANGLO IRISH BANK CORPORATION ACT 2009

IN RESPECT OF

THE RELATIONSHIP BETWEEN

THE MINISTER FOR FINANCE

AND

IRISH BANK RESOLUTION CORPORATION LIMITED

**PREAMBLE**

On 21 January 2009, the Bank was taken into public ownership pursuant to the Act and the Minister became the sole shareholder of the Bank.

In July 2011, the Bank acquired the assets and liabilities of INBS and the Minister's shareholding in INBS.

In the context of the financial crisis, the Bank has received and continues to receive significant support from the State to prevent potential serious damage to the financial system in the State. This support takes various forms, including capital injections, asset relief and various guarantees.

A Restructuring Plan provides for an orderly work-out of the assets of the Bank over a period of ten years.

The purpose of this Relationship Framework is to set out the basis on which the relationship between the Minister and the Bank shall be governed. This Relationship Framework recognises the separation of the Bank from the Minister and limits intervention by the Minister in the conduct of the Bank's business to the extent necessary to protect the public interest.

The Board retains full responsibility and authority for all of the operations and business of the Bank in accordance with the Board's legal and fiduciary duties and retains responsibility and authority for ensuring compliance with the regulatory and legal obligations of the Bank. It is recognised that the Bank is a licensed bank that is regulated by the Central Bank and this Relationship Framework will operate at all times in compliance with Regulatory Requirements.

This Relationship Framework provides for safeguards as to the separate management of each of the State's interests in Irish credit institutions (including the Bank) in order to ensure that there is no prevention, restriction or distortion of competition in contravention of merger control or competition law rules.

The Minister expects the Board and management team of the Bank to ensure that the Bank continues to adhere to the State Agreements.

**LEGAL BASIS OF THIS RELATIONSHIP FRAMEWORK**

1. The meanings of defined terms used in this Relationship Framework are set out in Appendix I.
2. The Minister has, in the public interest, the functions provided for under the Act for the reasons set out in Section 2 of the Act. The Minister specifies this Relationship Framework under section 3(1) of the Act to govern the relationship between the Minister and the Bank.
3. This Relationship Framework may be amended or revoked by the Minister from time to time in accordance with section 3(1) of the Act. This Relationship Framework supersedes all prior relationship frameworks specified by the Minister in relation to the Bank under section 3(1) of the Act.
4. The Minister may delegate the exercise of his functions, and his engagements with the Bank, under this Relationship Framework to a nominee appointed by the Minister for those purposes. The Minister shall notify the Bank in writing of any such delegation and appointment.
5. This Relationship Framework is to be interpreted in accordance with the Act and with Irish law and European Union law. It is without prejudice to the statutory and other rights and

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Obligations of the Minister and the Bank respectively. This Relationship Framework will be operated at all times in compliance with Regulatory Requirements as specified by the Central Bank.

**RELATIONSHIP BETWEEN THE MINISTER AND THE BANK**

6. This Relationship Framework recognises the separation of the Bank from the Minister and limits intervention by the Minister in the conduct of the Bank's business to the extent necessary to protect the public interest as set out below in paragraph [7].
7. The purpose of this Relationship Framework is to provide the basis on which the relationship between the Minister and the Bank shall be governed. This shall be done in a manner which:
  - 7.1 aligns the activities of the Bank with the Objectives of the Minister as set out in Appendix II which are designed to protect the public interest;
  - 7.2 ensures that, subject to the terms of this Relationship Framework, the Bank remains a separate economic unit with independent powers of decision and that its Board and management team retain responsibility and authority for determining the Bank's strategy and commercial policies and conducting its day-to-day operations; and
  - 7.3 ensures compliance by the Bank with its legal and regulatory responsibilities, a function which remains the responsibility and within the authority of the Board.

**COMPETITION AND COMMERCIAL INFORMATION**

8. The Minister will ensure that the State:
  - 8.1 manages and maintains its interest in each credit institution separately from the management of its interests in other credit institutions;
  - 8.2 does not exercise its rights in the Bank and any rights held by the State in any other credit institution, or otherwise manage the State's interests in credit institutions, in a manner which would result in a prevention, restriction, distortion or significant lessening or impediment of effective competition;
  - 8.3 exercises its rights in the Bank and any rights held in other credit institutions to seek to ensure that there are no cross-directorships between such institutions; and
  - 8.4 puts in place effective barriers to prevent sensitive commercial information passing via the State between the Bank and any other credit institution in which the State has an interest as a result of State intervention.
9. For the avoidance of doubt, each credit institution in which the State has acquired an interest, including the Bank, continues to operate as an independent competitor in the market, albeit in the case of the Bank on a work-out basis only, and section 4 of the Competition Act 2002 and Article 101(1) of the Treaty on the Functioning of the European Union continue to apply to each credit institution on that basis.

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**MINISTERIAL CONSENT AND CONSULTATION**

10. Where the consent of, or where consultation with, the Minister is required by the Bank pursuant to any Consent/Consultation Document or otherwise, the Bank shall submit its Consent Request or Consultation Briefing as appropriate in accordance with the Consent Procedure. Only consent issued by or on behalf of the Minister in writing (including by email) pursuant to a Consent Request shall satisfy the requirement of the Bank to obtain a relevant consent under a Consent Document.
11. If the Bank is unclear as to whether an action is subject to consent or consultation in accordance with the Consent Procedure, the Bank may write to the Minister informally and outside of the Consent Procedure to seek confirmation from the Minister in this regard. If the Minister does not respond within three Business Days, the action shall be deemed to be subject to consent or consultation in accordance with the Consent Procedure and the Bank shall submit a Consent Request or Consultation Briefing accordingly. No guidance given by the Minister in relation to whether consent or consultation is required in respect of a matter shall constitute a precedent for, or restrict the Minister from taking a different view on, another matter.

**MATERIAL MATTERS**

12. For the purposes of this Relationship Framework, a matter, issue, action, decision or event shall be deemed to be "Material" if, in the reasonable opinion of the Board or the Chief Executive Officer of the Bank:
  - 12.1 it is likely to significantly impact on the implementation of the Business Plan;
  - 12.2 it has a significant public interest dimension (including because it is likely to create significant reputational issues for the Bank, the Minister or the State or it has a significant bearing on identifying or addressing the Legacy Issues or implementing the Legacy Plan);
  - 12.3 it is outside of the Ordinary Course of Business; or
  - 12.4 it is deemed to be Material under the Operational Protocol (as amended from time to time).
13. The Minister may inform the Bank in writing from time to time of matters that are deemed to have a significant public interest dimension for the purposes of paragraph 12.2 above.
14. The Bank shall consult with the Minister in accordance with the Consent/Consultation Procedure in respect of any proposed decision or action that is within the Ordinary Course of Business but which meets certain financial thresholds as may be specified in the Operational Protocol.

**THE ROLE OF THE BOARD**

15. The Board retains responsibility and necessary authority for:
  - 15.1 all of the operations and business of the Bank in accordance with its legal and fiduciary duties; and

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- 15.2 ensuring strict compliance with the regulatory and legal obligations of the Bank, including any obligations arising under the CJFS Scheme, the ELG Scheme, the Act, the NAMA Act, CISA (including any orders or requirements thereunder), CIRA (including any orders or requirements thereunder) and Regulatory Requirements and regulatory obligations owed to other regulators as appropriate;
  - 15.3 ensuring that: (i) there are, at all times, a sufficient number of directors to convene and hold quorate Board meetings; and (ii) the Board includes a number of independent directors consistent with best practice in corporate governance; and
  - 15.4 achieving the Business Plan and the Legacy Plan. For the avoidance of doubt, the Minister does not play any role in day-to-day operational and commercial matters relating to their achievement, except to the extent that the Minister believes it is strictly necessary to do so in the public interest in order to realise any of the Objectives.
16. In respect of the *Business Plan*, the Board will:
- 16.1 review the *Business Plan* on a continuous basis to determine if there are ways of further accelerating deleveraging (in a cost effective and efficient manner) while minimising capital impact; and
  - 16.2 in consultation with the Minister, update and adjust the *Business Plan* as often, but at least annually, as it believes is necessary to reflect changed circumstances and any new significant deleveraging initiatives.
17. The Board will consult with the Minister in accordance with the Consent/Consultation Procedure in advance of the Bank taking any action that may have a *significant bearing on the implementation of the Business Plan*.
18. Whenever a *Material matter comes to the attention of the Board*, it will notify the Minister in writing of the Material matter promptly and in advance of taking any decision or action in respect of the Material matter. The Minister shall not be deemed to be on notice of a Material matter as a result of being in receipt of documentation, including Board papers, that relate to that matter.
19. The Bank will operate its corporate governance structure in a manner which supports the achievement of its obligations under this Relationship Framework and complies with the *Corporate Governance Code* and the *State Bodies Code*. In the unlikely event of a conflict between this Relationship Framework and the State Bodies Code, this Relationship Framework shall prevail. If the Bank is unclear as to whether there is a conflict between this Relationship Framework and the State Bodies Code in respect of a matter, the Bank may write to the Minister informally and outside of the Consent Procedure to seek confirmation from the Minister in this regard.
20. The Board will obtain the prior written consent of the Minister in accordance with the Consent/Consultation Procedure for any proposed appointment, re-appointment or removal of the Chairman, the Chief Executive Officer, any member of the Board or any member of the GEXCO.
21. The Board will notify the Minister in writing in advance of the proposed appointment of any employee or contractor as a Senior Manager. The Board will provide any information and

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documentation in respect of the Senior Manager concerned that is reasonably requested by the Minister.

22. Representatives of the Minister may from time to time attend Board meetings in an observer capacity. For the avoidance of doubt, any such representative will attend in a passive capacity only and will not play an active role in the meeting.

**COMMUNICATIONS AND CO-OPERATION**

23. Any confidential, commercially sensitive or personal information provided to the Minister under this Relationship Framework shall be clearly marked as such and will be treated accordingly by the Minister in accordance with the applicable law.
24. The Minister and the Bank will adopt arrangements from time to time to enable and require the Bank and the Key Advisers to provide the Minister, and his legal advisers, under the terms of this Relationship Framework with such information, documentation and advices which is subject to legal privilege on a basis which does not waive or limit such privilege as between the Bank and any person other than the Minister and/or his legal advisers.
25. The Bank shall provide the Minister:
- 25.1 promptly in writing with any information or documentation which has been reasonably requested by the Minister from time to time (including without limitation documentation generated for GEXCO meetings); and
- 25.2 with all documents generated for Board meetings at the same time as they are provided to the Board. Documents provided to the Board outside of the normal process will be provided to the Minister at the same time as they are provided to the Board or as soon as reasonably practicable thereafter; and
- 25.3 with the Business Plan Report on a monthly basis. The Minister may specify the nature of the content and the format of the Business Plan Report from time to time. The Business Plan Report will include, inter alia, details of any significant opportunities to increase the speed of deleveraging of the Bank and any significant obstacles to deleveraging that come to the attention of the Bank.
26. The Bank shall notify the Minister in writing in advance in respect of the proposed appointment of auditors.
27. In respect of advisers, the Bank shall:
- 27.1 notify the Minister in writing in advance of the proposed appointment or engagement by the Bank of any Key Adviser;
- 27.2 if requested to do so by the Minister, provide the Minister with any substantive written instructions to and substantive advice by any Key Adviser (including drafts of same) either on a non-reliance basis or, subject to agreement with the Key Adviser, on a reliance basis;
- 27.3 cooperate with the Minister and provide such information as the Minister may reasonably require from time to time and ensure that all Key Advisers shall agree to do the same;

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- 27.4 allow the Minister *full and direct access* without restriction to any Key Adviser and their work product at all times, which may include separate meetings or discussions between the Minister and the Key Adviser, and
- 27.5 be responsible for the *appropriate procurement* of advisers (including Key Advisers) in a manner which ensures value for money and minimises cost to the Bank and, indirectly, the Exchequer and the taxpayer.
- If Minister is of the opinion that an adviser is a Key Adviser within the meaning of this paragraph and notifies the Bank accordingly, that adviser shall be deemed to be Key Adviser for the purposes of this paragraph.
28. In respect of *public statements*, the Bank (including, for the avoidance of doubt, all directors, officers, employees, contractors and consultants of the Bank):
- 28.1 shall seek to ensure that all public statements are *consistent with the Objectives*;
- 28.2 may provide public comment in relation to matters arising in the *Ordinary Course of Business* of the Bank where it is necessary in the commercial interests of the Bank to do so; and
- 28.3 shall only make a public statement in relation to government policy concerning the banking sector or otherwise, or where the statement otherwise has a significant public interest dimension, with the prior consultation with the Minister, except where the Bank is required to make the public statement in advance of such consultation in order to meet the Bank's legal or regulatory requirements and the contents of the statement are confined to what is strictly required to comply with the Bank's legal or regulatory requirements.
29. In respect of *meetings and reporting*:
- 29.1 the Minister and the Board or the GEXCO shall agree to such schedule and structure of meetings and reporting between any or all of them from time to time as may be required for the purposes of this Relationship Framework and the Act or to achieve any of the Objectives;
- 29.2 the Board and/or the GEXCO shall meet the Minister (or his nominee) at his reasonable request;
- 29.3 the Minister (or his nominee) shall meet with the Board and/or the GEXCO at their reasonable request to discuss any important matters relating to this Relationship Framework or the achievement of the Objectives; and
- 29.4 the Board may request to meet the Minister personally in relation to matters of appropriate importance or sensitivity,
30. The Bank shall maintain a Transaction Review Committee. The Minister may from time to time appoint one or more representatives to attend Transaction Review Committee meetings in an observer capacity. For the avoidance of doubt, any such representative will attend in a passive capacity only and will not play an active role in the meeting.
31. Following notice to the Bank in writing, the Minister may specify under this Relationship Framework an *Operational Protocol* to provide further guidance to the Bank with respect to certain matters under this Relationship Framework. The Operational Protocol may be amended from time to time by the Minister, following notice to the Bank in writing.

REMUNERATION, INCENTIVISATION, PENSION, REDUNDANCY AND SEVERANCE ARRANGEMENTS

32. In general, the Minister's objectives in relation to remuneration, incentivisation, pension, redundancy and severance arrangements are:
  - 32.1 to support remuneration levels which, having regard to the capital and financial position of the Bank and the Objectives, are balanced and sufficient in the current market to attract, motivate and retain the type of experience and talent which is required to achieve the Business Plan and the Objectives;
  - 32.2 to require that any incentive arrangements for directors, members of the GEXCO and Senior Managers are closely related to their performance, measured by the achievement of relevant targets, such targets having regard to the achievement of the Business Plan and the Objectives; and
- 32.3 the Bank adheres to the Institutions Remuneration Oversight Committee ("CIROC") guidelines and any other applicable obligations arising under the CIFTS Scheme and the ELG Scheme in relation to remuneration, incentivisation, pension, redundancy and severance arrangements.
33. The prior written consent of the Minister will be required in accordance with the Consent/Consultation Procedure for:
  - 33.1 all new or revised remuneration arrangements (including benefits in kind or any other non-salary payments), incentivisation arrangements, pension arrangements, redundancy arrangements and severance arrangements for any director or member of the GEXCO and for all changes to the terms of employment for any director or member of the GEXCO, except where the Bank is under a legal obligation to make any such new or revised arrangements or to change the terms of employment as proposed;
  - 33.2 all proposals to increase remuneration or make provision for incentivisation, pension, redundancy or severance arrangements for employees generally or for any group of employees, except where the Bank is under a legal obligation to increase remuneration as proposed or make provision for any such arrangements as proposed;
  - 33.3 any proposed new or revised incentivisation arrangements for any member of IBRC Personnel; and
  - 33.4 any proposed new or revised remuneration arrangements (including benefits in kind, allowances, ancillary payments, expenses and any other non-salary payments) for any member of IBRC Personnel which do not comply with the CIROC guidelines and any other applicable obligations arising under the CIFTS Scheme and the ELG Scheme.
34. The Board will notify the Minister in writing in advance of any proposed new or revised remuneration arrangements (including benefits in kind or any other non-salary payments), pension arrangements, redundancy arrangements or severance arrangements for any Senior Manager and provide any information and documentation in respect of the Senior Manager concerned that is reasonably requested by the Minister.
35. The Minister may provide in the Operational Protocol for *more detailed requirements* regarding remuneration, incentivisation, pension, redundancy and severance arrangements for directors, members of the GEXCO, Senior Managers, employees, consultants and/or

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contractors of the Bank. Such requirements when issued may supplement, amend or vary the provisions of paragraphs [31 and 32] of this Relationship Framework.

**MATERIAL LITIGATION**

36. The Bank shall keep the Minister informed promptly in writing of developments in relation to Material Litigation.
37. Unless prohibited by law, the Bank shall promptly provide the Minister with any documents or information related to any Material Litigation that is reasonably requested by the Minister.
38. Prior to:
  - 38.1 making any concession or admission in relation to any Material Litigation that could be Material;
  - 38.2 agreeing to the terms of any settlement in relation to any Material Litigation; and/or
  - 38.3 the conclusion of any Material Litigation,the Bank shall consult with the Minister in accordance with the Consent/Consultation Procedure.

**COMPLIANCE WITH REQUIREMENTS, COMMITMENTS AND UNDERTAKINGS**

39. The Bank shall comply fully with all requirements, commitments and undertakings (including all commercial restrictions and obligations) under the State Agreements. In the event of a conflict between this Relationship Framework and any of the State Agreements, the latter shall prevail.

**RESTRUCTURING PLAN**

40. Subject at all times to regulatory approvals and Regulatory Requirements, the Bank shall:
  - 40.1 implement the Restructuring Plan;
  - 40.2 ensure full compliance with the Commitments; and
  - 40.3 co-operate fully, and consult where required, with the Minister, the European Commission and Monitoring Trustee (including by promptly providing such assistance and information as is requested by the Minister, the European Commission and/or the Monitoring Trustee) in connection with the Restructuring Plan, the Approval Decision and the Commitments.
41. The Bank shall confirm in writing to the Minister three months from the date of the Approval Decision and every three months thereafter that:
  - 41.1 the Bank has taken the necessary measures during the relevant period to implement the Restructuring Plan;
  - 41.2 the Bank is in full compliance with the Commitments; and

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- 41.3 all Legacy Issues of which the Board are aware have been identified in the Legacy Plan.

**RESERVED MATTERS**

42. The Reserved Matters (which are set out in Appendix III) will be reserved to the Minister and the Board shall only conclude on them with the prior written consent of the Minister. The Minister may amend the list of Reserved Matters from time to time by notification in writing to the Bank where necessary to realise any of the Objectives. The Minister may, from time to time, issue, amend or revoke general or specific consents, instructions or policies to the Bank in relation to any of the Reserved Matters.

**APPENDIX I**  
**INTERPRETATION**

In this Relationship Framework:

“Act” means the Anglo Irish Bank Corporation Act 2009.

“Approval Decision” means the European Commission Decision dated 29 June 2011 on the State aids Nos SA.32504 (2011/N) and C 11/2010 (ex N 667/2009) implemented by Ireland for Anglo Irish Bank and Irish Nationwide Building Society, which approved the Restructuring Plan.

“Bank” means Irish Bank Resolution Corporation Limited (formerly Anglo Irish Bank Corporation Limited) including INBS and all direct and indirect subsidiaries of Irish Bank Resolution Corporation Limited and INBS.

“Board” means the board of directors of the Bank.

“Business Day” means any day other than a Saturday, a Sunday or a public holiday in Ireland.

“Business Plan” means the business and operating plan approved by the Board on 25 July 2011 to realise the Objectives, including the implementation of the principles set out in the Restructuring Plan, and any updated or adjusted version of the Business Plan.

“Business Plan Report” means the monthly consolidated report of the results of the Business Plan prepared by the Bank and submitted to the Minister on a monthly basis.

“Central Bank” means the Central Bank of Ireland.

“CIFS Scheme” means the Credit Institutions (Financial Support) Scheme 2008.

“CIRA” means the Central Bank and Credit Institutions (Resolution) Act 2011.

“CISA” means the Credit Institutions (Stabilisation) Act 2010.

“Commitments” means the commitments in Annex I to the Approval Decision.

“Corporate Governance Code” means the Central Bank’s Corporate Governance Code for Credit Institutions and Insurance Undertakings (as amended from time to time).

“Consent/Consultation Documents” means this Relationship Framework, the Articles of the Bank, any of the State Agreements, the CIFS Scheme, the ELG Scheme, the NAMA Act, CISA and CIRA, and “Consent/Consultation Document” shall be any one of them.

“Consent/Consultation Procedure” means the procedure set out in Appendix IV.

“Consent Request” means a request for consent submitted in accordance with the Consent Procedure pursuant to paragraph [10] of this Relationship Framework.

“Consultation Briefing” means a consultation briefing submitted in accordance with the Consent/Consultation Procedure pursuant to paragraph [10] of this Relationship Framework.

“Department” means the Department of Finance of Ireland.

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"ELG Scheme" means the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009.

"EU" means the European Union.

"GEXCO" means the Bank's Group Executive Committee.

"IBRC Personnel" means all directors, officers, employees, contractors, servants, agents and/or consultants of IBRC.

"INBS" means Irish Nationwide Building Society.

"Key Adviser" means any third party financial adviser, legal adviser or other adviser appointed or engaged in relation to a Material matter or any Personnel Matters.

"Key Person" means a director, a former director, a member of the GEXCO, a former member of the GEXCO, a Senior Manager or a former Senior Manager.

"Legacy Issues" means the legacy issues which arose in the Bank prior to its nationalisation and in INBS prior to the acquisition by the Bank of the Minister's shareholding in INBS.

"Legacy Plan" means the legacy plan agreed between the Minister and the Bank on [ ] to identify and address all Legacy Issues (as may be amended by agreement between the Minister and the Bank from time to time).

"Material" has the meaning given in paragraph [12] of this Relationship Framework.

"Material Litigation" means any litigation, whether commenced or contemplated, involving the Bank and relating to a Material matter.

"Minister" means the Minister for Finance of Ireland and any nominee of the Minister.

"Monitoring Trustee" means any monitoring trustee appointed under the Approval Decision.

"NAMA Act" means the National Asset Management Agency Act 2009.

"NTMA" means the National Treasury Management Agency.

"Objectives" means the objectives of the Minister in protecting the public interest, having regard to the Act, set out in Appendix II.

"Ordinary Course of Business" means actions within the usual transactions, customs and practices in the areas of banking business in which the Bank is commercially active, including the recovery of debt, the enforcement of security and the restructuring of credit facilities/security but excluding significant deleveraging actions.

"Operational Protocol" means the operational protocol specified by the Minister under this Relationship Framework, following notice in writing to the Bank, to provide further guidance to the Bank with respect to certain matters under this Relationship Framework (as amended from time to time).

"Personnel Matters" means matters relating to: (i) the appointment or removal of the Chairman, Chief Executive Officer or members of the Board or the GEXCO; or (ii) remuneration arrangements,

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incentivisation arrangements, pension arrangements, redundancy arrangements or severance arrangements at the Bank.

“Programme of Support” means the EU/International Monetary Fund Programme of Financial Support for Ireland.

“Regulatory Requirements” means applicable regulatory requirements as specified by the Central Bank.

“Relationship Framework” means this relationship framework specified by the Minister under section 3(1) of the Act to govern the relationship between the Minister and the Bank, and any amended version of same.

“Relevant Information” means all reasonably necessary and sufficient information to permit the Minister to form an opinion on the Consent Request or a Consultation Briefing as appropriate.

“Reserved Matters” means certain key issues set out in Appendix III which are reserved to the Minister.

“Restructuring Plan” means the joint restructuring and work out plan for the Bank and INBS dated 31 January, 2011 which has been approved by the European Commission under the Approval Decision and by the Minister and any amended version of same that is approved by the European Commission and the Minister.

“Senior Manager” means any person who is deemed to be a Senior Manager under the Operational Protocol from time to time.

“State” means Ireland.

“State Agreements” means the agreements and arrangements entered into between the Bank and the Minister, and/or the NTMA and/or any other State agency or entity, including without limitation the subscription agreement dated 29 June 2009, the promissory notes issued by the Minister on 22 December 2010 to the Bank and INBS respectively, the deed of covenant dated 22 December 2010 between the Minister and the Bank, and the Minister’s deed of guarantee dated 29 November 2010 in relation to the Bank (and any amendments of those agreements or arrangements made in accordance with their terms).

“State Bodies Code” means the Code of Practice for the Governance of State Bodies (as may be amended from time to time).

“Transaction Review Committee” means a committee charged with oversight in respect of asset work-out/deleveraging in accordance with the Restructuring Plan and the Business Plan.

In this Relationship Framework, any reference to a statute, statutory instrument or statutory provision shall be construed to include any statute, statutory instrument or statutory provision which modifies, consolidates, re-enacts or supersedes it.

APPENDIX II  
OBJECTIVES

1. The Objectives of the Minister in protecting the public interest, having regard to the Act, are:
  - 1.1 to accelerate deleveraging of the Bank through disposal of assets to the extent possible while minimising capital impact;
  - 1.2 to preserve the capacity of the Bank to continue its operations as a going concern in accordance with the Restructuring Plan;
  - 1.3 to minimise cost and other risk to the Exchequer and the taxpayer;
  - 1.4 to remedy a serious disturbance in the Irish economy by helping to restore the reputation and enhance the stability of the financial system in the State;
  - 1.5 to ensure that all Legacy Issues are efficiently and comprehensively identified and addressed in accordance with the Legacy Plan;
  - 1.6 to ensure compliance with: (i) any conditions or commitments attaching to any decision of the European Commission in relation to EU State aid, competition law or other requirements which may arise, including without limitation the Approval Decision; and (ii) the Programme of Support insofar as it relates to the financial sector; and
  - 1.7 otherwise to ensure that the Bank operates in accordance with the public interest and in a manner consistent with Section 2 of the NAMA Act.

APPENDIX III

RESERVED MATTERS

1. Any Material acquisitions, disposals, investments, realisations, reorganisations, restructurings or other transactions.
2. The exercise of any discretion to declare or pay any dividends or make any form of distribution in respect of any classes of shares or securities.
3. The redemption or repurchase of any classes of shares or securities save in respect of securities where such redemption or repurchase is undertaken at a redemption date or repurchase date in accordance with the terms of such securities.
4. Initiating any liquidation, receivership, examinership or analogous statutory process in respect of the Bank.
5. Entering into or varying any transaction or arrangement between the Bank and any Key Person or any connected person of a Key Person on terms other than normal commercial arm's-length terms.
6. All important actions in respect of commencing, defending, conducting or settling of legal proceedings to which a Key Person or any connected person of a Key Person is a party.
7. Any decision to take any significant action, step or proceeding connected with the implementation of the Legacy Plan.

APPENDIX IV  
CONSENT/CONSULTATION PROCEDURE

1. The Bank shall address a Consent Request or a Consultation Briefing in writing to the Minister clearly marked as a "Consent Request" or a "Consultation Briefing" as appropriate with a copy to the Shareholding Management Unit within the Department or as otherwise directed in writing by the Minister from time to time.
2. Consent Requests and Consultation Briefings shall be made as soon as reasonably practicable by the Bank and an Emergency Action may not be taken if this obligation has not been complied with by the Bank in respect of the relevant Consent Request/Consultation Briefing. In its Consent Request or Consultation Briefing, or in any submission of further Relevant Information requested by the Minister, the Bank shall clearly state, in its opinion, the date by which the Minister is required to respond under the time-frame provisions set out in paragraph 4 of this Appendix.
3. The Bank shall furnish the Minister with all Relevant Information in the Bank's power or possession at the same time as it submits a Consent Request or Consultation Briefing. Any insufficiency in the information submitted by the Bank shall be notified to the Bank in writing by the Minister (or the Shareholding Management Unit) within five Business Days of receipt of the Consent Request, the Consultation Briefing or the submission of information as appropriate to the extent that this is reasonably practicable. Exceptionally, the Minister may require Relevant Information from a third party, such as the Central Bank, other State bodies or advisers. The Minister will notify the Bank in writing when he requires Relevant Information from a third party and indicated the expected time-frame for receipt of the Relevant Information from the third party.
4. The Minister shall respond in writing to a Consent Request or a Consultation Briefing as soon as reasonably practicable but in any event no later than:
  - 4.1 twenty Business Days following receipt of the Consent Request or the Consultation Briefing and all Relevant Information for Consent Requests/Consultation Briefings relating to Personnel Matters; or
  - 4.2 ten Business Days following receipt of the Consent Request or the Consultation Briefing and all Relevant Information in all other cases.
- If the Minister does not respond to a Consent Request within the applicable time-frame under this paragraph, consent will be deemed to have issued on the expiry of the applicable time-frame. If the Minister responds to a Consultation Briefing within the applicable time-frame under this paragraph, the Bank shall give due consideration to the Minister's response prior to taking any further action in relation to the matter. If the Minister does not respond to a Consultation Briefing within the applicable time-frame under this paragraph, the Bank may proceed on the basis that the Minister has no formal views on the matter.
- Where exceptional emergency circumstances apply in which urgent action is required by the Bank in relation to the subject of a Consent Request/Consultation Briefing in order to meet the Bank's legal, regulatory or prudential requirements ("Emergency Action"), the Board shall inform the Minister immediately of the circumstances and provide the Minister with an opportunity to respond. If the Minister does not respond in a timely manner in the circumstances, the Bank may proceed with the Emergency Action provided the Board has:
  - 5.1 approved the Emergency Action;

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- 5.2 confirmed in writing to the Minister that in its opinion the Emergency Action is required by the Bank to meet the Bank's legal, regulatory or prudential requirements; and
  - 5.3 minuted the basis on which the Board satisfied itself that the relevant action was classified as an Emergency Action.
  6. Any consent issued by or on behalf of the Minister pursuant to a Consent Request shall satisfy the requirement of the Bank to obtain a relevant consent under each Consent Document.
  7. Where consent or consultation is required by the Minister under a Consent/Consultation Document, it shall not be deemed to have been given merely by virtue of attendance by the Minister (or his nominee or representative, including any observer) at Board, committee or other meetings.
  8. Where:
    - 8.1 the establishment or acquisition of subsidiaries;
    - 8.2 the participation in joint ventures; or
    - 8.3 the acquisition of shares or warrants,
- by the Bank, its subsidiaries or joint ventures in which the Bank or its subsidiaries participates is deemed to fall within the Bank's ordinary course of business or is consent to by the Minister under this Relationship Framework, the prior written consent of the Minister under the State Bodies Code shall not be required.



OPERATIONAL PROTOCOL FOR THE RELATIONSHIP FRAMEWORK IN RESPECT  
OF IRISH BANK RESOLUTION CORPORATION LIMITED

DATED [•]

1. On [•], the Minister specified a Relationship Framework pursuant to section 3(1) of the Anglo Irish Bank Act in respect of the relationship between the Minister and the Bank.
2. Terms defined in the Relationship Framework have the same meanings in this Operational Protocol.
3. This Operational Protocol is specified by the Minister under paragraph [29] of the Relationship Framework, following notice in writing to the Bank. This Operational Protocol may be amended from time to time by the Minister, following notice in writing to the Bank.
4. For the purposes of paragraph [15] of the Relationship Framework, the Bank shall notify the Minister in writing sufficient in advance to allow the Minister a reasonable period of time for consideration in respect of any proposed decision or action that is within the Ordinary Course of Business but which:
  - 4.1 is likely to have an adverse impact on total regulatory capital of the Bank of greater than [€100 million];
  - 4.2 is an actual or potential acquisition, investment or disposal (or series of related transactions) and the total purchase price, investment or proceeds individually or in aggregate could exceed [€100 million]; or
  - 4.3 is a realisation, reorganisation, restructuring or other transaction or event and it is likely to have an adverse impact on the total equity of the Bank of greater than [€100 million].
5. The following shall be deemed to a "Senior Manager" (with the exception of the Chairman, the Chief Executive Officer and members of the Board and the GEXCO):
  - 5.1 any person in a management role who reports to the Chief Executive Officer;
  - 5.2 any person who is operating in a pre-approval controlled function as set out in Schedule 2 of the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011 (S.I. No. 437 of 2011); or
  - 5.3 any person and who has an annual aggregate remuneration in excess of €200,000, excluding any contractor who is appointed on a once-off temporary basis for a period of up to three months duration and who has not been previously appointed by the Bank.

