

HOUSES OF THE OIREACHTAS

Volume 2

No. 55
Morning
No. 56
Afternoon

AN COMHCHOISTE FIOSRÚCHÁIN I DTAOBH NA GÉARCHÉIME BAINCÉI- REACHTA

JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

Déardaoin, 30 Iúil 2015

Thursday, 30 July 2015

The Committee met at 9.30 a.m.

MEMBERS PRESENT:

| | |
|--------------------------|--------------------------|
| Deputy Pearse Doherty, | Senator Sean D. Barrett, |
| Deputy Joe Higgins, | Senator Michael D'Arcy, |
| Deputy Michael McGrath, | Senator Marc MacSharry, |
| Deputy Eoghan Murphy, | Senator Susan O'Keeffe. |
| Deputy Kieran O'Donnell, | |
| Deputy John Paul Phelan, | |

DEPUTY CIARÁN LYNCH IN THE CHAIR.

NEXUS PHASE

The joint committee met in private session at 9.37 a.m. Sitting suspended at 9.40 a.m. and resumed in private session at 10.22 a.m. Sitting suspended at 10.51 a.m. and resumed in private session at 11.27 a.m. Sitting suspended at 11.37 a.m. and resumed in private session at 12.23 p.m. Sitting suspended at 12.25 p.m. and resumed in public session at 1.01 p.m.

Nexus Phase

Anglo Irish Bank - Mr. Fintan Drury

Chairman: As we have a quorum, the Committee of Inquiry into the Banking Crisis is now in public session and can I ask members and those in the public Gallery to ensure that their mobile devices are switched off. We begin our first session today which is a public hearing and the discussion with Mr. Fintan Drury, former non-executive director of Anglo Irish Bank. In doing so, I would like to welcome everyone to the public hearings of the Joint Committee of Inquiry into the Banking Crisis. Today, the focus of the inquiry is on Anglo Irish Bank and IBRC. At this morning's session ... or this afternoon's session we will hear from Mr. Fintan Drury. Mr. Drury is a former non-executive director of Anglo Irish Bank. He was a member of the bank's risk and compliance committee, which he chaired for one year. He was also on the committee established on recruit the new CEO in 2004. Mr. Drury, welcome before the committee this afternoon.

Before hearing from the witness, I wish to advise the witness that by virtue of section 17(2) (I) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect to their evidence to this committee. If you're directed by the Chairman to cease giving evidence in relation to a particular matter and you continue to do so, you will be entitled thereafter only to a qualified privilege in respect of your evidence and you are directed that only evidence connected with the subject matter of these proceedings is to be given and I would say that ... within the terms of reference of this inquiry. I would remind members and those present that there are currently criminal proceedings ongoing and further criminal proceedings are scheduled during the lifetime of the inquiry which overlap with the subject matter of this inquiry. Therefore, the utmost caution should be taken not to prejudice those proceedings. Members of the public are reminded that photography is prohibited in the committee room. To assist the smooth running of the inquiry we will display certain documents on the screens here in the committee room. For those sitting in the Gallery, these documents will be displayed on the screens to your left and right. And members of the public and journalists are reminded that these documents are confidential and they should not publish any of the documents so displayed.

The witness has been directed to attend this meeting of the Joint Committee of Inquiry into the Banking Crisis. You have been furnished with booklets of core documents. These are before the committee, will be relied on in questioning and form part of the evidence of the inquiry. So with that said, if I can now ask the clerk to administer the affirmation to Mr. Drury please.

The following witness was sworn in by the Clerk to the Committee:

Mr. Fintan Drury, former Non-Executive Director, Anglo Irish Bank.

Chairman: Once again, thanks, Mr. Drury, for being here this afternoon with the committee and if I can invite you to make your opening remarks please.

JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

Mr. Fintan Drury: Thank you, Chairman. Thank you, members of the committee. In July 2009 I was on the panel on the Marian Finucane Sunday morning show reviewing the papers and the events of the week. During a commercial break, Rachel English, who was sitting in for Marian, said that a couple of callers had phoned to ask that she would question me about my role on the board of Anglo Irish Bank. I dealt with this as best I could at the time by saying that, as a former director, I would fulfil my obligations to the letter and co-operate with any legal matters that might arise. I also said that morning that I believed I had a duty as a citizen of this State to participate fully in any and all inquiries established either by Government or by the Oireachtas. I was obliged, as a citizen, to give whatever insights I might have into the events around the banking collapse. Since then, I, like other former directors of Anglo, have attended interviews with the Office of Director of Corporate Enforcement and the GBFI investigating certain matters and I accounted in full for what I knew. I have been interviewed by Dr. Nyberg as part of his report, all of which was conducted in private. I am grateful, therefore, to have the opportunity to appear before this committee and, in full public view, deal with those issues that I can deal with. Where I cannot, I will say so. In my written statement of a month ago to this inquiry, I prefaced the response to the points raised by the committee by making some general observations.

The first is that the part of the definition of “non-executive directorship” is to be non-executive and that in accepting such a role in any business, there is what I have chosen to describe as “an unstated contract of trust” between you, the non-executive, and the executives or senior management in that business. The non-executive holds a part-time role on the board and he or she is dependent on the integrity and the openness of the senior full-time management who have access to all the information about the organisation’s business. In 2009 Donal O’Connor, the then chairman of Anglo Irish Bank, addressed the board’s failings and made a fulsome apology to all those who had been affected by its underperformance, from shareholders to staff. And as a result of the ... a result of what had happened - the ultimate fallout - an apology to the taxpayers. I was party to that apology, as a former director, albeit I had retired in June 2008. I want to recapture the essence of that apology this morning ... or this afternoon and restate it for my own part because with more ... the more that has emerged in the intervening period, I would want there to be no obfuscation when it comes to apologising for whatever part I may have played in the difficulties that arose. Quantifying that is for others, including this committee, to do.

This is all by way of context for these proceedings, Chairman. I will endeavour to deal with all the committee’s lines of inquiry. I will do so as clearly and directly as I can, with my only interest being to add to the weight of knowledge that might assist you in your work to ensure that the lessons are learned and can be applied to future shock scenarios - better to protect the financial system, better to protect the economy and better to protect the people of this country. I believe there are valuable lessons to be learned from what we have experienced. That experience cannot be of value though, if those involved are not prepared to come forward and give an honest account of what they know and to do so without concern for protecting any individual’s interests, including their own. Over a six-week period in the summer of 2002, I joined the board of Anglo Irish Bank and Paddy Power plc. I served for six years on the bank’s board and eight on the board of Paddy Power, six of those years as chairman. At the time I fulfilled those roles, I had an equally high regard for the senior management of both companies. Interestingly, so too did the markets and, in the case of the bank, international rating agencies. I did my job with each company, with the same commitment, interest and the same integrity. In taking on the roles, I did so in the belief that I was working with management teams that would share all the information required with me, as a non-executive director, to allow me to fulfil my responsibility to the shareholders. Was that in any contract of employment? No. Did it need to be? No.

NEXUS PHASE

This is business at a level where not everything should need to be documented, where management ... senior management knows that it has an obligation to keep its non-executive directors apprised of anything that is material to the well-being of the business.

There's been a good deal of comment on the lending approach of Anglo Irish Bank. Much of it is comment that could be applied to the many banks across the world that had or have a focus on one main sector, such as property. Broader-based banks also got the emphasis wrong and continue to get the emphasis wrong. Considerable focus is placed on risk and the management of the risk function within the bank and its oversight by the board and, specifically, by the risk and compliance committee.

As you said in your opening remarks, Chairman, I was a member of this committee for the duration of my time on the board, and its chairman for my last year as a non-executive. It's understandable, correct, that attention has been focused on this aspect of the bank's governance and it's reasonable to expect that the committee of inquiry would want to question me about it. Let me set some initial thoughts before you do. I believed that the risk and compliance function was well-resourced and that the senior executives responsible within the bank were competent, committed and focused exclusively on protecting the bank's interests against any lending that could damage it. I also believed that the overall structures, built around the executive function, were robust, comprising a risk statement which was reviewed and updated every year and, as part of that review, a comprehensive listing of all anticipated risks detailed and considered by the committee and the board. That was, in effect, our bible for the coming year and a programme to mitigate those risks was reported on at each risk meeting. Risk management as a function within the bank lived this on a 24-7 basis. It was monitored by internal audit and external audit and quarterly reports were submitted to the regulatory authorities. The risk and compliance committee reviewed the work of the asset and liability committee, which was a management committee, and we reported directly to the board. Separately, we brought in external consultants to review the risk committee's work and the risk function on a regular basis. In 2003, Bernard Somers and Associates was brought in to review the whole risk function within the function, post the Rusnak affair. In 2006, that exercise was repeated when PwC were brought in to review the performance of risk within the bank and the minutes will show that I had recommended, as I finished with the bank and the committee, that a further external report should be carried out in late 2008 to see how the committee could be strengthened further.

There are issues that have been raised by other contributors to the inquiry to date around the bank's credit policy, its loan growth and the concentration on development lending, which I am sure you'll want to explore presently. Before doing so, the Anglo collapse needs to be seen in context. Yes, the bank over-extended itself and, despite efforts from 2006 onwards to curb lending in Ireland, it took on too much in the Irish marketplace - even with the application of the foot to the brake - in new development lending that the board had approved at that time. Great efforts had been made over the previous decade to develop its franchise in the UK and North America with considerable success, the latter being down, in no small measure, to the work of David Drumm, a serious consideration when it came to his appointment as chief executive. Nonetheless, the bank's exposure to development lending was at 23% by the end of 2008, with 50% of total lending in Ireland. On the other hand, the board had supported the recommendation of the director of banking to stop new lending except to its top, most established clients and Anglo's share of major land deals in Ireland was less than half that of AIB and 10% lower than Bank of Scotland between 2005 and 2007.

My friendship with Brian Cowen has been much commented upon in the context of Anglo's

demise. Let me deal with what I know. In doing so, I realise there's a significant number of people whose minds are made up on the issue and nothing anyone can say will undermine their belief in a conspiracy theory. Interaction No. 1 was a few days after St. Patrick's Day 2008. I received a phone call from Seán FitzPatrick, the chairman of the bank, asking me if he thought that Brian Cowen would take a call from him. I asked him why and he said it was about the ongoing liquidity issue, so I said that I knew Brian Cowen was overseas, but I would try and reach him. I made contact with Mr. Cowen within an hour or an hour and a half, explained the situation to him, and he said he would need to talk in the first instance with the Governor of the Central Bank, but that he would then revert to me. Within an hour or so later, he had called me back and he told me that the Governor was going to deal with the matter.

Interaction 2 - Heritage House, Stephen's Green, April 2008. The first point to make here is that this was not a special, set-piece event built around Brian Cowen or his position as Minister for Finance. Such events happened, on average, twice a year and had been in place since before I had joined the board in 2002. Over those years, the board had held lunches primarily, though sometimes dinners, with people in public life - senior public servants, politicians and others - with the emphasis very firmly on it being a social occasion where there would be an exchange of views and experiences. In my time on the board, I had attended, I would say, eight or ten and ... of those functions and among the attendees over those years had been politicians of different persuasion to what Brian Cowen's is. Brian Cowen just happened to be next on the list. I had undertaken to ask him to do the event and, indeed, the records in the Department should show that he had at least ... on at least two previous occasions been diaried to meet with us, but other priorities had got in his way.

The event was completely unremarkable. I recollect a general introduction by Sean FitzPatrick, as chairman, and then a broad discussion about all things other than banking, with the Minister going around the table asking each board member to set out their thoughts on their area of expertise or their view of the Irish economy or, in the case of those who had global experience, like Noël Harwerth, who was a former COO of Citigroup, the global economy; the same with Gary McGann, obviously through his role as CEO of Smurfit Kappa.

Interaction 3 - the Druids Glen golf outing. I understand that some people find it hard to believe that we didn't discuss the bank during the course of that afternoon and evening. I'm a sometime sceptic myself, so I understand the extent to which some people have difficulty in accepting this point. Let me, though, ask a few questions. Had we discussed the bank, what would we have discussed? The general liquidity issues in the sector at that time or how the Quinn CFD position had unsettled the market and added to the pressure on the stock? Perhaps we could have discussed those issues, but to what end? The then Taoiseach is a friend of mine. I saw him regularly, often in his offices, so why, if I, as a former director of Anglo at that time, wanted to lobby him or to bring undue and inappropriate influence to bear on him, would I choose such a convoluted and public route to do so, when I could have arranged to meet him in his office, closed the door, sat down and had the conversation well away from prying eyes? For me, the idea that the meeting, the golf and the dinner in Druids Glen was part of some conspiracy to capture the support of Brian Cowen for some kind of imagined need that Anglo had in July 2008 is more lacking in credibility. We met for about two hours, we went through an agenda that Alan Gray had prepared for the meeting and which did not have banking on it at all. Seán FitzPatrick, Brian Cowen and I then went and played ... I don't even remember was it nine or six holes of golf and then we went to the bar and had some drinks, where we were joined by Deputy Caoimhghín Ó Caoláin, who happened to be in the Druids Glen hotel attending a wedding, and he asked Mr. Cowen to join the bridal party for photographs, which the Taoiseach

- the then Taoiseach - was happy to do. Later, Gary McGann and Alan Gray returned to join us for dinner. Alan had retained the agenda, but in classic Brian Cowen fashion, he remembered that his driver was outside and he said he would like him to join us for dinner, which, of course, he did. We reviewed some of the matters we had discussed that morning and we closed business early. There are other material reasons why people should not believe the conspiracy narrative. Brian Cowen may represent something that some people do not like and do not admire. That is absolutely their prerogative, as all of us evaluate in our own minds, in our own hearts, people who are in public life. What should be acknowledged, however, as I know politicians who are not part of his party readily do, is that in public office, Brian Cowen would never make a decision that was not centred on what he considered to be best for his country.

Equally, this is about me and my standards. I would not act in a manner that is unethical. And were I to have attempted to pressurise Brian Cowen in the interest of a private business, at the expense of the State who's duty it was his to serve, I would have been behaving inappropriately, and for those who know me well, in a way that would be completely and utterly out of character. In my time as a director of Anglo Irish Bank and Paddy Power, and other private businesses of which I was a director, I never discussed the business of those organisations in any material way with Brian Cowen. Confidentiality is integral to who I am and how I conduct my affairs.

Much of the comment on Anglo is commentary that could be applied to the many banks across the world that had or have a narrow focus, rather than the larger institutions that offer a wide array of products and services. Much of the comment is also based on a view of the bank of its lending and of its growth, which has its source in the knowledge we now have of the cataclysmic global economic events of the mid-2000s. I know, Chairman, that you've all probably had your fill of witnesses coming into these sessions and talking of 20/20 vision or, "If I knew then what I know now." But while in normal circumstances, this may be a pretty poor line of defence, it is the case that the storm that broke in Ireland was a global financial tsunami that had its origins elsewhere and just took its time to crash over our small island and wreak the damage that it did. There is no doubt that the damage was accentuated by the fact that our own defences were very weak. We had gorged in the boom years and the banks had continued to feed our insatiable appetites. I know. I know because I was involved in both putting the menu on the table as a non-executive director of Anglo Irish Bank, and I know because I was one of the hundreds of thousands who sat there and ate more than I needed. This is not excuse time, Chairman; it is simply to acknowledge the fact that when the massive shock waves stirred by global financial events washed over us, we were already in a vulnerable position. We know now that Anglo Irish Bank most certainly was.

This statement is not an apologia. It is an honest attempt to summarise what I would consider to be the main insights of the time that could help the committee in meeting its objective to assess what went wrong, where and why in order that it can apportion responsibility where it believes it should rest, and provide guidelines or learning's from its review of the whole episode. I accept that to have been on the board of Anglo Irish Bank over the period leading up to the financial crisis, disallows absolutely any notion that one could claim to be in any way blameless. But, as I have said before, it is for the committee to determine where the lines of responsibility lie and to weight them according to people's roles across the banking sector and the other stakeholders involved. Thank you, Chairman.

Chairman: Thank you very much, Mr. Drury. And we can commence questioning and in doing so if I could invite Deputy Eoghan Murphy. Deputy, you have 25 minutes.

Deputy Eoghan Murphy: Thank you, Chairman. And thank you, Mr. Drury, you're very welcome.

Mr. Fintan Drury: Thank you.

Deputy Eoghan Murphy: In the written opening statement that you provided to the committee, under the line of inquiry for the committee, "Appropriateness of the relationships between Government, the Oireachtas, the banking sector and the property sector", you wrote, "This is not something I believe I am equipped to answer." Why did you write that?

Mr. Fintan Drury: Because I felt that the issue is one which covers a very wide span. I was being asked by this committee, by the banking inquiry, to give my perspectives as a non-executive director of Anglo Irish Bank. I may have views on how our country is governed, how our economy is managed, how banks are regulated, how different institutions of the State interact with Government and interact with the Oireachtas, but those are views which I did not believe were particularly relevant to the specific role that I had as a director of ... a non-executive director of Anglo Irish Bank. And my sense is that if my involvement as a director of Anglo Irish Bank is what people want to inquire of me, then I'm happy to give whatever insights I can, but to-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: -----to give a thesis, if you like, on the broader question that is ... was raised-----

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: -----in the documents that I received from the inquiry, I felt it was better to just say, "I'm not really equipped to answer that."

Deputy Eoghan Murphy: Okay, well just on that then, in relation to your role as a non-executive director for Anglo Irish Bank from 2004-2008, in that role, did you establish contacts between the bank and the Government?

Mr. Fintan Drury: No. I mean, one of the things that was interesting about Anglo Irish Bank as an organisation, and I had worked previously with the bank as a consultant in the '90s. Prior to selling my communications company in 1999, I had quite an extensive involvement with the bank, part of which was to try and work with the senior management to transition, if you like, the bank from its position ... or positioning in the marketplace at that time, to being recognised as being more established, more substantive. And one of the interesting things about that, Deputy, was that there was a very significant resistance at the top level of the bank then and that was still there when I became a member of the board in 2002, to engaging with politics, to engaging with Government, to engaging with-----

Deputy Eoghan Murphy: But-----

Mr. Fintan Drury: It was almost anathema to the senior people in the bank.

Deputy Eoghan Murphy: Are you saying that when you were a non-executive director of Anglo Irish Bank, you never made a contact with the Minister for Finance or the Taoiseach on behalf of the bank?

Mr. Fintan Drury: Yes.

NEXUS PHASE

Deputy Eoghan Murphy: Well, I'm sorry, how do you explain then the phone call that you organised between-----

Mr. Fintan Drury: Sorry, I beg your pardon. I thought you ... I assumed given that I'd given a clear account of that that you were asking, you know, beyond that.

Deputy Eoghan Murphy: No, no. I'm asking why-----

Mr. Fintan Drury: Sorry, okay.

Deputy Eoghan Murphy: -----in your written statement-----

Mr. Fintan Drury: Well, clearly ... sorry, I beg your pardon.

Deputy Eoghan Murphy: If I could just-----

Mr. Fintan Drury: I've acknowledged-----

Deputy Eoghan Murphy: In your written statement, you said you believed you were not equipped to answer on the appropriateness of relationships between the Government and the banking sector. And when I asked you to elaborate on that, you said that you were here to account for your role as a non-executive director of Anglo, and that that didn't pertain to that line of inquiry. And then I asked you if, as a non-executive director, did you make contacts on behalf of the bank with the Government. To which you then, I think, said in a longer answer, that you did not - but in fact, you did.

Mr. Fintan Drury: Yes, but, with respect, I mean, I absolutely accept that.

Deputy Eoghan Murphy: Yes, but I want to clarify that because-----

Mr. Fintan Drury: No, but it-----

Chairman: Allow Mr. Drury to respond.

Deputy Eoghan Murphy: Yes, okay.

Mr. Fintan Drury: But I had ... it wasn't as if I wasn't alluding to that or never made that clear. I've made that clear in my opening statement this morning.

Deputy Eoghan Murphy: It's just that it wasn't acknowledged in the written statement that you supplied and I was wondering why. And you've tried to explain that. But can I just ask you then to clarify-----

Mr. Fintan Drury: Sure.

Deputy Eoghan Murphy: -----the contacts that you laid out to us in your opening statement, are they the only contacts that you made on behalf of the bank, with a member of Government?

Mr. Fintan Drury: As far as I can recall, yes, absolutely.

Deputy Eoghan Murphy: Do you recall a board meeting in early 2008, at which the possibility of the NTMA placing further deposits with the bank was discussed?

Mr. Fintan Drury: Well ... I ... if you wished ... if you wish me to deal with that-----

JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

Deputy Eoghan Murphy: I'm talking about an article from the *Irish Independent* which discussed or which details a board meeting that was held in early 2008, at which the placing of deposits by the NTMA with the bank was discussed.

Mr. Fintan Drury: Well, the position in respect of this-----

Chairman: Can I just ask Mr. Drury-----

Mr. Fintan Drury: -----with respect-----

Chairman: Sorry, Mr. Drury, are you familiar with the article?

Mr. Fintan Drury: I'm not familiar with the article but I'm familiar of the source for the article, so I'm happy to deal with the question if that ... if-----

Chairman: Okay, once you remain within the lines of inquiry and under ... and remain under direction.

Mr. Fintan Drury: Well, pretty directly, the article is based on information which it sourced ... the source of that ... for that article, we ... everyone in this room knows what source of that article is.

Deputy Eoghan Murphy: I don't know the source of that article.

Chairman: What article?

Deputy Eoghan Murphy: This is an article provided by the legal team this morning, Chair, its from the *Irish Independent*. It's entitled, "The political contacts that led to controversy."

Chairman: What's the date?

Deputy Eoghan Murphy: 2014, I think.

Mr. Fintan Drury: I never discussed, at any board meeting, making contact with either an individual, i.e. Brian Cowen as Minister for Finance, or the Department of Finance, in respect of any issue regarding Anglo Irish Bank. I never would have allowed any discussion arise at a board meeting of Anglo Irish Bank, or Paddy Power for that instance, where there could potentially have been a conflict between my role as a board member and my relationship with Brian Cowen.

Deputy Eoghan Murphy: Okay. Thank you.

Mr. Fintan Drury: You're welcome.

Deputy Eoghan Murphy: We'll move on to the Heritage dinner, if we may.

Mr. Fintan Drury: Sure.

Deputy Eoghan Murphy: Just to clarify some things around that. You arranged the dinner. Is that correct?

Mr. Fintan Drury: Well, I-----

Deputy Eoghan Murphy: You-----

Mr. Fintan Drury: -----as I explained in my-----

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: As I explained in my opening statement, Deputy, I ... it fell to me to see whether Brian Cowen would be prepared to attend what initially was going to be a lunch in the manner in which other public servant ... public servants and senior politician ... political figures had over the ten years or so, as I have explained in my statement. And, because I was known to be a friend of his, I approached him and asked him if he would do it. It was then the ... the organisation of the dinner would have been managed by other people within the bank.

Deputy Eoghan Murphy: Okay. Do you see a possible conflict of interest in using your friendship with the Taoiseach - or the then Minister for Finance - to set up these types of contacts, to set up these dinners?

Mr. Fintan Drury: Well, you're referring to "these type of contacts".

Deputy Eoghan Murphy: Well, sorry, this dinner, in particular.

Mr. Fintan Drury: Absolutely not.

Deputy Eoghan Murphy: Okay. And you attended the dinner with Mr. Cowen. And how long did it last for, do you remember?

Mr. Fintan Drury: I think about 90 minutes.

Deputy Eoghan Murphy: Ninety minutes, okay. And do you recall any formal presentations or document?

Mr. Fintan Drury: There was none.

Deputy Eoghan Murphy: None. Do you recall if Mr. Cowen arrived with a document?

Mr. Fintan Drury: I arrived with Mr. Cowen. He did not arrive-----

Deputy Eoghan Murphy: He didn't have-----

Mr. Fintan Drury: -----with any document.

Deputy Eoghan Murphy: Okay. And he didn't leave with any documents?

Mr. Fintan Drury: And he didn't leave with any document.

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: Because I left with him.

Deputy Eoghan Murphy: And do you recall at the dinner any discussions around funding problems for Anglo?

Mr. Fintan Drury: Absolutely not. I mean, I can recall other things from the ... I would recall it if such a discussion had happened.

Deputy Eoghan Murphy: Yes. No discussions around the NTMA.

Mr. Fintan Drury: No, absolutely. But there was no general discussion about the NTMA,

if you follow me.

Deputy Eoghan Murphy: Okay. Moving on to the other occasion then, the Druids Glen outing.

Mr. Fintan Drury: Yes.

Deputy Eoghan Murphy: That was ... was it lunch, golf and then dinner? Is that correct? How long was-----

Mr. Fintan Drury: It was a meeting ... a meeting over coffee-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: -----and then three of us went and played golf and then the five of us had dinner with ... we were joined by Brian Cowen's driver.

Deputy Eoghan Murphy: Okay. So how long of a total engagement are we talking about in terms of the interaction between Mr. Cowen and the representatives from Anglo Irish Bank?

Mr. Fintan Drury: Well, first of all, they weren't representatives of Anglo Irish Bank. So let's be clear that ... Gary McGann was chief executive of Smurfit Kappa.

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: Seán FitzPatrick was chairman of Anglo Irish Bank. Fintan Drury was a former director of Anglo Irish Bank, not at that time, and Alan Gray was a director of the Central Bank. So ... and they were ... they were selected for that discussion on the basis that prior to going on holidays, I had had a discussion with Brian Cowen about the value of having a number of smart people around a table to discuss with him some of the more substantive economic issues that ... and not just economic issues, but primarily economic issues that were facing the country at the time and which he, as Taoiseach, might need to get some outside perspectives on.

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: And Brian Cowen was pretty concerned that there would be any misunderstanding by anybody who would be approached and asked to be involved in such an exercise that he was in some way creating a kitchen cabinet. This was a ... this was a kind of one-off discussion to explore areas that outside people might be able to give him guidance on. And the reason the people who were at that event were chosen was because it was a combination of people I knew and people that ... who Brian knew. Brian had great belief in Alan Gray, as many people in politics and in the Civil Service do. So he wanted him there. I knew Alan, but not well. He wanted Gary McGann there because, as I refer to in my opening statement, he had a view that Gary was very smart, very committed to public service. He was a ... I think at the time, a former chairman, if not still chairman, of the Dublin Airport Authority, and had committed himself to a number of roles in public service, but he was also chief executive of one of Ireland's largest companies, which had a global reach and Seán FitzPatrick was my suggestion and the suggestion was made at a time when Seán FitzPatrick was deified. It's an exaggeration but his reputation was, both globally and in Ireland, extremely high and he was seen as somebody who was extremely bright, extremely talented, and would have, therefore, value to add. And it was done on that basis.

Deputy Eoghan Murphy: Okay. At any point, was Anglo Irish bank discussed?

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: At any point was liquidity or solvency issues in the banking sector discussed?

Mr. Fintan Drury: No. No. Actually, interestingly, the agenda, which Alan prepared and brought with him when we gathered, had, to my memory, no reference to the kind of issues which dominated subsequently, if you follow me, like the ones you've referenced.

Deputy Eoghan Murphy: But you were there to discuss the economy and what was happening globally-----

Mr. Fintan Drury: Yes.

Deputy Eoghan Murphy: -----is that correct? And at no point the banking problems that had already begun in 2007 came up, Northern Rock, Bear Stearns.

Mr. Fintan Drury: Yes, I mean, I'm not saying that, you know, there was no discussion about the fact that there was a very significant global ... the start of ... well, more than the start, the emerging economic difficulties which were partly being fuelled by significant financial difficulties. I'm not saying that that wasn't the backdrop, if you like, but what I'm saying to you is ... to be clear, Deputy, what I'm saying to you is that at no point was there any discussion whatsoever about Anglo Irish Bank. And the question I posed in my opening statement was to say, "Well, why would there have been?" Because at that time, Anglo Irish Bank was under pressure under two headings, as I saw it, as somebody who had retired from the board six weeks previously-----

Deputy Eoghan Murphy: So-----

Mr. Fintan Drury: And the two pressure points were liquidity and CFD in ... the Seán Quinn CFD issue. But there weren't other ... there wasn't concerns about, you know, the solvency or anything like that with regard to the bank.

Deputy Eoghan Murphy: Okay. And any discussion of the NTMA?

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: And does the agenda for the meetings-----

Mr. Fintan Drury: Well, sorry, I want to be clear ... I want-----

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: I should be more precise.

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: Not that I recall. I'm-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: I want to be definite where I can be. I'm just slightly hesitant to say "No" with that degree of clarity.

Deputy Eoghan Murphy: Does the agenda for the meeting still exist?

Mr. Fintan Drury: Pardon?

Deputy Eoghan Murphy: The agenda that you said, I think, Mr. Gray drew up.

Mr. Fintan Drury: Well, I'm sure it does. I mean, Alan had prepared it so-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: -----well, perhaps ... yes, it wouldn't ... it would be wrong for me to-----

Deputy Eoghan Murphy: Yes. And at no point ... just to be clear on what you understand, Mr. Drury, at no point did you leave any of the individuals alone for a long period of time or any period of time at all in which to have a side conversation?

Mr. Fintan Drury: I'm not really a golfer but, you know, I hacked my way around so ... Brian's talent in that area is limited as well, so I think, you know, the chances of the three of us on the golf course being any way proximate to each other was limited.

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: I don't mean to be smart but ... but, no, there was no time-----

Deputy Eoghan Murphy: Before and after-----

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: -----any moment where someone said, "I'd like to speak to you for a moment, have you got ten minutes?" and-----

Mr. Fintan Drury: Deputy, I can only speak for myself-----

Deputy Eoghan Murphy: Yes.

Mr. Fintan Drury: -----and in that respect it's a bit like the question you asked me about the NTMA at the dinner in Heritage House, and you asked me was the NTMA discussed at the dinner in Heritage House. No, it wasn't. Was ... was there a discussion between two parties ... or two people who were at that dinner about the NTMA? I can't answer that. It would be wrong of me to. I can say that Fintan Drury didn't have any discussions at that dinner about the NTMA and, equally, I can say with complete certainty, that at no time over the course of the Druids Glen affair did, did we have a discussion about Anglo Irish Bank. However, you know, did I go out to take a phone call, did I, did somebody leave the ... our company at one stage? Well, I know people did, clearly. So whether there was or not, I don't know. I very, very much doubt it.

Deputy Eoghan Murphy: But, just to be clear-----

Mr. Fintan Drury: Yes.

Deputy Eoghan Murphy: -----the purpose of the ... the day itself-----

Mr. Fintan Drury: Yes.

Deputy Eoghan Murphy: -----was not to allow those types of informal contacts to happen-----

Mr. Fintan Drury: Oh no.

Deputy Eoghan Murphy: -----unbeknownst to you.

Mr. Fintan Drury: No. And what I've tried to ... and, I mean, I said in my opening statement I recognise, as a sometime sceptic, that, you know, people go "Well, look at everything that happened and look at the people who were there," and "How could they not have?" kind of thing. But I would reiterate that if the purpose was to somehow bring an agenda in respect of this bank to the attention of the then Minister for Finance ... or, sorry, in July 2008, the Taoiseach, I had privileged access to Brian Cowen because of our friendship and if it was a case of me wanting to, on behalf of the bank, influence Brian Cowen, either during his time as Minister for Finance or his time as Taoiseach, to take a particular view on Anglo Irish Bank, I could have gone to see him, walked into his office ... I don't mean that ... I mean-----

Deputy Eoghan Murphy: I take that point.

Mr. Fintan Drury: -----and closed the door and had that conversation.

Deputy Eoghan Murphy: I take that point. Do you have a special access pass to Government Buildings?

Mr. Fintan Drury: No, no. I didn't have that level of special access.

Deputy Eoghan Murphy: You didn't have? No.

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: Okay. Just then, one of the final areas I want to look at in this ... this area of questioning is the ... the phone call around St. Patrick's Day in 2008. Is it your understanding that Mr. Cowen did or did not speak to Mr. FitzPatrick following your intervention?

Mr. Fintan Drury: I would be 90% sure that he did.

Deputy Eoghan Murphy: He did.

Mr. Fintan Drury: And that was ... I don't know definitively but my ... my recollection is that he would have called him or ... and maybe he asked me to get Seán FitzPatrick to call him, I don't know. I think unlikely, but the purpose of the call was to say that he had spoken with the Governor of the Central Bank and the Governor of the Central Bank was dealing with the issue.

Deputy Eoghan Murphy: Okay. And did you speak to either of the participants in the phone call-----

Mr. Fintan Drury: Did I?

Deputy Eoghan Murphy: Yes, afterwards ... after they had had that chat. Did Seán FitzPatrick call you back to say "Thanks for arranging that. By the way he said X."

Mr. Fintan Drury: Yes, he could ... I would have ... I would've been ... I would be surprised if he hadn't. It would have been somewhat discourteous if he hadn't. But it ... it probably was a call back. If there was a call back, I would say the call back was to say "Thank you for organising that. I spoke to him and we're going in to meet the Governor of the Central Bank." I don't recall, again, with certainty.

Deputy Eoghan Murphy: So the end result of the phone conversation between the two that you set up was a meeting with the Central Bank. As far as you're aware, that was ...

Mr. Fintan Drury: That ... sorry, that's ... I'm certain that was the end result because that meeting then ... we were made aware of that meeting subsequently as a ... as a board.

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: As would have been proper.

Deputy Eoghan Murphy: Okay. And that meeting took place when? Sorry, just to remind me.

Mr. Fintan Drury: Well, I don't know but I ... sorry, I don't know the exact date but I'm pretty sure it would have happened, you know, pretty promptly after the call in the days after Patrick's Day.

Deputy Eoghan Murphy: And just before I move on from this area of questioning, do you think that any of the contacts between yourself and Mr. Cowen - any of the contacts that you made or any of the contacts that you facilitated - resulted in any understanding at all in how the interests of the bank might be considered in a way that might have influenced Mr. Cowen's decision making in the run-up to the guarantee or in the guarantee itself?

Mr. Fintan Drury: If you know Brian Cowen as well as I do ... Brian Cowen is someone who you can give a view to on anything and ... and your view may be passionately expressed. But if Brian Cowen doesn't think it's the right thing, you've wasted your time. And to ... because I think it's an important question in terms of not just his integrity but I'm here to speak for myself, my own integrity. To presume, and I'm not saying that your question does make that presumption, but to presume for a moment that Brian Cowen would have been influenced to such an extent by me or by anybody else in respect of one bank and one bank's interests, that he would take a decision, or allow himself to be influenced in making a decision, in a manner that was not in the interests of the people of Ireland and the State is ... I think for anyone who knows Brian Cowen and anyone of any political hue who knows him well would say "That's not Brian Cowen". Now, it is all-----

Chairman: Can I just stop you short a second and maybe, Mr. Drury, you might just give us an indication as to how many times you've met Mr. Cowen in the last 12 months.

Mr. Fintan Drury: In the last 12 months? Very, very irregularly. Partly, and I regret that, but partly because the truth is that we live in a very small country. We live in an environment where if I met Brian Cowen for a pint or we went to a match together, there is a percentage of people who would think we're up to no good. And so it ... all of this palaver, to use an unfortunate term, has constrained the friendship in a way which is regrettable but it is what it is and I think it's to protect each other in a sense-----

Chairman: Sure.

Mr. Fintan Drury: -----because, almost, you can't win. If you meet him less often now than you would've done previously, then you were only meeting him because he was the Minister or the Taoiseach. If you meet him less often now than ... or more ... sorry, as often now, then, you know, you're talking about the upcoming inquiry and you're cross-checking each other's notes on what happened. And there is an element, to be truthful, of "You just can't win".

Chairman: Okay. And just because-----

Mr. Fintan Drury: Sorry.

NEXUS PHASE

Chairman: -----Deputy Murphy was just moving on to wrap up with his questions but you have quite categorically stated there your position with Mr. Cowen and how he would not be influenced by any information that was put before him. But were there discussions with you and Mr. Cowen about a pending guarantee?

Mr. Fintan Drury: I beg your pardon?

Chairman: Was there discussions?

Mr. Fintan Drury: Absolutely not.

Chairman: Okay, that's fine, I just wanted to get that clarified. Okay, thank you.

Mr. Fintan Drury: Sorry, absolutely not. And if I may finish, Chairman ... sorry, just the point that Deputy Murphy was asking me. I referenced, you know, Brian Cowen. I also want to reference again Fintan Drury because I am here to speak for myself.

Chairman: Sure, indeed.

Mr. Fintan Drury: And, you know, I have a significant interest in politics. I have a great interest in the values that this State should espouse and I would, under no circumstances, allow myself to be used in a manner whereby I would be trying to influence a Minister or the Taoiseach of the day to do something which would be inappropriate or ... feathering my nest or other people's nests, relative to his responsibilities.

Chairman: Okay. Deputy you have about five minutes left there.

Deputy Eoghan Murphy: Thank you, Chair.

Senator Susan O'Keeffe: Could I also ask for a clarification?

Chairman: You can get it ... when you come around to your own questioning, you can get clar-----

Senator Susan O'Keeffe: No, it's directly related to the question you asked Mr. Drury - how many times did he meet Mr. Cowen in the last year? We don't know. He didn't answer the question.

Chairman: Okay. Well, I take in general that a ... casual-----

Mr. Fintan Drury: Yes, I'm sorry, I thought I did answer the question, Senator, and let me-----

Senator Susan O'Keeffe: You just said just not as often as before.

Mr. Fintan Drury: Well, I-----

Chairman: Reset it back to four minutes.

Senator Susan O'Keeffe: He asked you how many times and I was just asking how many.

Mr. Fintan Drury: Well, I mean, I don't keep a tab, a running tab, on how many people ... you know, I've lots of friends and I don't keep a tab on how many times I've met them. I have had, you know, different things going on in my life in the last couple of years, Senator, which mean that some friends that up to two years ago I would've seen very regularly I have seen less

frequently. So I ... the point I was trying to make was that, rightly or wrongly, we made a decision as friends that we should see less of each other for fear that being seen together would be misunderstood or misrepresented.

Chairman: Okay.

Deputy Eoghan Murphy: Okay? Thank you, Chair.

Chairman: Clock is reset for you there, Deputy, just under five minutes now.

Deputy Eoghan Murphy: Thank you. Thank you, Mr. Drury. Let's move on to your interaction with Dr. Nyberg for his report. Because in his report, in paragraph 2.9.6 he says, "The Risk function in Anglo was inadequately resourced and did not have the conviction necessary to ensure compliance with credit policy." But I think in your opening statement you said that the risk function was well resourced so-----

Mr. Fintan Drury: Was well resourced?

Deputy Eoghan Murphy: Yes. Have you read the Nyberg Report and do you agree with that finding?

Mr. Fintan Drury: First of all, I said that ... in my opening statement I said I believed-----

Deputy Eoghan Murphy: Believed.

Mr. Fintan Drury: -----that the risk function in Anglo was well-resourced. I engaged fully with Dr. Nyberg. I found his approach very insightful, very fair and very comprehensive. And I'm not ... you know, I think one of the things I ... there's probably only one significant finding in Nyberg that I would really take issue with and ... and I think, as I said ... also said in my opening statement, Deputy, the truth is that whatever belief I had at the time that I was a director at Anglo Irish Bank, some of those beliefs have been if not shattered, they have been rendered inappropriate.

Deputy Eoghan Murphy: Okay. This also from Nyberg then, "Most Anglo Board members did not appear to have sufficient experience or specialist knowledge to fully recognise the specific risks attaching to a fast-growing monoline bank". Do you accept that finding?

Mr. Fintan Drury: I think with the ... the final part of the sentence, and I'm not trying to be Jesuitical here, but I think the final part of that sentence-----

Deputy Eoghan Murphy: Fast-growing monoline bank.

Mr. Fintan Drury: Yes, I think that is correct. I don't think there were directors available in Ireland who had experience of a fast-growing monoline bank and I'm not, I'm not trying to be smart. But I do think that the ... in other words what I'm saying is if you were to parse that sentence, I think that the idea of directors not having sufficient experience is not reasonable or correct but I think not, not having specific experience in order to be non-executive directors of a fast growing monoline bank, I mean, I think that's a statement of fact, truthfully.

Deputy Eoghan Murphy: Okay, well then ... moving into that in a bit more detail then; the monthly risk management reports ... at Anglo, noted on a continuous basis, the bank was in excess of the Financial Regulator's single sector exposure limit, which is 200% of own funds. By July 2008, just when you came off the board, the exposure was at just over 600% of its own

funds. Were you ever concerned about this breach of the limit, over 200%, was it something that was raised with you, was it something that was discussed at the board?

Mr. Fintan Drury: I mean, it would have been discussed at risk ... and the engagement would have been with the Financial Regulator. I had ... I unquestionably had faith in the risk management function and the risk management team. I think there were errors made ... and rather than appear to be apportioning blame elsewhere, I think as chairman of the risk committee for that last year, and as a member of the risk committee for the previous five years, that I have to accept some of that responsibility. And what I mean by that is, for example, I think that the decision we made to have a ... merge the roles of chief risk officer with that of the finance director was a mistake. And that's not a reflection, important to state, of the, on the individual in question, you know, quite the opposite. But it's in the principle, when you look back, and I'm going to try avoid saying that ... too much, but the principle, at the time the principle should have been wrong. We should have, as a board, we should have recognised that that principle was not good, because the bank was at a scale where those two functions needed to be completely delineated.

Deputy Eoghan Murphy: Okay.

Chairman: One supplementary Deputy, and then I'm moving on.

Deputy Eoghan Murphy: No, I can come back on the...

Chairman: You can come back on that one, okay, thank you very much.

Deputy Eoghan Murphy: Thank you.

Chairman: Deputy Pearse Doherty. Deputy you have 25 minutes.

Deputy Pearse Doherty: Go raibh maith agat a Chathaoirligh agus fáilte, Mr. Drury. Can I begin maybe if we can get Vol. 1, page 15, of the books drawn up.

Mr. Fintan Drury: What page?

Deputy Pearse Doherty: It'll be come up on your screen and I'll reference it anyway. It's the PAC report in July 2012 on the crisis into the domestic banking sector, and it noted, this is the quote, it says:

Anglo had poor governance structures and procedures and risk controls during its period of high growth. Weaknesses in these areas were identified by auditors and regulators in 2003, 2006 and 2008.

It goes on to say, "Management showed a lack of awareness of risk and focused their attention on business growth." Mr. Drury, how do you reconcile these comments with the positive statements on governance structure of the bank contained in the corporate governance statement each year, in the bank's annuals, annual report?

Mr. Fintan Drury: Well, I think the first point to make is, that those statements, if you juxtapose or juxtaposition one against the other, they are irreconcilable. If you ... but that's the view of the PAC reviewing what it saw as being the performance and the stewardship within Anglo at a moment in time or over a period of time, rather. And you are juxtapositioning that against the corporate governance statements in the annual reports, and I'm saying to you ... what I'm saying to you is that, if you simply take one commentary and put it against the other

and present them as you have done, they are irreconcilable .

Deputy Pearse Doherty: Which one is accurate?

Mr. Fintan Drury: I beg your pardon?

Deputy Pearse Doherty: Which one is accurate? Did the regulator point out all of these deficiencies in 2003, 2006 and 2008?

Mr. Fintan Drury: As I hope the Chair will recognise, I have to be careful in, in this area but I also don't want to, in any way and at any point in these proceedings, appear to be elusive or evasive.

Chairman: That's understandable Mr. Drury.

Mr. Fintan Drury: But what I would say is that the references to 2003, 2006 and 2008 are, or were, news to me when I received this documentation.

Deputy Pearse Doherty: Okay. Were you satisfied as director of the bank, that as director of the bank you were provided with all the necessary information, and in particular, financial information necessary to fulfil your fiduciary responsibilities? Did you ever, ever have any concerns over the accuracy or timeliness of this information?

Mr. Fintan Drury: I have a pretty strong view on this, Deputy ... but I have to be cautious on how I might express it. So, let me be, or attempt to be, cautious and yet at the same time address the question and deal with it as substantively as I can. I think I made a reference to, in my opening statement, I made reference to ... I talked about the, kind of, contract of trust. And I think it is something which, you know, at the risk of labouring it, people just need to understand and accept that if you are taking on a position as a non-executive director, you have no choice but to vest a degree of trust, and I'm not talking about legal issues, I'm talking about ethics, I'm talking about moral responsibility. There is a two-way moral responsibility. I cannot function as a non-executive director of any organisation unless I can presume on the executives providing me with the information I need in order to be able to evaluate what is happening in that organisation. Okay? I think, I hope that people would accept that. Because otherwise, you're second-guessing everything, and you become an executive, and you're in the, you're in the institution or organisation every day of the week. So my, my answer to you is that without being specific or without being ... addressing very particular areas which might by implication identify individuals unfairly, there was a deficit and it's manifest in some of the documentation I've received from the committee.

Deputy Pearse Doherty: Okay.

Mr. Fintan Drury: Okay. There was a deficit in information transfer.

Deputy Pearse Doherty: Okay ... if we can go, look at Vol. 1, page 51, this is Anglo's annual report for 2007 and it shows over the period 2002-2007, profit before tax increased by 376%, earnings per share by 363% and total assets by 398%. The graphs speak for themselves in terms of the rapid rise of Anglo in those three areas. Do you think that these levels of growth were prudent or sustainable, in the context of the level of competition in the Irish banking market during this period? And in your opinion, did these levels of growth imply that the pursuit of growth was affecting credit quality and lending standards?

Mr. Fintan Drury: I think if you go back to when this annual report was published, it was

well received. The view of Anglo Irish Bank, at that time, would have been still uniformly positive. The share price was coming under pressure for reasons we've discussed or have been discussed here already. I think that the growth story that Anglo was at that time, or had become, was one that was largely admired, was largely admired by all external audiences or most ... the vast majority of external audiences. And so, at that particular time, I don't think that there was anybody that I can recall who was identifying and establishing in any definitive way or ... a problem with the growth story of Anglo Irish Bank. Now, that does not mean that the board of the bank at the time, including non-executive directors, wouldn't have had a responsibility to take a wider view and to look at the figures in the stark manner in which you have presented them, Deputy, and you're right, in which they look now when we look at them. We didn't, and that is again clear from the documentation you will have read, and all of you will have read and seen in preparing for these meetings that, you know, the view that was taken of the growth of the bank was that it could continue to grow. The problems that manifest themselves, both the global one, which I have stressed in my opening statement, but which I do not want to over-stress because I think it in ... if I was to do so, it would, kind of, try and negate what happened here - and I mean in Ireland and I mean not just in Ireland, within Anglo Irish Bank.

Deputy Pearse Doherty: But the question isn't about ... we know that the bank grew-----

Mr. Fintan Drury: No, okay.

Deputy Pearse Doherty: We know that the bank grew and we know that the bank stopped growing and rapidly went the other direction. The question is ... is in relation to the risk-----

Mr. Fintan Drury: Yes.

Deputy Pearse Doherty: -----is, were you blinded by the growth? And I mentioned, for example, the earnings per share increasing by 363% over that five-year period. Now, 90% of employees of Anglo Irish Bank were shareholders with the bank. Were individuals blinded by the rapid growth and the rapid growth in share prices and took additional risks as a result of that? Was it affecting credit quality? Was it affecting lending standards?

Mr. Fintan Drury: Okay, the growth in share value - and I can only speak personally, clearly - the growth in share price ... value was not something that I ever believed in as being a make ... a means by which one should establish, or try and establish, the success or otherwise of any organisation, because I believe it is a particularly limited view to take of a business. So, for example, whether it was Paddy Power, Anglo Irish Bank or any other business that I was involved in, the growth - even a private business with shares that weren't traded on the Stock Exchange - the growth in the share value, for me, was not what the business and the people involved in the business should be focused on, or would be focused on. So, as a board in Anglo Irish Bank, I don't remember - and I'm sure there would have been discussions about share price from time to time - but I don't ever remember that being a focal point for the board in terms of determining whether or not the business was being ... was successful, and that the only means of judging the success of the business was where stood the share price.

Deputy Pearse Doherty: Yes, that's not the question, sorry, Mr. Drury. The question really is: did the growth, and the pursuit of growth, by Anglo Irish Bank affect credit quality and lending standards, in your opinion?

Mr. Fintan Drury: No, I don't think so, and I do think that that was ... I do think that ... you know, one of the reasons why I gave the emphasis that you don't think was correct was because

you referenced the fact that 90% of the people in-----

Deputy Pearse Doherty: That's one part of it.

Mr. Fintan Drury: -----in the bank, 90% of the employees were shareholders, which gave the suggestion that actually people in the bank right across the board were share obsessed or share price obsessed. That was not the case.

Deputy Pearse Doherty: Okay, you believe lending standards weren't reduced as a result of that. As an independent non-executive director, did you ever have concerns over the levels of exceptions to credit policies as detailed in the monthly risk management reports? And we can see from page 57 of the core documents there in relation to the level of exceptions which were happening in the period of 2008 which were averaging between 25% and 30%, but, in July 2008, had increased to 42%. Was this a concern of yours at this time as a member of the committee and former chairperson?

Mr. Fintan Drury: Well, I had ... the figures you show ... first of all, the figures that are showed in this document are averaging about 27%, 26%, 28% and the big jump is in July 2008 to 42%. I have ... I had retired from the board at that stage, No. 1, and, No. 2, my last board meeting, as it happened, was April 2008.

Deputy Pearse Doherty: Yes okay, and during that time, in April 2008, it was 28%; the previous month it was 28%; the previous month it was 26%.

Mr. Fintan Drury: Yes.

Deputy Pearse Doherty: These are exceptions to your own credit policy and which you were a member of that board. Did it raise concern to you as a member of that board, and as chairperson of that board?

Mr. Fintan Drury: I think that ... you know, one of the things that we would have done is monitored that on an ongoing basis, but these are figures and what these figures don't do is tell us what was behind those figures, what were the reasons for those exceptions. So, in the main, the exceptions to credit policy - and, ideally, if you're running a bank, you have no exceptions to credit policy or certainly as few as you possibly can - but the exceptions to credit policy were not running at a rate which would have caused concern.

Deputy Pearse Doherty: Okay. Mr. Drury, were you aware of the concentration of lending at Anglo Irish Bank to a relatively small number of developers?

Mr. Fintan Drury: I am aware that at credit committee and then the risk committee that there would have been issues around certain developers and the ... there were developers who were very high profile, very large developers who the bank did not lend money to. There was another group, if you like, who the bank had established strong relationships with over many years, some of whom have already appeared at this committee-----

Deputy Pearse Doherty: Yes but were you aware-----

Mr. Fintan Drury: Sorry-----

Deputy Pearse Doherty: -----of the concentration of lending to a small group of individuals? I think half the loan book went to, what, 20 individuals.

Mr. Fintan Drury: I think if you look at the decision that was made in 2006, which was to stop lending in the Irish market, we were very conscious of the importance of staying committed to exactly the group you're talking about because they were the people who we had ... who had over the years had demonstrated themselves to be extremely good clients of the bank, and clients of the bank who could be supported and should be supported. So I was aware that there was a relatively small ... that the ratio, if you like, in terms of the number, a relatively small number of clients who had quite a significant percentage of ... of the lending, yes. Was I concerned about that? Not particularly.

Deputy Pearse Doherty: Okay. I'd like to refer to core booklet, Vol. 1, again, and it's page 97. These are the minutes of the risk and compliance meeting that was held on 24 May 2007. The issue being discussed is the suggested revision of Anglo's minimum capital ratio requirements. It says in the document:

The committee reviewed and considered the proposal and in particular the key reasons for the Group's suggested reduction in Minimum Regulatory Capital, namely

- The Group has constantly held a surplus over the minimum regulatory capital requirements, thereby creating a significant buffer in the event of an unanticipated and sudden losses in the Group.

- The high propensity of the Group to generate significant and new internal capital equity each year due to the

- maintenance of strong average gross lending margins

- low cost-income ratios

- loan loss provision track record

Following consideration, the proposal in the paper was approved on the basis of very compelling arguments outlined therein.

Now this is to reduce the amount of capital that would be held by Anglo bank just over a year before Anglo bank lost its capital. Why did you take a decision to place the capital at risk?

Mr. Fintan Drury: I mean, I don't know is the answer to that question. I'm sure I knew at the time but I don't know why that decision was taken at that time. What I would say is that the decisions, and I think that the documentation in terms of the risk committee demonstrates the point that I made in my opening statement - and I'm not avoiding your question; I will come back to it - demonstrates the extent to which the risk and compliance committee was interrogating and pushing for the risk function within the bank, or the risk management team within the bank, to establish cause, establish reason why any changes in policy would be taken. So, if group management was making up ... advocating a change of policy, then that would have been interrogated very, very carefully at the time and the decision would have been taken on the basis of such an approach.

Deputy Pearse Doherty: Do you regret that decision now?

Mr. Fintan Drury: I'm not going to say that I regret specific or particular decisions in respect of items on an agenda, whether it's one particular meeting and there's eight or ten substantive items on that agenda, which occurred seven, eight years ago. You know, it would be wrong for me to turn around and say, "I regret that decision." Because it might be the right thing to say

from a public relations point of view but, you know, I have to genuinely regret it. I can't say to you with any honesty, Deputy, that a decision that was made, I'm sure and certain, on the basis of full facts at that time, and would have ... and the presentation or view that was brought to the committee would have been interrogated ... and that that decision was taken, do I regret it, no.

Deputy Pearse Doherty: But even knowing what you know now, for example, if you didn't reduce the capital in the bank at that time, the Irish taxpayers would have had to put less money into the bank that you were a director of. Do you not regret that fact? That was the consequences of the decision that was taken at a meeting-----

Mr. Fintan Drury: Well, I think you are endeavouring to lead me into a path of ... what the Irish taxpayer, the losses that the Irish taxpayer has endured and narrow it down to a specific decision that was taken as I've said to you seven or eight years ago, which I was party to, because I was chairing the committee at the time, and saying do I remember why that decision was taken, and if I don't remember why that decision was taken, but I'm saying, it wouldn't have been taken lightly or fecklessly, that I, at the same time ... in light of what happened subsequently, do I regret it? And the reason why the Irish tax ... the reasons why the Irish taxpayer has endured such losses are multi-faceted, as I think we would all accept. They are not all down to Anglo Irish Bank; they cannot all be laid at the door of decisions that were taken at a moment in time by directors be they non-executive or executive directors or senior management in Anglo Irish Bank. Was that material to the losses that the taxpayer has endured? Of course. I'd be a fool to sit here and try and suggest otherwise.

Deputy Pearse Doherty: Okay, Mr. Drury. My colleague, Deputy Murphy, was talking to you in relation to your relationship with Brian Cowen. Can I ask you in relation to your knowledge of Anglo Irish Bank, if the board of Anglo, or, indeed, an executive within Anglo, to coin a phrase, wanted access to the political ear, who would be the persons that they would approach?

Mr. Fintan Drury: Anglo was disinterested at the top level, where decisions like that are made in organisations, Anglo was disinterested in engaging with politics, in engaging with politicians, and ... to the ... certainly in respect of the former chief executive who became chairman, the level of disinterest was acute. So in all my time, both as a consultant, Deputy, in the '90s and then later as a non-executive director of the bank, and with the greatest respect to everybody in this room, I never came across, or I rarely came across an institution that I worked with, or had an engagement with in Ireland, that was less interested in politics and less interested in lobbying, or less interested in engaging with the body politic.

Deputy Pearse Doherty: But we do know that Anglo did engage with politicians at the most senior level. We know that you provided ... you were a conduit for some of that engagement in terms of the telephone call from Mr. FitzPatrick and in terms of the board meeting with the Minister for Finance and within a couple of weeks, would be the Taoiseach of the State. So in relation, if as I said, executives in Anglo or the board wanted access to the political ear, who would be the persons in that bank that they would approach?

Mr. Fintan Drury: I mean, you're jumping from three instances, each of which I have explained in detail, very directly and very bluntly, and you are assuming that because of those three incidents or episodes, which related to one politician and which were very different ... each of them very different by nature, whether people are prepared to accept that or not, that there was therefore a general interest in engaging with the body politic in ... within Anglo Irish Bank. I'm saying to you definitively there was not, and, therefore, I don't know, because I never ... I don't ever recall anyone in Anglo Irish Bank, when I was a consultant to the bank and

when I was a director, lifting the phone to me, or asking me to meet them for a cup of coffee, and saying, “We’re trying to get to see the Minister for the environment about planning issues to do with some of our client stuff.” Never.

Deputy Pearse Doherty: But hang on a second there, Mr. Drury, you’ve already testified to this inquiry that you were the conduit between Anglo Irish Bank and the board meeting which the Minister for Finance attended-----

Mr. Fintan Drury: Sorry, he didn’t attend a board meeting.

Deputy Pearse Doherty: Sorry, well the dinner in Heritage House, which was made up of executives and members of the board, and also that you were the conduit in relation to the phone call. So the point you’re making about never was you asked to do anything like that, it’s coming against the evidence you’ve already testified to.

Mr. Fintan Drury: That’s your perception of the evidence that I have provided, Deputy, with respect. I think, ultimately, people can make their own judgments.

Deputy Pearse Doherty: Okay.

Mr. Fintan Drury: I had a personal friendship with Brian Cowen. I’m happy to go back over this again and I’ve ... I mean, I think in fairness you’re ... you are moving from the particular of a relationship, a friendship, which I as an individual had, and was known to have and never hid the fact that I had a friendship with Brian Cowen ... that I had that friendship with Brian and that when it came to a function ... let’s deal with the phone call first, and I won’t go into the ... I won’t delay you-----

Deputy Pearse Doherty: I wasn’t asking in relation to the ... my time is limited now and I’m going to run out. Can I ask you to clarify this-----

Chairman: Get that clarified, okay.

Deputy Pearse Doherty: Can I ask you to clarify ... would you be surprised if your name was mentioned by executives in that context of getting into the political ear or not?

Mr. Fintan Drury: Not in the slightest.

Deputy Pearse Doherty: You wouldn’t be surprised?

Mr. Fintan Drury: Not in the slightest.

Deputy Pearse Doherty: So do you believe that executives may have mentioned your name in relation to getting into the political ear?

Mr. Fintan Drury: I know, and you know, that executives have suggested that I would be in a position to get access to the political ear. But you also know that I have said very clearly, because you were listening to my opening statement, I have said very clearly, and I’m happy to say it again, I’m happy to read out what I said again, that I had no discussion with Brian Cowen, either in his time as Minister for Finance or in his time as Taoiseach, in regard to the affairs of Anglo Irish Bank. And let me be clear, I said “materially”, material discussions.

Deputy Pearse Doherty: Okay. So why would executives be mentioning your name in the context of getting into the political ear in the lead-up to the crisis?

Mr. Fintan Drury: Because, quite clearly, those executives are in a situation where the narrative that suits them, or suits their interests, or suits their particular view on what happened or how they would want what happened to have ... to be presented, and to be accepted ... they would want to create an impression whereby I had behaved in a manner which I have said to you and your colleagues, would have been inappropriate. And I would like to raise one other point here, even though I've made it before, because I think this is important. I work in part of my life in professional football. And it is often referred to as how corrupt the sport is and the extent to which agents, who represent footballers, are corrupt. And yet the very notion that a corrupt deal can be done by one party, one person sitting on one side of the table ... so let's imagine for a moment, Deputy, that I was prepared to go in and sit down with Brian Cowen and beat him up metaphorically to get him to act in a particular way in respect of Anglo Irish Bank, Paddy Power, Mainstream Renewable Power, I don't believe there are many people sitting in this room who believe that Brian Cowen ... that that conversation would have been a lengthy conversation.

Deputy Pearse Doherty: Okay.

Mr. Fintan Drury: Because Brian Cowen would not have accepted it.

Deputy Pearse Doherty: Can I finally ask you in this question here and it's just referencing the Druids Glen meeting which you facilitated on 23 July? Were you aware, because you asked the questions, that there was no problems within the bank at that time in terms of challenging the conspiracy theory that some may have? So, were you aware that at the end of April, Seán FitzPatrick had approached John Hurley looking for a guarantee for his bank - as has been suggested in evidence or given in evidence by Kevin Cardiff? Were you aware that a week later a DD, which Kevin Cardiff described as a person of substantial presence in the financial sector, also made such an approach? Were you aware that, at the very least, Seán FitzPatrick was looking for a guarantee months before you arranged for him to meet with the Taoiseach of the country and spend a bit of time on the golf course and have that private meeting and dinner afterwards?

Mr. Fintan Drury: Well, first of all, to finish with the last point, I didn't arrange for Seán FitzPatrick to meet with Brian Cowen. I did not arrange for Seán FitzPatrick ... for Seán FitzPatrick to have a meeting and a game of golf and a dinner afterwards with Brian Cowen, as you have profiled it in your question, and I was very clear as to what I had done. I had, at Brian Cowen's request and in discussion with Brian Cowen about his need to get a macro-perspective on what was happening in the economy, I had gathered a very small select group of people, rightly or wrongly, who at that time were Alan Gray, who is a respected economist, Gary McGann, who was chief executive of Smurfit Kappa, and Seán FitzPatrick, who was a highly respected chief executive of Anglo Irish Bank.

Chairman: The issue is on the guarantee.

Mr. Fintan Drury: Sorry?

Chairman: I think it's a lot of detail.

Mr. Fintan Drury: I appreciate that, Chairman.

Chairman: The issue is on the guarantee.

Mr. Fintan Drury: I appreciate that but the question was framed in such a way as to present

what had happened in Druids Glen as being a meeting that I had set up for Seán FitzPatrick with Brian Cowen. And that wasn't the case. That wasn't the case. So, was I aware of the evidence that Kevin Cardiff gave to this committee? No. No, and secondly, the discussion that we had in Druids Glen in July 2008 was specifically about matters which related to supporting and helping the Taoiseach to get a wider perspective on things.

Deputy Pearse Doherty: Were you aware that Seán FitzPatrick had, months before you facilitated Seán FitzPatrick in meeting with Brian Cowen along with others in the meeting, the golf and the dinner, aware that he had approached the Governor of the Central Bank looking for a guarantee?

Mr. Fintan Drury: I don't believe I was. No.

Deputy Pearse Doherty: Can I finish on this here with----

Chairman: Move on, Deputy.

Deputy Pearse Doherty: Just quickly because you ... moving on from Druids Glen you say that no issue of banking was discussed. But, in terms of the dinner, you've given evidence saying that all things other than banking was discussed at the dinner. Now, is your evidence that no executive of Anglo Irish Bank addressed that meeting talking about the bank?

Mr. Fintan Drury: Excuse me, I beg your pardon. I think I said "No, there was no material discussion." And I'm not being ... I'm not trying to be clever here with my use of language but I am endeavouring to be ... well, I'm not endeavouring to be truthful, I'm being truthful. I'm endeavouring to be careful therefore with what I say. I can't sit here, Deputy, and tell you that there was literally no discussion about Anglo Irish Bank but what I'm saying is, in the context of which this committee is doing its work, in the context in which we are looking at everything that has occurred over the last X number of years and the reviews, etc., of what did or did not happen, what I'm saying to you is, nothing material in respect of Anglo Irish Bank was discussed at that table.

Deputy Pearse Doherty: Okay. Do you support ... but this is important because I took notes when you said all things other than banking was discussed. Do you accept that an executive addressed the meeting and discussed in general terms Anglo Irish Bank?

Mr. Fintan Drury: I think I said in my opening statement that I wasn't sure whether it was ... I thought it was Seán FitzPatrick as chairman but it may have been David Drumm as CEO, had done a ... had made an opening comment at the start of the dinner and ... but there was no discussion. And again, whether or not they discussed, you know, you are welcome to the bank and this is what the bank does but there was no discussion about ... of material to the issues that subsequently occurred.

Chairman: All right. I'll bring you back in the wrap-up and we may be looking at this matter further as we proceed. I just want to deal with one question, Mr. Drury, before we move on to the other questioners. And that relates to an inspection of commercial property lending activities at Anglo by the Financial Regulator in May 2007. This identified 30 separate issues-----

Mr. Fintan Drury: Sorry, Chairman, do I have sight of this? No.

Chairman: Yes. I'll bring it up on the screen there in a few moments. In your ... in the document that was provided to you.

Mr. Fintan Drury: Yes, I know the document. Yes.

Chairman: It's in Vol. 1, page 67, if you want to look at the hard copy but I'll get the documentation on the screen before you. So, as I said, an inspection of commercial property lending activities in Anglo by the Financial Regulator in May 2007 identified 30 separate issues which it required to be addressed, at which it listed in the report dated 27 June 2007, and that's on the screen there in front of you. So what you see is a letter from Ms Mary-Elizabeth Donoghue, banking supervision department, at the office of the Financial Regulator. I'll just take two paragraphs of it there. The first letter, it's May 2007 and it's a letter to Mr. Drumm and it says, "I refer to the inspection of Anglo Irish Bank Corporation plc ("Anglo") carried out by the Financial Regulator between 9 and 17 May 2007." Then moving on to the third paragraph, it says, "The Financial Regulator's inspection process is a high level review and does not constitute a detailed examination or audit." So, at this stage, it's high level, it's not drilling down into very, very specifics. And as a result, it then goes on to say, "Consequently, the inspection process may not be relied upon to identify all issues arising in the areas reviewed." So, it outlines there that there might be other matters as things advance on.

So, if I could just move on to the regulator's letter then which is the next one up and you see there, there's a number of headings. There's the "Group Credit Policy" is one with nine items under it. The next one is the "Exceptions to Group Credit Policy" that has three items under it. "Credit Committee Terms of Reference" has another item under it. "Group Risk Management Operations Board" has two items under it. "Risk Management Reports" have two items. "Personal Guarantees" have an item. "Group Watch List" have an item. "Loan Review Process" have an item. "Breaches of Internal Limits and Targets" have two items but is broken down into more detail with some Roman numerals. It then goes on to "Stress Testing" has an item. "Hedging of Risk" has an item. "Condition Precedent" has an item. "Review of Loan Files" has three items. "Interest Only Breakdown of the Loan Book" has an item and "Job Descriptions" has an item. It's quite extensive. Were you, as a board member, made aware of this report and was it discussed by the board?

Mr. Fintan Drury: No. The first time I ever saw this document was when I received it from the committee.

Chairman: Okay.

Mr. Fintan Drury: And I had no knowledge of it, whatsoever.

Chairman: Okay. Were you concerned by the issues raised in this report in any way with discussions that you may have had other executives of Anglo? While the hard copy of this report may not have been presented to you, were you familiar that the regulator's office had laid out such a long list? I think 30 specific items under 15 different headings. Were you aware of that document?

Mr. Fintan Drury: No, Chairman.

Chairman: No discussion with other executives of the board?

Mr. Fintan Drury: No discussion ... that I have any recollection, whatsoever, of that discussion. And if I could say, if I may, that in I think 2004 or 2005, I couldn't have checked this without asking questions where I shouldn't have done so-----

Chairman: Yes.

NEXUS PHASE

Mr. Fintan Drury: -----in advance of this. But in 2004 or 2005, we became aware that the regulator in Switzerland, where the bank had a small operation, had a concern about the operation in some respect and the detail of this I do not recall.

Chairman: Sure.

Mr. Fintan Drury: But the point is that the regulator in Switzerland made contact with ... directly with one of my non-executive colleagues, without management in the bank being aware of this, raised the concerns-----

Chairman: What period was this again, Mr. Drury?

Mr. Fintan Drury: 2004, 2005, I think, Chairman ... and raised concerns about some aspects of the bank's operations in Switzerland, which were small at the time. And on foot of that, the non-executive director in question met with the regulator's office in Switzerland to review their concerns and then subsequently called a special board meeting at which the facts were put in front of the board and the chief executive and he dealt with the matter to the satisfaction of the regulator. Now the reason I am, if you like, giving that example is, I suppose, two-fold. One, that the regulator in a ... in another-----

Chairman: Jurisdiction-----

Mr. Fintan Drury: -----territory, another jurisdiction, exactly, had moved to deal with an issue that it had concerns about. And in moving to deal with it, had contacted a non-executive-specifically and deliberately contacted a non-executive director and brought the matter to their ... to their attention. We then, as non-executive directors made sure that the matter was dealt with by the non-executive director in question going and meeting with the regulators in the ... in Switzerland and then the matter was brought back to a full, specially convened board meeting and the matter was dealt with, which is, kind of, in contrast to the rest of my experience, which was that, frankly, the letter that you have just gone through raises issues that it would have been good to know about at that time-----

Chairman: Yes.

Mr. Fintan Drury: -----and I'm not saying again that I, as a member of the risk committee at the time, shouldn't, perhaps, have known of some of those issues anyway. So it's not about trying to distance myself from the issues in question but I am saying is that the engagement ... there was no ... whatever engagement was happening with ... between management and regulator wasn't filtering through to us.

Chairman: Okay, so maybe-----

Mr. Fintan Drury: Sorry-----

Chairman: The ... as I said, there is 30 or so separate items there, 15 different headings. I am not too sure if there are other aspects of the banks or any remaining aspects of the banks that there didn't seem to be a concern about because the regulator's ... the letter indicates that they are looking at ... that this is not a concluded list. But what I am trying to scope out with you this afternoon, Mr. Drury, is how would you not be familiar with such an extensive regulator's review of a bank that you were a non-executive director of? How would you not be familiar with that? What would be the processes that would not be in place or were there processes in place that didn't actually work for you not to know this?

JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

Mr. Fintan Drury: Well, the truth is that there was a process whereby, as you will know, the risk function operated as an executive function, reviewed the loan book twice a year. We had a watch list and we had an impaired list and there were decisions made based on credit policy around some of which Deputy Doherty has already raised, which were around the whole loan book and that changed. And on a quarterly basis that information was being provided to, to the regulator. But in, in respect of the non-executive function, it seems to me that it behoves management to say we have a letter from the regulator ... Financial Regulator which is addressing-----

Chairman: Okay-----

Mr. Fintan Drury: -----matters of concern and we need to bring this to your attention and we need to work our way through this as part of the agenda at our next meeting or-----

Chairman: I'll deal item 14 and 15 there-----

Mr. Fintan Drury: Sure-----

Chairman: -----which is the "Group Risk Management Operations Board" and there is two specific items there. One is, "Terms of Reference should be reviewed periodically to ensure that they remain appropriate." and then it says, "Committee minutes should clearly reflect the discussions held." Now, I am still trying to establish the question I asked you earlier is: how would you not be aware of a regulator's report of such an extensive list? How would you not be aware of that?

Mr. Fintan Drury: Because we are not told about it and-----

Chairman: You weren't told about it-----

Mr. Fintan Drury: -----and, and if I may, you know, item 14 and 15, the "Terms of Reference should be reviewed periodically to ensure that they remain appropriate". No. 1, the terms of reference were reviewed periodically. I have already said that they were reviewed internally and that on occasion, in terms of my six years on the risk committee, there were two occasions when in external, I beg your pardon, external advisers were brought in to review the whole gamut of risk within the bank and that I had made it clear in the minutes of either my last board meeting, maybe where my last risk committee meeting or, or at the penultimate one, that there should be another external review take place at the end of-----

Chairman: Okay.

Mr. Fintan Drury: So, there were reviews and in terms of, "Committee minutes should clearly reflect the discussions held", they did.

Chairman: But I am still-----

Mr. Fintan Drury: They did.

Chairman: -----not sure Mr. Drury and I will just repeat the question again. How were you not aware of such a significant regulator's report? Fifteen different areas of the bank that you were an non-executive director were flagged as concerns by the Financial Regulator's office. All the specific items ... I'm not talking about 15 issues, I am talking about 15 sections in the bank. How would you not be aware of such a regulator's letter?

NEXUS PHASE

Mr. Fintan Drury: Well, I mean, I may be missing the thrust of the question but-----

Chairman: The question is very simple, Mr. Drury-----

Mr. Fintan Drury: No, well, I ... that's what I assume-----

Chairman: -----how could you not be aware of that?

Mr. Fintan Drury: -----but I have already given you a straight and honest and simple-----

Chairman: We-----

Mr. Fintan Drury: -----answer to the question-----

Chairman: We have been to Switzerland-----

Mr. Fintan Drury: -----which is, which is we were never told.

Chairman: You were not told. Okay, all right.

Mr. Fintan Drury: We wouldn't have known about Switzerland unless the regulator in Switzerland had contacted us.

Chairman: Okay, but in this regard, the regulator did contact Anglo Irish Bank. But I am just trying to get to know what was the process regarding the issue-----

Mr. Fintan Drury: The regulator's letter does not ask. The regulator chose to contact the people within the bank who were dealing with-----

Chairman: Okay-----

Mr. Fintan Drury: -----the area and did not ask that that letter-----

Chairman: All right, okay-----

Mr. Fintan Drury: -----and the contents of its report be brought to the attention of the board of the non-executives.

Chairman: Okay, all right, thank you. Deputy Kieran O'Donnell.

Deputy Kieran O'Donnell: Thanks Chairman. The documents I am referencing, Chairman, are Vol. 1 page 21-25, a report from Barry Herriott, management consultants and also page 17, the Nyberg report, and they relate around that the report from Barry Herriott undertaking an external consultancy in 2003 noted that the directors felt that the board pack "failed to ignite debate in important issues" and many directors expressed frustration on need for more debate on strategic issues. And the Nyberg report, "there is little evidence that board directors at the time were active in challenging ... bank's approach [and] its pace of lending growth". Now, do you agree with these observations? What's your opinion on them? Did you challenge management enough as non-executive directors? How do you describe the corporate culture of the board during your period on the board in terms of the interaction of the chair with the management ... generally, how the board was run?

Mr. Fintan Drury: I served under Peter Murray initially, as chairman of the board. There was a collegiate sense and I mean that in a positive way, Deputy, that everybody was focused on success and the bank being successful. And there was a collegiate sense in that there was

nobody on the board who was attempting to grandstand or attempting to plough their own particular furrow to impress. But the collegiate sense also works in the ... in this regard I believe, that there was a singular focus and the singular focus was on success and the problem with talking in those terms now, is that people assume that that meant success was increased profits, share price going through the roof and that that was the only means by which success would be determined. But-----

Deputy Kieran O'Donnell: I suppose, specifically in the time I have, the two points.

Mr. Fintan Drury: Sure, okay.

Deputy Kieran O'Donnell: What-----

Mr. Fintan Drury: The culture, you are asking-----

Deputy Kieran O'Donnell: Yes-----

Mr. Fintan Drury: -----about the culture so I am ... of the board-----

Deputy Kieran O'Donnell: So Mr. Murray was replaced as chair-----

Mr. Fintan Drury: As chair and Seán FitzPatrick took his place as chairman of the board.

Deputy Kieran O'Donnell: Now in that, can I just reference page 17 of Vol. 1 and it says, it's from the Nyberg report: 'In addition, the former CEO [vacated] was appointed as [a new chair of the board] in contravention of generally accepted governance principles at the time.' That relates to Mr. Seán FitzPatrick being appointed as ... that's in the public domain ... as-----

Mr. Fintan Drury: Yes-----

Deputy Kieran O'Donnell: -----as chair of the board. Did you support that appointment?

Mr. Fintan Drury: Yes, I did.

Deputy Kieran O'Donnell: Did you canvass for that appointment?

Mr. Fintan Drury: Absolutely not. I told Seán FitzPatrick he was completely nuts to consider it. I felt that ... and if you look at the annual report for Paddy Power the first year that I was chairman, I make it very clear in my chairman's statement that I believe people should not spend more than two years on the board of any company.

Deputy Kieran O'Donnell: So if you-----

Mr. Fintan Drury: Sorry, not two years, I beg your pardon, two terms but I felt, that Seán FitzPatrick, for his well-being should not stay on the board of the company, and he should not assume the role as chairman, No. 1.

Deputy Kieran O'Donnell: And-----

Mr. Fintan Drury: No. 2, I felt, from the bank's perspective ... initially I felt I had reservations about whether that was because of my, if you like, general disposition in respect of these things I wasn't sure that that was the best thing for the bank. I never canvassed for it, but what I did do was, along with one of the other non-executive directors, I took soundings as to how it would be received in the marketplace. So we talked with-----

Deputy Kieran O'Donnell: Why? Why did you do that, and who did you do that with?

Mr. Fintan Drury: We did that with quite a number of institutional shareholders, because it was ... we knew it was a break with the norm and-----

Deputy Kieran O'Donnell: And if ... yes, and if you felt you'd issues with corporate governance whereby you should not become chair of a company when you're CEO, why did you canvass soundings and why did you support Mr. FitzPatrick being appointed as chair?

Mr. Fintan Drury: For the very reason that, despite the fact that I had reservations about it, from a, if you like, a philosophical point of view, Deputy, that I was open to the view, the opposite view, the counter-view, that there are always exceptions, or can always be exceptions to any rule. And that he was a particularly talented individual who had built the bank, largely, and who was revered, again not just in ... in Ireland, but globally with-----

Deputy Kieran O'Donnell: Was he a bit of a sacred cow at the time?

Mr. Fintan Drury: Oh, not at all. Not at all. And in my relationship with Sean FitzPatrick, you know, I think that I probably, on a personal level, would have had more rows or skirmishes with him-----

Deputy Kieran O'Donnell: But, in hindsight, was it the correct thing to do for the bank at the time?

Chairman: Be careful here now.

Mr. Fintan Drury: Look, I don't believe that that issue, as you're raising it, was material to what, ultimately, happened here.

Deputy Kieran O'Donnell: Can I just do a point of clarification?

Mr. Fintan Drury: Sure.

Deputy Kieran O'Donnell: You speak about credibility and honesty and so forth through your statements today. And the question, I suppose, that, to an ordinary person looking in, is it credible that, in Druids Glen ... that the group are a monoline group, they were effectively four people, three people along with ... four people along with Mr. Cowen, four people had a commonality, they were a monoline group. They either had been ... they were on the board of Anglo, or they were former members of the board of Anglo, one of them on the board of the Central Bank. Is it credible for an ordinary person looking in to say that you never discussed banking? You discussed the economy. How could you discuss the economy without discussing banking?

Chairman: That's your question, Deputy. Mr. Drury?

Mr. Fintan Drury: May I ask a question?

Chairman: You can, indeed.

Mr. Fintan Drury: How do you define an "ordinary person"?

Deputy Kieran O'Donnell: The public looking in. The people that ended up paying?

Chairman: Can I reshape that for the witness, Deputy?

Mr. Fintan Drury: Well, I'm ... I'm-----

Deputy Kieran O'Donnell: No, now it's ... Chairman, just a very kind of-----

Mr. Fintan Drury: I'm ... I'm-----

Deputy Kieran O'Donnell: Chairman, can I put my ... I'll explain it to Mr. Drury.

Mr. Fintan Drury: But I regard my-----

Deputy Kieran O'Donnell: No, I'll explain it. Allow me to explain.

Mr. Fintan Drury: Sure.

Deputy Kieran O'Donnell: Anglo Irish Bank has cost the ordinary person, taxpayer out there €30 billion that they will never see again. So the question I'm asking is: is it credible ... Anglo was in survival mode at that time; share price was falling; two weeks before the unwinding of the contracts for difference had taken place; major liquidity problems. They were a monoline group. It wasn't a diverse group. It was a group of four people, all direct links with Anglo. So is it credible - you were saying you discussed the economy - first of all, is it credible that ye did not discuss banking and Anglo Irish Bank?

Chairman: Wait for a response now, Deputy.

Deputy Kieran O'Donnell: And, secondly, is it credible that you discussed the economy without discussing banking?

Mr. Fintan Drury: Well, I have already ... and the reason I asked you the question was because I think a great many ordinary people do accept that it is credible. But, as I said in my opening statement, there are a great many people who don't and who never will, no matter what they hear and who they hear it from. I regard myself as a pretty ordinary person. I regard myself as somebody who behaves in a particular manner and who has a code of ethics and standards, which you alluded to in your opening before you asked the question. And so the defence I'm offering of what I ... the account I gave you of what happened in Druids Glen is simply this: you either accept what I told you under affirmation as being a truthful account of what transpired on that occasion, or you don't. And I can stay here until Tibb's Eve, Deputy, and make the same point over and over and again, and I accept - I may not have said it in my opening statement - I have friends who find it lacking in credibility. So I accept that there's going to be a percentage of people who will say, "How could that have happened?" But the reason people say that is because of what happened subsequently, not because of-----

Deputy Kieran O'Donnell: But-----

Mr. Fintan Drury: It's because I did not-----

Deputy Kieran O'Donnell: Well, in the limited time-----

Mr. Fintan Drury: I did not ... okay, but I did not-----

Deputy Kieran O'Donnell: But in-----

Mr. Fintan Drury: I did not approach, I did not-----

Deputy Kieran O'Donnell: In real time, at the time, Mr. Drury-----

Mr. Fintan Drury: I did not-----

Deputy Kieran O'Donnell: -----in real time at the time, at that particular point in time, and in real time, not in hindsight, in real time, Anglo was in trouble as a bank.

Mr. Fintan Drury: Sorry-----

Deputy Kieran O'Donnell: Share price was falling.

Mr. Fintan Drury: Share ... but the share price ... sorry, the share price had fallen before, the share price had regained. Lots of share prices were-----

Deputy Kieran O'Donnell: Contracts for difference was a major issue for Anglo at the time.

Mr. Fintan Drury: I'm happy to discuss contracts-----

Deputy Kieran O'Donnell: No, no, but I-----

Mr. Fintan Drury: No, but I'm happy to discuss it, if you wish. I mean, of course, it was a major issue. I alluded to it in my opening statement. Of course, it was. And it is a substantive reason, a very substantive reason, why the bank got into the difficulties it got into, in my opinion, and I believe that that will, ultimately, be established. But-----

Deputy Kieran O'Donnell: But that was all happening around the time of Druids Glen?

Mr. Fintan Drury: Yes, but what you are omitting to recall in your presentation of what happened around Druids Glen is that I have already told this committee that, No. 1, Brian Cowen was a personal ... is a personal friend of mine. I wanted to help Brian Cowen. I felt I could help him by having a discussion with a number of people who would have insights into the economy. I did not discuss it, whether or not he would do ... be prepared to help with Gary McGann on the basis that Gary McGann was a non-executive director of Anglo Irish Bank. It had nothing to do with it. Gary McGann was chief executive of Smurfit Kappa. That's why I approached him, and he knew Brian Cowen and trusted Brian Cowen, and *vice versa*. I did not approach Sean FitzPatrick because he was chairman of Anglo Irish Bank; I approached Sean FitzPatrick because he was, even then, Deputy, somebody who was revered as a highly intelligent, highly motivated, and highly successful businessperson who had a wide knowledge of the Irish economy. And I approached ... I didn't approach-----

Chairman: You're into the wrap-up.

Deputy Kieran O'Donnell: Yes.

Mr. Fintan Drury: Minister Cowen, or Taoiseach Cowen as he was then, approached Alan Gray because he had a great faith in Alan and because he had a personal relationship with him.

Deputy Kieran O'Donnell: You mentioned in your presentation today, you said that, "I'm not blameless."

Mr. Fintan Drury: Sure.

Deputy Kieran O'Donnell: And you spoke about that ... genuinely you regret?

Mr. Fintan Drury: Yes.

Deputy Kieran O'Donnell: So what do you feel you were not blameless about in terms of the context of Anglo? And what do you genuinely regret in terms of your period as being on the board of Anglo Irish Bank from '02 to '08?

Mr. Fintan Drury: There are a number of things, some of which, Chairman, I ... on the basis of earlier conversations with your legal advisers, I think I have to be particularly careful about. And there is an element of frustration, having waited seven years to make any public comment about what happened, to be constrained by what I can say. But I respect that and understand that to be the position. And, at the same time, I don't want to appear to evade or elude my own responsibilities. So I look at things ... for example, I'll give you simple examples, if I can. I look at things as serious as that one which I already alluded to, I think, in response to Deputy Murphy, which is the question of the decision to morph, as it were, the role of chief risk officer with finance director. I think that was a mistake. And I think I was smarter than to allow that to have happened or not to have seen that as being a mistake, and that's nothing to do with what happened subsequently. It's just the principle of that for a bank that had got quite large by that time. But, from there to smaller things like, you know, I would have argued with Seán FitzPatrick at some stages about the need for an economist within the bank. And ... but I didn't push hard enough. I had issues around, around Seán Quinn's CFD holdings, which I did articulate, but I look back and say, "Maybe I should have been stronger". So, that's being as ... that's ... those are three example, very different examples, where I'm trying to be as candid as I can.

Chairman: Okay. Thank you very much, Mr. Drury, and thank you, Deputy O'Donnell. I just want to deal with two matters, just on a point of clarification, and I'm just proposing a five-minute comfort break at that ... after which. In questioning there with Deputy O'Donnell, Mr. Drury, the question, kind of, indicated with regard to the corporate culture of the bank during your period of time on the board, and you did elaborate in regard to Mr. Murray. But maybe you could just move into some of the space during Mr. FitzPatrick's time as well.

Mr. Fintan Drury: Sure. I think there tends to be a change when you get two very different personalities. So, there was no change in terms of, you know, the quality of information, the standard management of board meetings, but there was a different type of dynamic, and I referenced the ... I think I used the term "collegiate" when I referenced Peter Murray and his stewardship of the board. Sean's was equally so in many ways, but just with a different hue, or a different flavour.

Chairman: Okay.

Mr. Fintan Drury: I don't think there was a material change in the culture of the board.

Chairman: Okay. And just to round off one item with regard to the Druids Glen event. He ... Mr. Cowen was the organiser of that, am I correct?

Mr. Fintan Drury: I think that he was the sponsor of it, if I may use that term in the sense that it was his need, it was for him, but in terms of the actual organisation of getting people there, if that's what you mean, no, that ... I would have done that.

Chairman: Yes. Who paid the bill?

Mr. Fintan Drury: I don't know. I certainly didn't.

Chairman: Okay.

Mr. Fintan Drury: But I don't know, Chairman.

Chairman: Okay. It's 14:52, I'm proposing that we will return spot on at ... oh, sorry, at ... within the hour, 15.00, if that's agreed? At 3 o'clock, yes. I'm on a 24-hour cycle at the moment. Just, one second, we're still in session, folks. Please sit down, please. In doing so, the ... I would like to remind the witness ... is reminded that once he begins giving evidence he should not confer with any person other than his legal team in relation to the evidence or matters that are being discussed before the committee. With that in mind I now suspend the meeting until 3.00 p.m., and remind the witness that he still under oath until we ... and, when we resume. Thank you.

Sitting suspended at 2.53 p.m. and resumed at 3.08 p.m.

Chairman: Just to remind members to get their mobile devices back into safe mode if they have been using them during that short break. Okay, all right. So with that said, I now call the session back into public hearing. Is that agreed? And in doing so, we'll continue our engagement with Mr. Drury this afternoon and if I can invite Deputy Joe Higgins. Deputy, you have ten minutes.

Deputy Joe Higgins: Mr. Drury, in a presentation to the board of Anglo dated 26 September 2008 - shortly after you left the bank or not too long after - entitled "Strategic Options", David Drumm notes that the market sees Anglo as a monoline bank with concentration risk in commercial property and he proposes a merger with IL and P which would create a more diversified business model. In your opinion, did the fact that Anglo was considering a merger with IL and P at this time indicate that the business model pursued up to that point had failed, or not?

Mr. Fintan Drury: Well, as you said, Deputy, I wasn't present for those discussions. I wasn't party to that ... any discussion that would have taken place around the preparation of that particular strategic option. So-----

Deputy Joe Higgins: No, I understand that, Mr. Drury, but-----

Mr. Fintan Drury: No, no, my view is I don't believe that if a chief executive presents the idea of a merger with another organisation in the industry, in that industry, that that necessarily suggests for one moment that the chief executive of the ... in this case of Anglo Irish Bank is deeming that the business is failing or has failed, or that the business model is not successful, or cannot be successful. I think that that would have been driven by a longer-term perspective which, I presume, he was taking at the time and which he was presenting as one of the options for the board to consider in light of the kind of turmoil which was happening within the global markets, and indeed in the domestic market, and that it was one particular option. So that ... I wouldn't read more into it than that. I don't believe it suggested or necessarily hinted at-----

Deputy Joe Higgins: Okay.

Mr. Fintan Drury: -----a belief that the business model had failed.

Deputy Joe Higgins: Mr. Drury, you were a director from 2002 to 2008 and I'd just like to take you through, very briefly, the rate of growth in Anglo lending, corresponding largely with that time, and Nyberg and other reports refer to this. But, in 2002, from annual reports, Anglo had €13.3 billion in loans. In 2003, that went up by €4 billion. It went up by €7 billion in 2004; by €10 billion in 2005; by €16 billion in 2006; and by €17 billion in 2007. So, €54 billion in extra loans between ... in five years. And Patrick Honohan, now Governor of the Central Bank,

in *The Economic and Social Review*, summer 2009, said:

A very simple warning sign used by most regulators to identify a bank exposed to increased risk is rapid balance sheet growth. An annual real growth rate of 20% is often taken as the trigger. Each of the locally-controlled banks had at least one year in which this threshold was triggered. One of them, Anglo Irish [Bank], crossed it eight of nine years and indeed its average annual rate of growth, 1998-2007, was 36%.

And we had another witness to the inquiry here, Mr. Bill Black, a former US regulator ... are you familiar with him? Yes. Mr. Black said, "The rule of thumb on banking for many decades if you grow more than 25% a year, you will likely fail." Were you aware of the risks of this kind of exponential growth in the loans of Anglo Irish Bank?

Mr. Fintan Drury: First of all, I think the loan growth that you've referred to was over a period of time when the bank's territorial growth was also significant. So, this was ... in 2002, would have been a largely Irish bank and over the period in question that you're talking about, such significant growth in the overall size of the bank and in the overall loan book, the bank had grown significantly in the United Kingdom and it was also going through significant growth in the United States, as I mentioned earlier, under the stewardship of David Drumm and I think that was a factor in the decision to appoint him as chief executive ultimately. So, I think the ... in some respects, we're not comparing like with like when you look at 2002 and 2007-2008. I also believe that, in those particular territories, the economies of those markets were going through significant growth and a lot of the growth in the UK was concentrated in a part of the UK which has always had sustained growth.

I think, having said that, Deputy, that if you look at it through the prism of economic analysis that someone like Bill Black would be renowned for, then you see that growth in particularly bleak terms. I'm not saying that's incorrect; I'm simply saying that, you know, economic views and economic opinion, obviously, can be ... I'm conscious of who's sitting on your left but can be, kind of, quite polarised.

Deputy Joe Higgins: Yes.

Mr. Fintan Drury: His particular perspective would have been met by what he looked at, or would have looked at, in the case of Anglo Irish Bank, and I'm not disputing that. Patrick Honohan's view, expressed in September 2009, was a view which was informed by what had happened, what had occurred, and the reality is that, over the period that you are talking about in terms of that stellar growth, which ... and that's exactly what it was-----

Deputy Joe Higgins: Yes.

Mr. Fintan Drury: -----there wasn't an analyst, there wasn't a fund, there wasn't any form of commentator who was, on a consistent basis, saying, "There's a problem with Anglo Irish Bank."

Deputy Joe Higgins: Okay.

Mr. Fintan Drury: "There's a problem with Anglo Irish Bank."

Deputy Joe Higgins: Yes. Mr. Drury, just for time, I'll move on. At that period as well, the profit growth was also stellar - 2003, 33%; increasing for most years up to 46% growth in 2007. Did profit growth at this exponential rate risk leading to reckless lending in Anglo?

Mr. Fintan Drury: No, I don't believe so. I don't believe that the people in charge of running the bank were motivated to simply achieve growth at any cost. I don't believe that.

Deputy Joe Higgins: How would you explain then, Mr. Drury, that of the loans that went from Anglo to NAMA, €31.97 billion worth, or 92% of the total book that went to NAMA, were loans given out by way of exception to stated credit policy? Source is IBRC, Vol. 2, page 3.

Mr. Fintan Drury: Well, first of all, I think that the loans and the loan transaction between Anglo Irish Bank and NAMA have to be seen in the context of what NAMA's mandate was and what NAMA was set up to do. And the values that NAMA achieved in taking on those loans has to be seen in the context ... well, it's not for me to judge it, but it in time will have to be seen in the context of how those loans have ... those loan portfolios have performed post-sale by NAMA to third parties and post the sale of those loan portfolios by third parties. And that the ... that is the ... that was the basis on which, ultimately, the value of those loan portfolios will have to be judged in time.

Deputy Joe Higgins: Okay.

Mr. Fintan Drury: In time, I accept.

Deputy Joe Higgins: Can we look at Vol. 2, page 78, please, and this, Mr. Drury, refers to the bonuses in Anglo Irish Bank, the ten top bonus between 2001 and 2008. I'm caught for time here-----

Mr. Fintan Drury: Sure.

Deputy Joe Higgins: -----but if we take the right-hand column, I'll just take the top person, who I assume is the same person in each of those years, and the right-hand column shows, in 2001 for this person, a bonus of €1.7 million; 2002, €1.2 million; 2003, €1.4 million; 2004, €1.6 million; 2005, €1.5 million; 2006, €1.9 million; and 2007, €2 million. In evidence to this inquiry yesterday, Ms Ethna Tinney, a former EBS board member, said:

The bonus system in banks is crazy. You get a bonus for lending money out, there is no incentive to get it back in. Such a system encourages greed and recklessness. It is no wonder that banks go bust from time to time.

Would you agree with her?

Mr. Fintan Drury: I think the issue around the remuneration of people in financial institutions has been ... I didn't hear her evidence, but taking what you've said as representing what she ... her point, I think she's right in the sense that historically, and again today, despite what's happened, and I don't mean in Ireland, I mean globally, again today we see evidence all the time that people in financial services institutions get paid phenomenal amounts of money for doing the work they do. And the basis on which they are entitled to those significant sums, and entitled to very significant bonuses, are out of kilter with how financial ... or with how remuneration is structured in other areas of industry, it seems to me. So I think what she has expressed, as a former director of a mutual, is a view that a great number of people feel, and even people who have had exposure as she has and as I've had ... have had exposure to the financial services sector. But the market sets these ... I'm not saying its right, but the market does set these rates and remuneration is generally tied to performance of the institution, if not of the individual.

Deputy Joe Higgins: Finally, Mr. Drury, would you ... you referred in, perhaps, the pen-

ultimate paragraph of your verbal evidence today about “gorging”, we “gorging” in the boom years, “insatiable appetites”, and I think you said, “I sat there myself and ate more than I needed.” I’d like to ask you who you’re speaking about when you say “we”? And also, I’d like to ask you would you include that as you describe it ... would you include your venture that was published in *The Irish Mail* some time ago to develop a golf course near Budapest, in Hungary, on foot of loans from Anglo and involving the compulsory purchase of local people’s lands? Would you include that in the description here of being ... well, it’s not your word, but excessive? Or it would indicate maybe what you said there.

Mr. Fintan Drury: I’m-----

Deputy Joe Higgins: Would that be the type of activity you would be referring to or something else?

Mr. Fintan Drury: Well, let’s first of all deal with the type of activity to which you refer and let’s be clear about what was in train. I had a long experience of Hungary going back to the 90s when I established an office for my communications consultancy in Budapest. I knew the Hungarian people quite well; I had worked very closely with a number of people in a number of businesses in Hungary. And I believed in the value of what the Hungarian people and the Hungarian state was attempting to do post its accession to the EU. And I always maintained a strong interest there.

Far from approaching the project, in the way in which you have profiled it, the project was an investment, a proposed investment, of a significant amount of money by a number of people - a small number of people - in a development in an area of ... outside Budapest called Pilismarót, which is not an area where anybody lives, was wasteland, and which the mayor, who was, as it happens, an independent politician of left wing disposition, wanted to see development in order that his community would benefit from the introduction of something that he saw and members of the council saw as being a positive venture. As with anything like that, and you people in this room will know and understand this better than I, there is always people ... or likely to be people who are not in favour. The project was not bankrolled by Anglo Irish Bank. There were no loans from Anglo Irish Bank. And the emphasis you have placed on a particular media or medium, is one which was challenged at the time, as being incorrect and was, subsequently, not followed through on. I mean by that the report, just to be clear, was not accurate in a great many respects. So, the representation or presentation of me, in this case, as being somebody who behaved in a manner which was to disenfranchise people from areas of land which they rightfully, or rightly wanted to manage in a particular way against their wishes, was completely and utterly false - No. 1.

No. 2 - There was never a line of credit established between me and Anglo Irish Bank in that respect, which gives me the opportunity to, if I may, Chairman, just make one point of clarification. In 2005, my business wanted to make an acquisition and we needed to raise €1 million to make the acquisition. And it was discussed at the board of my company and we decided to proceed and I said, “I would like Anglo Irish Bank, as I’m a director of the bank, I would like Anglo Irish Bank to have the opportunity to tender for the business, but I cannot go and meet with and deal with and interact with the bank.” So my chairman, who had no connection with Anglo Irish Bank whatsoever, went to a number of ... two banks, one of which was Anglo, and a deal was done whereby Anglo became the lender to the business and that is ... I’m simply using that to emphasise the point that in my dealings, I attempted at all times to create an appropriate distance between me and other parties in respect of my directorship of Anglo Irish Bank. The presentation in *The Mail* was ... let’s put it this way, it was inaccurate and misleading.

NEXUS PHASE

Chairman: Okay, there was the root of the question. I know you went over to Budapest and Hungary and all the rest of it-----

Mr. Fintan Drury: Sorry.

Chairman: But the root of the question ... I think the ... I just want to move this on so we're not revisiting, was the ... to quote yourself, "the gorging" question-----

Mr. Fintan Drury: Yes.

Chairman: And what ... and then we can ... just so we can complete that section ... session, Mr. Drury, and then we move on.

Mr. Fintan Drury: Certainly, Chairman. I ... who did I mean by "we" was, I think, a point of emphasis that the Deputy wanted me to explain.

Chairman: Yes.

Mr. Fintan Drury: Look, I think its ... it's, of course, the case that a significant percentage of the population had no hand or part in what occurred, but, equally, if we are honest as a people, a great many people also over-indulged, took too much risk in their own lives, and, as a result, that was really what I was trying to present in terms of my ... what I see as a, kind of, unique insight, as a non-executive director of a bank that was, if you like, crafting the menu and putting the menu on the table. I have to take responsibility for having been on the board of that bank, that was crafting such a menu. But I was also saying I take responsibility for being somebody who sat at the table and said, you know, "I want more. I want to do more. I want to take on more." That was really what I was trying to explain.

Chairman: Okay, thank you. Deputy Michael McGrath.

Deputy Michael McGrath: Thank you very much, Chair. Mr. Drury, you're very welcome. Can I ask why the witness statement you provided, in advance, is so short? You provided a three-page statement; it strikes me as very short.

Mr. Fintan Drury: There wasn't a reason. I didn't set out to be difficult, or set out to be-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----in any way evasive. I tried to answer the questions that were posed of me in as clear a way as possible. I was conscious of the need to be accurate. I was more concerned to be clear, direct and accurate than I was to be in any way, perhaps, detailed. I probably ... well, not probably, I definitely suffer from a malaise of saying, generally, saying too much rather than saying too little. And I was particularly conscious that there are a lot of people, whether ... you know, whether people like it or not, there are a lot of individuals who I came across in Anglo Irish Bank who if, depending on what I said or didn't say, I could be imputing people's integrity, I could be ... and whatever about potentially doing that here, in a verbal-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----controlled environment, if I was putting it in writing, it was more difficult. So ...

Deputy Michael McGrath: Okay. If I can take you back to the issue of exceptions to group lending policy - and a number of the questioners raised it already - and, on page 3 of Vol.

2, there is an extract from a report prepared by the IBRC special liquidator, and Deputy Higgins has already referred to this. And at the bottom of it, it makes it clear-----

Mr. Fintan Drury: Sorry, may I ask again the page?

Deputy Michael McGrath: Yes, page 3.

Mr. Fintan Drury: Sorry.

Chairman: It'll be on the screen there shortly, Mr. Drury.

Deputy Michael McGrath: That, essentially, 92%, in value terms, of the Anglo loans transferred across to NAMA at their origin were, essentially, an exception to credit policy. And there are various references in the document to the different levels of exceptions. But I have to ask the question: what is the purpose of a credit policy being in place if it's going to be breached so extensively and so regularly by the bank?

Mr. Fintan Drury: I think, on the face of it, that's not just a good question, I think it is, you know, factually, if ... if there is a credit policy, and the credit policy is being-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----set to ... set aside in that number of cases, then the question does arise: well, does the credit policy need to be changed or does the credit policy need to be abandoned or are we actually just saying, corporately, if you like ... and I don't mean this literally, or is there an acceptance that the credit policy just can't work and we can't work our territory, our market, within that ... within the-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----confines of that credit policy? But I don't ... this was, kind of ... I wouldn't say this was news to me but it ... presented in the kind of stark terms which it is in this particular report, it was.

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: I think that the exceptions to credit policy ... the increase in the number of exceptions to credit policy in the latter stages was down to factors which were about the growth of business that had occurred and ... but the slowing down in market conditions and the lack of liquidity in the ... generally within the market. And the lack of liquidity didn't just impact on-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----financial institutions, it also impacted on individuals, clearly.

Deputy Michael McGrath: Okay. And, whatever about breaching the bank's own internal credit policies or guidelines, the fact that the Central Bank had a single sector exposure limit of 200% of the bank's own funds, and Anglo's exposure to real estate business sector, was 588%. So-----

Mr. Fintan Drury: I mean, this is ... this-----

Deputy Michael McGrath: -----it was three times the limit.

NEXUS PHASE

Mr. Fintan Drury: -----and this is reflective, I believe, of the problems that were inherent in the market and the inflated market that had grown up or developed over the previous number of years. So, absolutely, I think ... I mean, that-----

Deputy Michael McGrath: And would you have been aware of that? Would the board have been aware of that-----

Mr. Fintan Drury: No, no, no-----

Deputy Michael McGrath: -----Central Bank limit?

Mr. Fintan Drury: -----not of ... not ... we would not have been aware ... sorry, I have to be careful because by ... I have no recollection of being aware of that limit and the ... and, if you like, the extent to which that limit was, as you were saying, as you've presented it, Deputy, was ... was-----

Deputy Michael McGrath: So, to your knowledge, the board was not informed that Anglo's exposure to property was almost three times the Central Bank limit.

Mr. Fintan Drury: It's ... it's ... it is inconceivable to me that, even with the passage of time, a figure of that nature would not have ... I would not have retained that figure or anything approaching it.

Deputy Michael McGrath: Can you explain to me the role of the credit committee? You were on the risk committee and you chaired that for a short time.

Mr. Fintan Drury: Yes.

Deputy Michael McGrath: The credit committee appeared not to have any non-executive directors as members. Is that correct? It was a management-----

Mr. Fintan Drury: Yes, the credit committee, in any financial institution that I would be aware of doesn't have non-executive participation. It is the weekly credit committee where the most senior people in the bank would review ... would hold a meeting where credits would be brought forward, proposals would be brought forward by executives, individual lenders-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----and I do think that is where, if you like, the merging of the roles of chief risk officer and finance director was problematic.

Deputy Michael McGrath: Okay. But you do say in your statement that the risk and compliance committee, of which you were a member, was the committee that the detail of different loans would be considered. So what was the role of that committee in lending?

Mr. Fintan Drury: I actually ... I was hoping nobody would pick that up because I think that was a ... that was ... despite the care I took with composing and answering the questions, when I read that again before coming in here today, I really felt that it gives a false impression, which was not intended. The role of the risk committee was to sit every month and be ... present ... we did a number of things but in terms of the context in which you're raising the role, the role was to sit and review the loan book as presented to us by the head of risk. So it wasn't being presented to us by the head of banking or the head of credit, it was being presented to us by the head of risk who was saying, "Here we are, a month on from last month's meeting, we had X

number of cases on the watch list, we have moved-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----five of those cases from the watch list to the impaired loans book [... I beg your pardon] the impaired loans list. Two of those that were on the impaired loans book have moved back to the watch list"; and to then interrogate, if we felt it was required, with him, with his colleagues, what was happening in terms of the overall-----

Deputy Michael McGrath: Yes-----

Mr. Fintan Drury: -----and what-----

Deputy Michael McGrath: But no role in actual lending decisions.

Mr. Fintan Drury: No, no, absolutely not.

Deputy Michael McGrath: The board pack that you would have received as a member of the board, what would that have contained typically in advance of a board meeting?

Mr. Fintan Drury: It was very detailed. It would have contained the monthly accounts, it would have contained minutes of the previous meeting, I beg your pardon, minutes of committee meetings that had transpired between the two board meetings, the chief executive's report - sometimes quite detailed, sometimes just bullet points, and then the chief executive would deal with those issues as ... at the actual meeting - and also it would have obviously contained the management accounts for the period.

Deputy Michael McGrath: And-----

Mr. Fintan Drury: But it was ... you know, it was, kind of, classically detailed.

Deputy Michael McGrath: Sure.

Mr. Fintan Drury: There was no-----

Deputy Michael McGrath: And would details of credit decisions ... would the credit committee minutes-----

Mr. Fintan Drury: No.

Deputy Michael McGrath: -----for example, have been included?

Mr. Fintan Drury: No, credit committee minutes, that was, you know, something that would have fed into our role as risk committee but we wouldn't have seen the actual minutes of credit committee.

Deputy Michael McGrath: Yes. But the risk committee had full oversight in terms of information of-----

Mr. Fintan Drury: Yes, and-----

Deputy Michael McGrath: -----the extent of property lending.

Mr. Fintan Drury: -----and the notion that, you know, any question about whether or not we were ... we were active as ... as a committee. I mean, I can remember a number of examples

- one, in particular, where, I think it was around 2000 ... I beg your pardon, 2005-2006, maybe ... it could have been as early as 2004, I had concerns about the amount of lending going into the hotel and leisure sector. And we had, you know, quite a significant amount of lending in that sector and there was already a slowdown starting to percolate through to ... because, obviously, a hospitality sector tends to be the first to feel the sense of a cold wind. And I remember raising that at committee and I remember discussing it with Pat Whelan who was the ... at that time, the head of risk and, as would have happened with Pat Whelan as head of risk, about a week later he rang me and asked me to come in and he had done a really thorough analysis of the area. He had gone back and looked through everything and he had some issues to raise and there was progress made in respect of that over the following number of months. I remember as well that, even though trading was a very small part of Anglo's portfolio of work, we had a problem with a trader on one occasion who had gone past his limits. And there was a discussion about it and myself and a number of the other non-execs were asked our view and we said, "Well, look, you know, he needs to be given a warning", and it wasn't ... now, it wasn't ... he hadn't dramatically overshot his limits but, again, when ... at the next meeting ... or, I beg your pardon, not the next meeting, but within a number of months, it had happened again, and we made a decision at committee that-----

Deputy Michael McGrath: Okay.

Mr. Fintan Drury: -----he had to be relieved of his job.

Deputy Michael McGrath: What percentage of Anglo's loan book was ultimately property-related?

Mr. Fintan Drury: Well-----

Deputy Michael McGrath: You spoke earlier about land and development being in the region of 26% and that's evidenced in the books. The major category of loans that Anglo presented were investment. And as I understand it, when a loan was provided for a development, once the development was completed, that loan was transferred into investment from land and development. So, ultimately, of Anglo's loan book, what percentage was-----

Mr. Fintan Drury: It would have been a very high percentage. But, you know, what exactly it was, and that would've changed and would've ... from time to time but in a ... it was, you know, clearly it was a monoline bank, that's what it did and-----

Deputy Michael McGrath: Over 90%?

Mr. Fintan Drury: I would've said somewhere between 80% and 90% but I, you know, stand to be corrected on that, Deputy.

Chairman: Thank you. Deputy John Paul Phelan.

Deputy John Paul Phelan: Thank you Chairman. Good afternoon, Mr. Drury. Briefly at the start I want to refer to the Heritage dinner again. I took a note as you were speaking earlier and you said that the dinner of April 2008 was not special, that Mr. Cowen just happened to be next on the list and that it had to be rearranged a few times because of diary clashes. You also said that in your time eight ... you would have attended eight to ten such events. And you said that - I'm not sure whether you used the word "civil" or "public" - senior civil or public servants would have been invited to attend.

Mr. Fintan Drury: I said public servants.

Deputy John Paul Phelan: Can you tell the inquiry who those people would have been?

Mr. Fintan Drury: I also said that there were politicians from other political parties who had attended. I don't think that's useful, I don't think that that's fair or reasonable to the people involved. They fulfilled what they saw, and correctly saw, as a social event and they conducted themselves, in my experience of any of the events that I attended, they conducted themselves in a completely appropriate manner. So I think to ... I mean I was careful in what I said, deliberately so. The reality is that over a period of ... because these were in place, Deputy, before I became a board member. So over a period of close on ten years, I would think, there would have been quite a number of people who fulfilled that function and ... I can remember, you know, a number of ... one ... number of them in particular where individuals came in and they talked about, you know, what they did and they listened to what, you know-----

Deputy John Paul Phelan: That's fair enough, I'm just interested-----

Mr. Fintan Drury: I would rather not.

Deputy John Paul Phelan: Well, I'm interested to know and I think it is within the inquiry's terms of reference, particularly if any of them operated in public service areas that dealt with financial services or banking or development or any of the ambit that the inquiry has. I think that that ... You should answer that question.

Mr. Fintan Drury: Well, I mean, I'm happy to engage in that with the agreement of those individuals. I have no right to - I believe at least, I didn't anticipate the question - I don't believe I've any right to name people who are, you know, private citizens and identify them.

Deputy John Paul Phelan: No, they are public servants, in particular.

Mr. Fintan Drury: I said they were.

Deputy John Paul Phelan: And politicians as well, I mean I know ... I can-----

Mr. Fintan Drury: Yes. No, absolutely. Yes.

Deputy John Paul Phelan: But, I mean, all of them could, in theory at least, come under the ambit of what we are inquiring into. And that's why I think you should-----

Mr. Fintan Drury: No, I ...

Deputy John Paul Phelan: Can the Chairman advise me and maybe stop the clock?

Chairman: Okay. Yes, I can, indeed. Can we just speak to this for a moment? If ... it's not unusual for public servants, politicians and other people to be at hosted events by associations, could be the Construction Federation Industry, it could be the Irish Farmers Association, it could be ICTU, it could be SIPTU and it could be financial institutions, Banking Federation of Ireland and so forth.

Deputy John Paul Phelan: That's why I narrowed it down to financial and-----

Chairman: Yes, is the clock stopped? I've got to ... I know. If the matters are germane to what we're discussing here and if we had individuals that are very relevant to matters that have been discussed here before, if they're not really, kind of, in the general arena of discussion here,

well, I think that's a different matter then, you know?

Mr. Fintan Drury: Okay. I am not in a position ... First of all, Chairman, I'm not in a position to recall all the people. No. 1. So if I was to name people who I recall that's, I think, not particularly ... you know, not fair or not reasonable. I think the point I was making in describing it as I did this morning, Deputy, was this was something that had been in place for quite some time and the timing being ... the timing being what it was, you know, it was Brian Cowen who I had spoken to some time previously and as it happened, the way circumstances dictated, it fell that the opportunity was on the date it was. And I was trying to create or establish, because it's the truth, that there was no ... you know, it ... we weren't asking for Brian Cowen to meet us at that particular time because we wanted to discuss things with him because actually ... and so we had had a statement like that about it-----

Chairman: Can I engage with you here for a second? Okay. Look, I don't want to tread onto ground that, what you call it, just because a name is put out there, it creates a whole snowball effect and all the rest of it. What I could maybe do, Mr. Drury, and it allows us to move on as well from this, is if you could furnish the names, as you best recollect them-----

Mr. Fintan Drury: That I recall.

Chairman: As you best recollect them. And what would happen is our support and legal team would examine that to see if it's germane or not and if further clarification needs to be drawn from that, we can do so, okay? But for this moment in time I would ask the Deputy to move on and out of that area. Thank you.

Deputy John Paul Phelan: That's perfectly fair. I was asking him what I thought was an innocuous enough question.

Chairman: Okay. We're back on the clock now so you can talk as much as you want.

Deputy John Paul Phelan: Mr. Drury, can I ask you why did you leave the board of Anglo in 2008?

Mr. Fintan Drury: I was appointed in 2002 after an hiatus because I was first approached in 2001. And when I joined in 2002 it so happened that I had been approached by Paddy Power to go on the board of its ... onto its board, excuse me. And I had, as I referenced in answering Deputy O'Donnell earlier, I had a view that one stays ... does two three-year terms. I mean, the standard is you're invited and asked and you're assessed as to whether you're up to the business, up to the job or not and you're given a three-year term and if you ... if you're half decent I think you tend to be asked to do a second three-year term. But in the case of ... but my view was that you should do two three-year terms and then move on.

Deputy John Paul Phelan: Okay.

Mr. Fintan Drury: And so when I spoke with Seán FitzPatrick in the autumn of 2007 I said to him that I wanted to ... in case anybody was thinking of asking me to do another term, I wanted to be absolutely clear I was not prepared to do so. Because there were quite a number of people in Anglo, on the board of Anglo who had stayed, you know, who were on for longer and, you know, he accepted that.

Deputy John Paul Phelan: Okay so it ... It wasn't related to any possible impending sense of apprehension or whatever, about, about the bank?

Mr. Fintan Drury: I have no such wisdom.

Deputy John Paul Phelan: Okay. Can I ask you, then, in relation to questions touched on by previous speakers, loans taken on by NAMA from Anglo? Estimated that €9 billion worth of interest roll-up loans were taken ... were transferred from five banks, €3 billion relating to Anglo. Were you aware of the level of interest roll-up included in Anglo's loan book?

Mr. Fintan Drury: In the same way as I answered, perhaps not very authoritatively, Deputy McGrath's question - I want to be careful about how I answer you because I want to be, again, I want to be truthful - I don't recollect being aware of the level of roll-ups. However, I do think when we discuss roll-ups, we need to understand that the nature of Anglo's business meant that roll-ups in Anglo's case were going to be higher. By definition, the nature of its business meant they were going to be higher than they would be for others. I also think when we talk about €9 billion, and five institutions, we're actually talking about, realistically we're talking about four, because EBS's percentage of the €9 billion was, I think - I don't know what the percentage was but I think it was 0.1% . And so the ... therefore, the amount of ... the total amount of the €9 billion, the amount of that that Anglo held, perhaps, wasn't as stark as it might appear for those two reasons. And I think when you're in development lending, which we ... which the bank was, you know, roll-ups is part and parcel of that business, and you know, business ... banks that are in the business today, that Anglo was in then, are doing roll-ups at that level right now, here and overseas.

Deputy John Paul Phelan: Was that figure, or anything approaching that figure, ever discussed at senior board level or, indeed, at risk committee level?

Mr. Fintan Drury: I don't remember ... again, in the same way as I answered your colleague a moment ago, I would say that the figure is less stark than in the question that Deputy McGrath asked me. But I still don't recall it, Deputy.

Deputy John Paul Phelan: Were there any special procedures put in place to monitor that level of increased risk, if you like, within the bank?

Mr. Fintan Drury: I don't think we would have seen the roll-up in that context because of ... for the reasons I've given you in terms of new lending and the nature of development lending and how that works . And I also think that because ... I mean, Deputy Doherty asked me this earlier on, in terms of the small ... the percentage of the loan book that was in ... was ... related to a relatively small number of clients or customers. And that was, you know, that can be argued either way, I guess, but that would have been seen as being, and the ... there would have been seen as an element of protection about that; that it was people we knew well; we knew that they would be able to move the land that they had bought from zoned to full planning and to being built and starting to generate very serious income-----

Deputy John Paul Phelan: And do you believe the bank at the time had appropriate levels of information systems in place to monitor that risk?

Mr. Fintan Drury: I think at the time if somebody had said what are the information systems like, they wouldn't have been as strong as they should have been, or could have been. I think if you look at them ... if you look at the management information systems we had in the bank - and I wouldn't have been, you know, particularly knowledgeable about that in all honesty - but ... I think there would have been ... sorry, if you were to look at them now, the answer to that would be "No".

Deputy John Paul Phelan: Okay. Briefly then at the end, the report that was referenced by the Chairman, I think, earlier from the regulator outlining the 30 issues from 2007 ... you would have been, I think ... when did you become chairman of the risk committee? Mid-2007 was it?

Mr. Fintan Drury: It was summer 2007, yes.

Deputy John Paul Phelan: Okay, well, I think that was June or July 2007. You've said you weren't aware of it until the documents were presented-----

Mr. Fintan Drury: No.

Deputy John Paul Phelan: Was it not your responsibility as a member of the committee, and, subsequently, as the chairman of the committee, to go searching for such information? I know that executive directors have a particular responsibility, and non-execs, and you've explained and we are familiar with the limitations on the role of non-executive directors. But in light of the fact that you were involved with the risk committee for years, you know, is ignorance of the existence of the letter a defence in that case?

Mr. Fintan Drury: I think this issue that you've raised is one that actually goes across not just the risk committee and the specific point you've raised, but goes across other engagements by non-executives within the bank over the period of time involved. And I think that sometimes to get the answer to the question, that now seems obvious, you know, what level of engagement have we had with the Financial Regulator? Has the Financial Regulator written to you in the last month, two months, three months? The only way of knowing, of my knowing that such a letter had issued from the Financial Regulator to senior people in Anglo, would have been for me to say at the end of a meeting, "By the way, has the Financial Regulator made contact with you or with any of your colleagues since our last meeting?" And if I was chairing a risk committee today, would I ask such a question intermittently? Absolutely.

Deputy John Paul Phelan: But should you not have done it at the time?

Mr. Fintan Drury: Well, I mean, if the answer to that question is that I would have then seen the letter I saw when you sent me the documentation, then I wish I did, I wish I had asked that question. But I go back to the central point here, which is that when you are a non-executive director, you engage in a relationship with the executive team in any organisation and, particularly, I believe, in a bank, on the basis of ... that the people who are in there day in, day out, working hard and doing their job, are going to provide you with any information which is relative to and sensitive to the role that you have as, if you like, some form of guardian of the interest of the shareholders and protecting the interest of the company, or the bank. And we know of other scenarios, and I have to be careful in what I say here, and again I would say I find it, you know, somewhat frustrating that I have to be as careful as I have to be. But the situation being what it is, we know of other situations where the non-executives were not informed of information which, to elicit that information they would, on occasion, have had to ask questions that, quite frankly, had they asked them, people would have thought they were bonkers.

Chairman: Thank you very much, Deputy, I'm moving on-----

Deputy John Paul Phelan: As a member of this committee, I feel that this ... well, I think many people would feel that these were legitimate questions that you should have asked and you became the chairman of the committee, that's the point-----

Chairman: You're commenting upon a question now ... so, you know, Deputy, we can't be

in that space. The question has been made, Mr. Drury has responded. The evidence will be examined at the completion of this committee's work when we move towards our report. Deputy or Senator Sean Barrett.

Senator Sean D. Barrett: Thank you, and welcome to Mr. Drury. You've referred to the decision to combine the roles of the finance director and the chief risk officer, I think, once as problematic, and actually the first time you said it, it was a mistake. What are your reasons for that point of view today?

Mr. Fintan Drury: I think partly, Senator, it's hindsight, but only partly. I think that, unlike my answer to the question to Deputy Phelan, I do think that with the wisdom that there was around the board at the time that that decision was taken, there should have been a greater degree of caution, a greater degree of care expressed about the idea that somebody who was the finance director, therefore, overseeing every aspect of the financial management of this organisation, as it was growing, was responsible for a myriad of different tasks; leading the investor relations, but also leading the accounting, leading the audit, all of that - this was his, this is his task - and, obviously, overseeing the drive towards continued growth of the bank, that he would also be charged with the responsibility for overseeing risk. And, as I said in ... and I want to restate, because it would be unfair not to, that is not a reflection on the individual involved who was a very capable person. But those roles should be distinct, in terms of even the optics for an organisation to have somebody who is financial controller, financial director and the chief risk officer, was not the smartest decision, I think, that was made or overseen by the board.

Senator Sean D. Barrett: And as I'm sure you know on ... on page 17 of Vol. 1, Nyberg and you would be *ad idem* I think on that. He says:

At this time, Anglo's property-related exposure in Ireland, the UK and the US had grown very significantly, and the need to monitor and manage the attendant complexity and risk had grown proportionately. This decision would suggest that risk management was not appropriately prioritised within the bank.

Mr. Fintan Drury: I think that's a ... with respect to Dr. Nyberg, you know, I think that's perhaps too much of a jump, the last piece of that assessment. But I think the fundamental point that he makes is one I would agree with.

Senator Sean D. Barrett: Thank you, and he also says in Vol. 2 at page 47, he says:

[N]either [IA] the internal audit nor the Audit Committee was in a position to challenge credit decisions per se, where the main problems ultimately arose. The [IA] internal audit role in credit risk was limited mainly to carrying out inspections on processes such as adherence to terms and conditions of loan sanctions, which it duly did.

Mr. Fintan Drury: Sorry Deputy, or Senator, is that 47?

Senator Sean D. Barrett: It's page ... sorry it's page 101, there are two numbers there, not to confuse, 101 and it's in Vol. 2.

Mr. Fintan Drury: 101.

Senator Sean D. Barrett: And it's where Nyberg looks at the internal audit function.

Mr. Fintan Drury: Right.

Senator Sean D. Barrett: And, in particular, it's towards the end of the paragraph. That's the section I'm asking you to respond to. Did you think that those defects existed in the-----

Mr. Fintan Drury: No.

Senator Sean D. Barrett: -----in internal audit and at the bank?

Mr. Fintan Drury: At the time no, I thought we had a good internal audit function. And I ... my recollection is of individuals who worked within internal audit was of them being very diligent, very independent and so I didn't have that sense at the time, Senator.

Senator Sean D. Barrett: Yes. Do you have it now?

Mr. Fintan Drury: Well, I mean, I think that ... you know, I said earlier on in my evidence that ... or my contribution, that I thought Dr. Nyberg's report had, in large measure, been pretty accurate. I had had the opportunity to meet with him and to be interviewed by him. So I'm not ... you know, there are few enough points that I would take issue with in his report and this would not be one of them because I'm not in a position to have assessed it and looked at it in the way in which he did. What I am merely saying is that at the time it was not something which I would have considered to be in any way a problem.

Senator Sean D. Barrett: Could I bring you back to Vol. 1 on page 19 if I may? And it will come up on your screen:

Anglo

The Risk function in Anglo was inadequately resourced and did not have the conviction necessary to ensure compliance with credit policy. [...] The Board [therefore] lacked an internal, robust source of risk assessment and external feedback.

He also raised the issue which Deputy John Paul Phelan had as to he's not sure whether the key letters from the Financial Regulator were passed on to either the risk and compliance committee or to the board.

Mr. Fintan Drury: Well, I don't agree that the risk function was inadequately resourced. And it's important to remind the committee that when I said that in my opening statement I said ... I used the past tense, that I had believed that the risk function was adequately resourced when I was working as a non-executive director of the bank. I don't believe certainly that the risk committee was ... lacked any degree of independence or lacked any degree of capacity to investigate and to push and probe and ask questions of the risk function.

Senator Sean D. Barrett: Because he says there, "The lack of adherence to good credit standards was manifest with exceptions to policy a frequent occurrence."

Mr. Fintan Drury: Is this Nyberg or-----

Senator Sean D. Barrett: That's page 19, yes-----

Mr. Fintan Drury: -----is this the PAC?

Senator Sean D. Barrett: It's paragraph 2.9.6 and it's headed *Anglo*.

Mr. Fintan Drury: But is it Nyberg or is it PAC?

Senator Sean D. Barrett: I think it's come up on the screen.

Mr. Fintan Drury: No, I know, I can see it all right, the question ... I'm asking the question is it ... is it sorry, is it Nyberg or is it the PAC? I don't remember seeing that in Nyberg.

Senator Sean D. Barrett: Yes, Nyberg.

Mr. Fintan Drury: Okay. Well, I mean certainly we, you know, the point is already been made that we did not receive ... sorry, I did not see correspondence from our ... anything that was of ... should have been of concern from the Financial Regulator. So the extent to which we lacked an internal, robust source of risk assessment and external feedback is, I think, questionable because the external feedback was something which we did on a very regular basis. I believe this committee must have seen extensive copies of minutes of the risk and compliance committee and of its work and I believe that all of that documentation illustrates or demonstrates the extent to which there was a very intensive assessment of what was going on. It was clearly deficient in some respects, I mean ... there's ... again, I hope I haven't tried to avoid that fact, or come across as I'm avoiding that fact, but it was clearly deficient. But at the time we would have all have felt and considered it to have been extremely robust.

Senator Sean D. Barrett: Because he's very strong on-----

Mr. Fintan Drury: Yes I accept that.

Senator Sean D. Barrett: -----"the lack of adherence to good credit standards was manifest with exceptions to policy a frequent occurrence".

Mr. Fintan Drury: No, I mean ... look, I accept I'm not here to judge the-----

Senator Sean D. Barrett: Where would the ... some of the correspondence from the regulator which he has doubts about, where would that have gone? I mean, I presume would that go to the company secretary or to the chief executive?

Mr. Fintan Drury: It's an interesting question. And in drawing the example of what had occurred with the regulator in Switzerland, I suppose I was trying to make the point that that initiative, and it was a relative to ... I mean relative to what we're dealing with here it was a relatively small issue, the details of which I don't remember. But the regulator in Switzerland immediately made contact with a non-executive director of the board and elevated it to that point. I think that the letters that we didn't see, or the correspondence - and I presume there's more than one letter but certainly the letter that you shared with me, I hadn't seen before. That letter I would have thought two things. One, when it landed wherever it landed in Anglo it should have been cc'd ... it should have been copied to the risk committee and I would have thought the other observation I'd make is that it should have been in the letter, it should have stated that we expect the board to be made aware of this.

Senator Sean D. Barrett: I've run out of time but Ireland should emulate Switzerland I think is what you're recommending then, would that be right?

Mr. Fintan Drury: Not really.

Chairman: Don't be leading, and I'm going to move on. Thank you very much, Senator Susan O'Keeffe.

Senator Sean D. Barrett: Thank you, Chairman, and thanks Mr. Drury.

Senator Susan O’Keeffe: Thank you Chair. Mr. Drury I’d like to just clarify some facts if I might.

Mr. Fintan Drury: Sure.

Senator Susan O’Keeffe: You said you’d been the ... you’d given PR advice to Anglo. Were they a client of yours in the ‘90s and if so for how long?

Mr. Fintan Drury: Correct. Well, they were a client of the company’s, Senator, from, I think, around and I don’t know exactly but around ‘93, ‘94 and they remained a client after I sold the business in 1999. But I had no ... I would have had no active involvement with the bank between 1999 and 2002.

Senator Susan O’Keeffe: Okay. The first time that you advised Mr. Cowen, was that when he was Minister for Transport in 1993 when you advised him on Aer Lingus?

Mr. Fintan Drury: Correct.

Senator Susan O’Keeffe: Okay. Again then, when he became the Minister for Health in 1997, did you have the account as your company, did you have the account for the Minister-----

Mr. Fintan Drury: No-----

Senator Susan O’Keeffe: -----did you advise him as Minister for Health?

Mr. Fintan Drury: Yes, we did as a company, we did some work with him when he was Minister for Health. But there wasn’t a ... in the same way as there hadn’t been with Transport, Energy and Communications, there wasn’t an account as such. We were brought in to do that particular piece of work on ... on ... I beg your pardon, on Aer Lingus. And we did a piece of work-----

Senator Susan O’Keeffe: And got paid?

Mr. Fintan Drury: -----yes, for the Department of Health in a similar fashion. It wasn’t an account as such, we weren’t on a retainer for you know, all the time he was there.

Senator Susan O’Keeffe: Okay. And again did you advise on flotation of Telecom for the Government at that time?

Mr. Fintan Drury: No.

Senator Susan O’Keeffe: No, okay.

Mr. Fintan Drury: I’m ... the reason I’m hesitating is did we ... no, I don’t believe we did, no.

Senator Susan O’Keeffe: That’s fine. Did Seán FitzPatrick invest in your Drury Sports Management business?

Mr. Fintan Drury: Yes, he did.

Senator Susan O’Keeffe: Did he invest as Mr. FitzPatrick or as Anglo-----

Mr. Fintan Drury: No, as Mr. FitzPatrick.

Senator Susan O’Keeffe: As Mr. FitzPatrick. Was that the first time you had an investment arrangement with him?

Mr. Fintan Drury: First and only time.

Senator Susan O’Keeffe: And then you joined the board in 2002?

Mr. Fintan Drury: Correct.

Senator Susan O’Keeffe: Okay. How do you know Alan Gray?

Mr. Fintan Drury: I first met Alan Gray because I did a small amount of speech writing for Brian Cowen on a personal basis and the first time, I think, I met Alan Gray was that ... I don’t remember the occasion, but Brian Cowen was delivering some speech and I wanted to get some macroeconomic facts to incorporate into the speech, whatever it was that I was drafting for him at that time, Senator.

Senator Susan O’Keeffe: Was that something that you did routinely, a bit of speech writing for him as his private-----

Mr. Fintan Drury: No, no. There were other people who were better equipped than I but on certain occasions ... there were certain-----

Senator Susan O’Keeffe: You did do it?

Mr. Fintan Drury: Yes, but not regularly. So ... occasionally I would have done it with him or for him, yes.

Senator Susan O’Keeffe: And did you do it as a friend or were you paid?

Mr. Fintan Drury: Yes, absolutely. No, no, it wasn’t a professional-----

Senator Susan O’Keeffe: And was that all the way through, Mr. Drury, from 1993 right through, or-----

Mr. Fintan Drury: Oh no ... sorry, it would have been intermittently, you know, and they were, I liked to convince myself that they were particularly important speeches. They probably weren’t but they were set-piece events that occasionally he would ring me and say, “Look, would you be able to ... I’m doing this in a month’s time or six weeks’ time, would you have time to ... “. And also he would tend to pick things that I might be particularly interested in. So I had a particular interest in the North of Ireland from my time as a journalist, you know-----

Senator Susan O’Keeffe: So he would call you up and say, “Fintan-----

Mr. Fintan Drury: He’d call me up and it would be as casual as that, yes.

Senator Susan O’Keeffe: Okay. When did you learn about the contracts for difference and Seán Quinn and his involvement-----

Mr. Fintan Drury: Autumn 2007.

Senator Susan O’Keeffe: Do you know when the Financial Regulator was informed about that?

Mr. Fintan Drury: I would hope that the Financial Regulator was informed the evening ...

or immediately after the board meeting at which the board was informed.

Senator Susan O’Keeffe: So that would have been-----

Mr. Fintan Drury: That was a clear instruction from that day, “The Financial Regulator, all the relevant authorities, need to be informed of this.”

Senator Susan O’Keeffe: Okay. So that means, therefore, that the authorities knew that in 2007 ... is ... that’s yes, okay.

Mr. Fintan Drury: Sorry, as far as we, the board, were concerned, yes.

Senator Susan O’Keeffe: So why do you think that Seán FitzPatrick, given that he knew the authorities knew ... and, you know, there was a relationship there about this matter, why would Seán FitzPatrick want to speak to Mr. Cowen when he was actually at the other side of the world? At that point.

Chairman: I’m just going to make an intervention there. Mr. Drury cannot answer for Seán FitzPatrick. He can only answer for himself. Okay.

Mr. Fintan Drury: I understand the question, though-----

Senator Susan O’Keeffe: The question is whether Seán FitzPatrick-----

Mr. Fintan Drury: I’m happy to take the question, no problem. I think I said - I hope I said - that when I received the call from Seán to say ... in March 2008, to say that he wanted to speak with Brian Cowen or could I see would Brian Cowen speak with him, it was about the liquidity issue, not ... not specifically about Seán Quinn.

Senator Susan O’Keeffe: Okay. Well, all right.

Mr. Fintan Drury: I think I said - and if I didn’t I should have.

Senator Susan O’Keeffe: No, no. Yes, okay. Just so you know, in evidence Mr. Cowen said to us that he had returned ... he had had a call, when he was away, and that the overhang of shares in relation to the Quinn issue was raised with him in that call, just so you know.

Mr. Fintan Drury: And I guess in ... and I won’t delay you ... but in some respects, that makes sense because clearly it was having an impact on liquidity.

Senator Susan O’Keeffe: When Mr. Cowen got off the plane, apparently ... Mr. Ahern gave evidence that Mr. Cowen came straight to his house at that point ... when he got off the plane after that visit abroad, he came directly to Mr. Ahern’s house. Were you aware of that or were you at that meeting?

Mr. Fintan Drury: Was I at the meeting between Bertie Ahern and Brian Cowen?

Senator Susan O’Keeffe: I’m just asking.

Mr. Fintan Drury: No.

Senator Susan O’Keeffe: Were you aware that that meeting had taken place?

Mr. Fintan Drury: Yes.

Senator Susan O’Keeffe: Okay. And what did you know about that meeting and how did you become aware of it?

Mr. Fintan Drury: Brian Cowen told me.

Senator Susan O’Keeffe: And what did he tell you?

Mr. Fintan Drury: I don’t remember, other than he told me that the meeting had taken place. He knew that he could discuss something of that import with me and he knew that it would be discussed with nobody else.

Senator Susan O’Keeffe: Okay. So you did say ... in your own opening statement this morning, you were actually explaining about the convoluted golfing thing and you said, “Look, I saw him a lot”. You meant Mr. Cowen. So, obviously, you saw him a lot because you knew him. What kind of things did you talk to him about? Because this goes to the heart of what we’ve been talking about. Or are you ... you’ve just told us you talked about contracts for difference with him.

Mr. Fintan Drury: Pardon? I never said any such thing, Senator.

Chairman: Don’t lead the witness.

Senator Susan O’Keeffe: Okay. I’m sorry, I’m not trying to lead. If I’ve made a mistake, I apologise.

Chairman: No, yes, but don’t make the statement, ask a question.

Senator Susan O’Keeffe: I’m sorry.

Mr. Fintan Drury: I didn’t say that I had ever discussed CFDs with Brian Cowen-----

Senator Susan O’Keeffe: I beg your pardon ... I apologise.

Mr. Fintan Drury: What I said was that-----

Senator Susan O’Keeffe: I beg your pardon ... you said you discussed the meeting between Mr. Cowen and Mr. Ahern. I’m so sorry. Yes, okay.

Mr. Fintan Drury: I mean, my relationship with Brian Cowen was the same as the kind of relationship I have with some other friends, so ... we talk about ... when we meet ... less regularly, unfortunately, more recently, we meet, we talk about our lives, what’s going on in our lives. One of the refreshing things about Brian Cowen, having worked with, as a consultant ... and it’s probably important to put it on the record, having worked as a consultant with politicians from Fine Gael and the Labour Party over many years, in just as intense a manner in which I did with Brian Cowen or ... when he was Minister. The relationship with Brian Cowen was such that we ... we talked about everything. We talked about, you know ... except things that were, as far as I was concerned, and he was concerned, off limits. And I’ve already made that point very clear, I think, to the committee. So the discussions we’d have had would have been about family, would have been about sport. One of the refreshing things about Brian Cowen, he was one of the few people in politics - and I’m conscious of where I am - who was as interested in my life and interested in my work as I was in his. And so it was a very natural, normal relationship.

Senator Susan O’Keeffe: The meeting between Mr. Ahern and Mr. Cowen, was that not off limits, given that that was about-----

Mr. Fintan Drury: No. Why would that be off limits? He was ... I mean, when I talked about off limits to this committee, it is in the context of my business dealings. And that if I was involved in any business that had ... if I had been on the board of Ryanair, and Brian Cowen was Minister for aviation, Brian Cowen and I would have met and talked about everything and anything but we would not have talked about aviation matters. We would not have talked about Ryanair or Aer Lingus or IAG.

Senator Susan O’Keeffe: Okay, thank you. Can I just take you back, for clarification if I may, to the Druids Glen-----

Mr. Fintan Drury: Sure, yes.

Senator Susan O’Keeffe: -----for the golf ... and you’ve said what you’ve said. But what I just want to clarify ... the meeting that you had ... you had a meeting ... you sat down to have a chat or a meeting with an agenda before you went out to play golf, that’s correct? Okay.

Mr. Fintan Drury: Yes.

Senator Susan O’Keeffe: And that was ... was that in the morning or the afternoon or do you recall-----

Mr. Fintan Drury: It was over lunch, but it was relatively informal in the sense that, as I said, Alan Gray brought an agenda, and Alan being Alan, it was a very, you know, thorough agenda of issues that he wanted and believed that we should discuss. And so when I say it was relatively formal, there was a discussion which went through those agenda items.

Senator Susan O’Keeffe: Okay. And do you recall any of the agenda items, Mr. Drury?

Mr. Fintan Drury: Yes, there was ... you know, there were discussions about social welfare, there was discussions about the environment, there were ... there was a discussion about, you know, foreign direct investment - standard things that were going to be important, as we saw it, for him in terms of his position as Taoiseach.

Senator Susan O’Keeffe: And do you recall whether Mr. Cowen raised at all the fact that there was a huge tax shortfall, whether the ... unemployment was rising, the-----

Mr. Fintan Drury: The rise in unemployment was something that, you know, we would all have been conscious of, nobody needed to raise it.

Senator Susan O’Keeffe: But the economic activity was at a standstill. Was he-----

Mr. Fintan Drury: Yes, and that’s why we would have talked about things like foreign direct investment, etc. That was very much ... there was a very significant focus on that, Senator, yes.

Senator Susan O’Keeffe: And can you recall-----

Chairman: Wrap up, Senator, now.

Senator Susan O’Keeffe: I’m finishing, thank you. Can you recall was that meeting ... did you, like, have a little private room where you had the meeting and then go out to play golf?

Mr. Fintan Drury: It was ... it was private. And I should have made that clear. It was ... that particular meeting was private ... was held in private and then the discussions ... everything

else was in full public glare, as I described it.

Senator Susan O’Keeffe: Okay, and finally, Chair, do you remember who ... I mean, obviously there was lunch, there was golf, there was drinks, there was dinner and so on, who finally paid for the event?

Mr. Fintan Drury: I have no idea. As the Chair asked me earlier, I don’t remember.

Senator Susan O’Keeffe: You don’t remember.

Mr. Fintan Drury: All I know is it wasn’t me.

Senator Susan O’Keeffe: It wasn’t you. But you had pulled everybody together-----

Mr. Fintan Drury: Well, I had-----

Senator Susan O’Keeffe: -----but you didn’t pay for it

Mr. Fintan Drury: No.

Senator Susan O’Keeffe: No. Thank you.

Chairman: Thank you very much. Senator Michael D’Arcy. Senator.

Senator Michael D’Arcy: Thank you, Chairman. Mr. Drury, you’re very welcome. *The New York Times* article “Can one bank-----

Chairman: Phone interference there coming near you, Senator D’Arcy. I know it may not be yourself but someone’s phone is interrupting.

Senator Michael D’Arcy: *The New York Times* article, Mr. Drury, “Can one bank bring down a country?” I’m not sure are you aware of it.

Mr. Fintan Drury: Am I aware of the article?

Senator Michael D’Arcy: Yes.

Mr. Fintan Drury: Yes.

Senator Michael D’Arcy: Do you think it’s fair?

Mr. Fintan Drury: The article or the statement?

Senator Michael D’Arcy: The article.

Mr. Fintan Drury: I’d need to reread it, to be truthful. I don’t-----

Senator Michael D’Arcy: Well, just go with the headline.

Mr. Fintan Drury: Do I think the-----

Senator Michael D’Arcy: The headline.

Mr. Fintan Drury: -----headline is fair? No.

Senator Michael D’Arcy: You don’t think it is?

Mr. Fintan Drury: No.

Senator Michael D’Arcy: Why?

Mr. Fintan Drury: Well, I mean, we’re getting into a potential treatise on what happened in terms of the economic failure and, within that, the failure of the banking system. I’m here, as I understood it, to deal with what I know or didn’t know, or what I did and didn’t do in respect of Anglo Irish Bank. My views on what happened by way of the----

Senator Michael D’Arcy: Okay but-----

Mr. Fintan Drury: -----the overall economic meltdown----

Senator Michael D’Arcy: Okay, we’ll move on then.

Mr. Fintan Drury: Was Anglo a contributor to it? I’ve no difficulty with that but saying did it ... was it solely responsibly for breaking the country? I think that’s a non ... I think that’s incorrect.

Senator Michael D’Arcy: Did you participate in the appointment of David Drumm as CEO of Anglo Irish Bank?

Mr. Fintan Drury: I did.

Senator Michael D’Arcy: Could you outline your role?

Mr. Fintan Drury: Sure. I was not a member of the nominations committee and I was asked by Peter Murray, as I recall, who was then chairman, to join the nominations committee for that particular appointment. And I was happy to do so in the sense that I felt that I could add value. I had had a good relationship with most of the senior executives in the bank. I had no particular favourites, if you like, and I also had a view, which I had expressed at board, that the bank should consider outside appointees, which wasn’t a view that was, you know, unanimously shared. Some people had that view; others didn’t, which is fine. So the approach that we took was ... would stand up to scrutiny anywhere. It was extremely thorough. We had specialist consultants who worked with us on developing and refining the job spec, if you like, who also helped with us in drawing up a provisional list of possible candidates, if we were going to look outside the bank. And over a period of months and a considerable amount of work, we went through a process whereby we assessed all of the possible candidates and made a decision to narrow it down to three, maybe two, and David Drumm won the race. And-----

Senator Michael D’Arcy: And who were the other two?

Mr. Fintan Drury: I beg your pardon?

Senator Michael D’Arcy: Who were the other two?

Mr. Fintan Drury: Sorry, I ... well, they were all internal.

Senator Michael D’Arcy: Internal.

Mr. Fintan Drury: Yes.

Senator Michael D’Arcy: Do you think an external candidate would have facilitated Seán FitzPatrick becoming chairman? Or external ... sorry. Sorry, external.

Mr. Fintan Drury: Yes, funny. I never ... I actually never thought of that particular question. Would-----

Senator Michael D’Arcy: Should you have thought of it?

Mr. Fintan Drury: Yes, possibly. I think that the issue didn’t arise in the sense, Senator, that we didn’t ... we never got to the point of, you know, when we short-listed. There was no external candidate on the shortlist which, personally, I felt - and this isn’t, you know, after the fact - I felt probably would have been a good thing that we had such a third party or an external party, rather. So-----

Senator Michael D’Arcy: Was there ever going to be an external candidate considered?

Mr. Fintan Drury: Oh, yes, it was discussed and I mean, it wasn’t just discussed at ... when we ... as I recall, when we reduced the number of candidates to a shortlist, that was discussed at a general board meeting, informally. Obviously, it wasn’t a full board meeting because there were no executive directors there, clearly, and what we did was, at that stage, came back to the question of whether or not there should be an external candidate. Personally, I would always have thought it was good. Apart from anything else, that in a process like that, you were, kind of, benchmarking the top people you have in your bank against an external candidate who’s from another institution.

Senator Michael D’Arcy: Okay. Can I ask you, Mr. Drury: were you aware of Brian Cowen’s or Brian Lenihan’s or the Department of Finance’s actions prior to the guarantee, in terms of the work that they were doing in case of-----

Mr. Fintan Drury: No, absolutely not.

Senator Michael D’Arcy: You weren’t aware?

Mr. Fintan Drury: Absolutely not.

Senator Michael D’Arcy: Were you aware that Brian Lenihan sought advice outside of standard channels?

Mr. Fintan Drury: I wasn’t aware until afterwards. No, not at all. But I didn’t ... I mean, I knew Brian Lenihan but I didn’t have a personal relationship with Brian.

Senator Michael D’Arcy: Were you aware that Brian Cowen sought external advice on the night of the guarantee with Mr. Alan Gray?

Mr. Fintan Drury: No.

Senator Michael D’Arcy: No. If I could back to the conversation that you organised with Mr. FitzPatrick and Mr. Cowen, there seemed to be an apparatus where you picked up the phone, you spoke to Mr. Cowen. “Will you take a call, Mr. Cowen?” He didn’t take the call directly. He then spoke to others to see if it was okay ... appropriate to take the call. That didn’t seem to be available or was it available or should have been available, when you were organising the golfing outing?

Mr. Fintan Drury: Well, I think this is a very important area. So, if I may, Chairman, I would like to indulge myself by trying to deal with it as comprehensively as I can without keeping up the Senator’s time.

Senator Michael D’Arcy: The Chair, I’m sure, will indulge more of your time. About 20 minutes.

Mr. Fintan Drury: Because ... and I understand the dynamic of the questioning and why people are taking particular lines and I understand that fully. But I’m concerned that there should be an absolutely clear delineation between what happened a few days after Patrick’s Day in March 2008 and what happened in Druids Glen or around Druids Glen. Okay, so you’re essentially ... your question is saying, you’re putting those two things together and you’re saying there was, to use your word or term, an “apparatus”, for the first one and there wasn’t an “apparatus” for the second one, and should there have been?

Senator Michael D’Arcy: That’s what I’m asking.

Mr. Fintan Drury: No, I understand. The first one was a specific query by the chairman of the bank which I was a non-executive director of, “May I presume to ask you to speak ... can I speak to the Minister for Finance. Will he take my call?” Okay? And I said, “I don’t know. What do you want to talk to him about?” And he told me what he wanted to talk him about. I put a call through to Brian Cowen. Brian Cowen did what he did and I believe 100% appropriately so, went through the appropriate channels and said ... and handled it in the manner in which he did. The Druids Glen episode was nothing to do with Anglo Irish Bank ... was nothing to do with anything other than-----

Senator Michael D’Arcy: The majority of people attending were ... had an Anglo Irish Bank link.

Mr. Fintan Drury: I recognise that. The majority of people there happened to have independent roles, completely separate to Anglo Irish Bank, with the exception of Seán FitzPatrick. The Taoiseach had no links with Anglo Irish Bank, whatsoever. I was a former non-executive director. Alan Gray was a director of the Central Bank and Gary McGann was chief executive of Smurfit Kappa. You are comparing what happened in a very specific instance where I was being asked to perform a duty as a non-executive director and establish whether or not the Minister for Finance would take a call from ... and, in the case of Druid’s Glen, that emerged from ... evolved from a discussion that I had had with Brian Cowen which was, “Your holidays are coming up, you need to ... before you go away, you need to start thinking about macroeconomic issues and can we work together to get a group of people?”, and he was-----

Senator Michael D’Arcy: Just, as a point of information, were you asked to make the phone call as a non-executive director or as a pal of Brian Cowen’s? Which was it? By Seán Fitzpatrick. Were there other directors who were there?

Mr. Fintan Drury: No. I mean, sorry ... I ... with ... I won’t use that “with respect” word because it always suggests the opposite, but the truth is, Senator, that I-----

Senator Michael D’Arcy: Why did Seán FitzPatrick select you?

Mr. Fintan Drury: I ... well, he ... clearly, I mean, look, Seán FitzPatrick was chairman of Anglo Irish Bank. He wanted to talk to somebody in government about his concerns and he knew that I, as most people did, know Brian Cowen extremely well and would probably have Brian Cowen’s phone number.

Senator Michael D’Arcy: But was that the appropriate channel to go through?

Mr. Fintan Drury: It was the channel that he went through.

Senator Michael D’Arcy: Well, I am asking you and no, you answered a different question. Was it the appropriate channel for Seán FitzPatrick to go through?

Mr. Fintan Drury: I believe it is perfectly appropriate for ... in a situation like that. I believe today, it is perfectly appropriate in a situation like that for ... if there was a chief executive or a chairman of one of the financial institutions today and he needed or felt he needed to speak promptly with the Minister for Finance and he knew that one member of his board was close to the Minister for Finance and he rang the member in question and said, “Would you see if Michael Noonan will take a call from me?”, and if Michael Noonan said, “I need to talk to the Governor of the Central Bank and I will come back to you”, and he did what Brian Cowen did, I would have thought as a citizen of this State, that was perfectly and utterly appropriate.

Senator Michael D’Arcy: Did you not compromise the Minister for Finance by making that call?

Mr. Fintan Drury: The Minister for Finance is a big boy-----

Senator Michael D’Arcy: Did you not compromise-----

Mr. Fintan Drury: -----and he is quite capable of turning around to me and saying, “Actually, Fintan, you know you are putting me in a very awkward position here. I don’t want to tell to, you know, that this is inappropriate but I actually have to.”

Senator Michael D’Arcy: He phoned the Governor, Governor Hurley, is that correct?

Mr. Fintan Drury: Well, as I explained I ... you know, made the phone call-----

Senator Michael D’Arcy: But he-----

Mr. Fintan Drury: -----that was how he dealt with it, as far as I was aware.

Senator Michael D’Arcy: Am I correct in saying he spoke to the Governor to see was it appropriate?

Mr. Fintan Drury: Yes.

Senator Michael D’Arcy: Did you not compromise the Minister for Finance by making that phone call?

Mr. Fintan Drury: I don’t believe I did. But that ... but if I had inadvertently compromised the Minister for Finance in making that phone call, the Minister for Finance would have told me so.

Senator Michael D’Arcy: Mr. Drury-----

Chairman: Wrap up?

Senator Michael D’Arcy: No, I have three minutes.

Chairman: All right.

Senator Michael D’Arcy: Three minutes, Chairman. You said you were stopping-----

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Chairman: I'll give you a bit of time but I am asking are you moving it towards wrapping up?

Senator Michael D'Arcy: Mr. Drury, the NTMA were very clear and it's been given by former members of the NTMA that they did not wish to place deposits in Anglo Irish Bank. Was that this ... was that matter discussed with the board?

Mr. Fintan Drury: I have no recollection of that being discussed.

Senator Michael D'Arcy: You have no knowledge.

Mr. Fintan Drury: I don't have any recollection of that being discussed.

Senator Michael D'Arcy: You said you were in college with Mr. Cowen.

Mr. Fintan Drury: I didn't say that, no.

Senator Michael D'Arcy: Oh, sorry.

Mr. Fintan Drury: But I was.

Senator Michael D'Arcy: Okay. Someone said you were-----

Chairman: We'll give you that one.

Senator Michael D'Arcy: Somebody said you were in college with Mr. Cowen.

Mr. Fintan Drury: He did, I think.

Senator Michael D'Arcy: He did.

Mr. Fintan Drury: But we didn't know each other well in college.

Senator Michael D'Arcy: Okay. Were there any other people who you were in contact with on the night of the guarantee or did anybody ask your advice in relation to the guarantee, matters attached to the guarantee or how the matter could have been communicated to the people?

Mr. Fintan Drury: No. The only contact I had in those few weeks was I got a phone call ... I remember I was away and I got a phone call to see if I could ask Brian Lenihan to see Seán FitzPatrick and I think maybe David Drumm at relatively short notice.

Senator Michael D'Arcy: And when was that?

Mr. Fintan Drury: Well, it was, you know, it was ... I don't know precisely. I know I was away, so I think it was probably mid, sort of second week of September, I think. And what I did was, because I didn't have a relationship with Brian Lenihan at all, but I contacted Cathy Herbert and I basically handed the request to her as the person appropriate, I felt, to deal with the request. And that was the extent of it. And important to fill out the answer, I did have a phone call in the week of what turned out to be the guarantee, I had a phone call from the chief executive of the bank, of Anglo Irish Bank, and he asked my advice on something and I suggested to him that I couldn't really advise him but I suggested a course of action. And I think the Chairman would understand why I am being somewhat obtuse, which I have tried to avoid. But I suggested a course of action that he should take. I was not aware at all of, you know, anything that was going on in respect of the machinations within Government.

Senator Michael D’Arcy: Okay.

Mr. Fintan Drury: I wasn’t aware and wouldn’t have been aware.

Senator Michael D’Arcy: And just to finish up, Mr. Eugene McCague, who gave evidence here also, was also in college with Mr. Brian Cowen, former Taoiseach. Did you know Mr. McCague in college?

Mr. Fintan Drury: Not in college, but I met him. Sorry, not just met him, I got to know him subsequently, yes.

Senator Michael D’Arcy: You got to know him.

Mr. Fintan Drury: Yes.

Senator Michael D’Arcy: Did you advise Arthur Cox or did you advise him in relation to the role played in ... by his company in the bank guarantee?

Mr. Fintan Drury: Absolutely not.

Senator Michael D’Arcy: No. Thank you.

Chairman: Okay. Thank you very much, Senator, I am going to move to wrap things up. Mr. Drury, in doing so, can I just put one question to you myself and then I’ll invite the leads in subsequently. Mr. Drury, your testimony of this afternoon would indicate that you were unfamiliar or not aware of the following: key concerns expressed by the Financial Regulator about commercial property lending activities, the levels of exceptions of lending policies, the experience needed to manage a fast-growing monoline bank such as Anglo, broader implications of the rapid growth in lending and profits of Anglo, implications of lending to such a concentrated number of developers, the extent of breaches in regulatory sectoral lending limits, the extent of interest roll-up within the Anglo loan book, the implications of combining the roles of CRO and financial director. Mr. Drumm, or sorry, Mr. Drury, my apologies. Mr. Drury, can I ask you to explain to this committee what role and purpose did you provide for Anglo?

Mr. Fintan Drury: I was appointed to the board of Anglo Irish Bank in 2002 and one of the reasons why I think I was appointed was because I was a generalist, as opposed to somebody who had, kind of, linear experience or professional experience. And in that context, I feel that I contributed very well as a non-executive director. I was somebody who understood what the bank was trying to achieve, who understood the ambition of the bank, who understood the need to balance growth with control and I think that the issue around my suitability really in some people’s minds relates to question of my chairmanship of the risk committee and my role on the risk committee. And I think in that respect, I would say ... make the following points, Chairman. No. 1, when I assumed the position as chairman of the risk committee, I had served five years on the risk committee at that point. So I had a ... a strong understanding of the risk management function, how it worked and how the risk committee worked. I think that the second point is that at that time, I said very clearly to Seán FitzPatrick that I would like the composition of the risk committee to be changed in order that there would be high-quality financial people on the committee with me and in that sense, Ned Sullivan, who had been chairman of the audit committee for four, maybe six years prior to that, he became a member of the risk committee. Noël Harwerth, who was chief operations officer of Citigroup, she became a member of the committee and Lar Bradshaw, who was former managing partner of McKinsey, became a member of the committee. And my job was also, I think, to be seen in the context of I had been chairman

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of Paddy Power plc for a considerable period of time- almost six years by then. Over that time and Paddy Power you know, may seem like a very different business. But in many respects, the work that a company like Paddy Power does in the gambling industry is very, very significantly layered with risk and the management of risk. And in that respect, my experience as chairman of Paddy Power of the board of Paddy Power overseeing significant growth in the market capitalisation of Paddy Power, overseeing the appointment of a new chief executive, I think made me suited to the position as chairman of the risk committee. I accept fully, the points that you have made in summary, harsh and all as they may appear. What I have been attempting to do in my testimony to your committee, Chairman, is ... is to account for what I could account for. And as I said in my opening remarks, if I cannot give an answer, I will say so. I do think that the remarks that you have made are unfair in the context of somebody who was chairman and a member of a risk committee and a member of a board of directors who was compromised by the fact that there was a significant amount of information which we ... which was not shared with us. It may not have been significant in terms of the quantum, but it was certainly - and the evidence is there now - it was certainly significant in respect of its import. And I do think that I was equally compromised by the fact that I have had to give evidence today in circumstances where there are acute sensitivities around what I can say about individuals, or even groups of individuals, not naming people. I was told in advance of coming in to give testimony today that I couldn't even talk about "the leadership of the institution". And if that is the case then to-----

Chairman: I'd be mindful now, Mr. Drury.

Mr. Fintan Drury: Pardon?

Chairman: I'd be mindful if you're disclosing-----

Mr. Fintan Drury: I ... I ... no, I'm not.

Chairman: -----any conversation outside this room, okay?

Mr. Fintan Drury: No, I'm not. I'm ... I am conscious ... but, in a sense, your interruption makes my point for me, that I have been giving evidence to your committee with the best of intentions and with the most honest perspective I can give you, but you have asked me to give that evidence in a situation where I am significantly compromised about what I can say and what I cannot say. And so I think that the summary is inaccurate and unfair.

Chairman: Okay, thank you. We move to wrapping things up. Deputy Murphy.

Deputy Eoghan Murphy: Thank you, Chair, and thank you, Mr. Drury. Just a few points for clarification, if I may.

Mr. Fintan Drury: Sure.

Deputy Eoghan Murphy: There was a loan review process by risk management in 2004. Do you remember that, or do you remember at least from the documentation?

Mr. Fintan Drury: I didn't remember it until I saw it in the documentation.

Deputy Eoghan Murphy: Okay. And so in April 2004 Pat Whelan, who is the head of group risk, writes a memo, in which he notes that development exposure has increased from the guideline limit of 15% of the total loan book to about 21%, and there's a need to agree a strategy to reduce the exposure. Was any strategy agreed to reduce the exposure, from your recollection?

Mr. Fintan Drury: I mean, I'm conscious of how the Chairman has summarised some of my testimony. I ... you know, 2004 is 11 years ago. I saw the document four weeks ago. I'm in ... you know, I'm prohibited from showing the document, sharing the contents of the document, quite correctly, with any third party. I cannot give you - and this may not serve my purposes well in terms of how I will be perceived by members of this committee or by the public - I cannot give you an honest or authoritative answer to that question.

Deputy Eoghan Murphy: Okay. So then following on from that, in terms of why the warning in the memo might have been ignored or not followed up on, can you recall? Because development ... exposure to development only increased after that period, rather than decreased?

Mr. Fintan Drury: Yes, I understand that, and that-----

Deputy Eoghan Murphy: Yes?

Mr. Fintan Drury: If you look at that, and my view at that time was that that's a kind of, a ... almost like a point at ... 15% to 21% of a shift is not necessarily that significant, but it's actually just the start of a trend, if you like.

Deputy Eoghan Murphy: Can you explain why then, why ... given the warning in 2004 ... in fact is ignored, the warning is ignored and the trend goes on, as it has been warned about at that point in time?

Mr. Fintan Drury: No, I ... other than what I've already said, which is I do think that we ... there was an acknowledgement or a ... there has to be an acknowledgement that the level of ... you know, that weighting between growth and control, which I've referred to, was not ... the balance between those two things was not correct.

Deputy Eoghan Murphy: Okay. Another thing I wanted to clarify, just going back to the Druids Glen outing, does the document, "Building on Achievement", does that ring a bell?

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: In relation to the Druids Glen?

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: You don't recall that being a document that Alan Gray brought and was discussed?

Mr. Fintan Drury: I don't.

Deputy Eoghan Murphy: For brainstorming?

Mr. Fintan Drury: I don't, but-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: I do recall him having an agenda and being, kind of, surprised ... not surprised, but-----

Deputy Eoghan Murphy: But agenda, not a document?

Mr. Fintan Drury: Yes, no, I don't remember a document, no.

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Deputy Eoghan Murphy: Okay. And then just to clarify, before you sat down for dinner there wasn't a brainstorming session at that point?

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: Okay. And just to remind me again, why exactly did Brian Cowen tell you that he'd spoken to Bertie Ahern after Seán FitzPatrick had spoken to him?

Mr. Fintan Drury: After Seán ... sorry?

Deputy Eoghan Murphy: Sorry, just what-----

Senator Susan O'Keeffe: Presumably about their meeting.

Deputy Eoghan Murphy: Yes, just to follow on from the evidence with Senator O'Keeffe, is it not the case that you were aware that Brian Cowen had spoken to Bertie Ahern after the March 2008-----

Mr. Fintan Drury: No, I'm sorry, I ... oh, beg your pardon. But she didn't talk to me ... I beg your ... may I correct what I may have ... the false impression that may have been created. You asked me, Senator, I think, was I aware that Brian Cowen had gone and met-----

Senator Susan O'Keeffe: Yes.

Mr. Fintan Drury: -----Bertie Ahern?

Senator Susan O'Keeffe: Yes. And you said, "Yes".

Mr. Fintan Drury: Yes, absolutely. Because that's the truth.

Senator Susan O'Keeffe: And that ... and you said that Mr. Cowen had told you that?

Mr. Fintan Drury: Correct, but-----

Senator Susan O'Keeffe: Yes, and he's just following up to know how and-----

Deputy Eoghan Murphy: Why?

Mr. Fintan Drury: But there was no ... but there was no discussion between ... there was no link in my head between the phone interaction I had had-----

Deputy Eoghan Murphy: Sorry-----

Mr. Fintan Drury: -----with Seán FitzPatrick ... or, I beg your pardon, with Brian Cowen about Seán FitzPatrick needing to talk to him-----

Deputy Eoghan Murphy: Brian Cowen-----

Mr. Fintan Drury: -----and him meeting Brian ... Bertie Ahern.

Deputy Eoghan Murphy: Brian Cowen had been away.

Mr. Fintan Drury: Yes, no, I know.

Deputy Eoghan Murphy: Seán FitzPatrick informed him of the position. Brian Cowen got home, and the first thing he did was went to meet Bertie Ahern. And Brian Cowen told you

about that meeting?

Mr. Fintan Drury: Correct.

Deputy Eoghan Murphy: Right. So why?

Mr. Fintan Drury: But that was because of ... it was absolutely nothing to do with Anglo Irish Bank or banking or liquidity crisis.

Deputy Eoghan Murphy: Just, "I met the Taoiseach"?

Mr. Fintan Drury: Nothing to do with any of that.

Deputy Eoghan Murphy: So, well, why did he tell you then?

Mr. Fintan Drury: Well, I mean, that's for Brian Cowen to ... I mean, I know what the content of that conversation was. But it is absolutely no relevance whatsoever to ... to this ... the work of this committee. None. And, I mean, I think if people look at events that happened thereafter.

Deputy Eoghan Murphy: Yes, sorry, you-----

Mr. Fintan Drury: Well, I mean, I think, you know ... I'm not talking about events in the financial-----

Chairman: Just wrap up now. Final question.

Deputy Eoghan Murphy: Just a final question then. At the point of your departure from the bank-----

Mr. Fintan Drury: Yes.

Deputy Eoghan Murphy: -----were you aware of the serious problems it was-----

Mr. Fintan Drury: No.

Deputy Eoghan Murphy: -----facing in relation to liquidity? No?

Mr. Fintan Drury: Oh, eh-----

Deputy Eoghan Murphy: In relation to liquidity?

Mr. Fintan Drury: Ah, yes. I mean, but not specific or particular to Anglo. I would have been aware that liquidity ... I mean, we had ... at board meetings ... John Bowe would come in at board meetings and give us updates on liquidity-----

Deputy Eoghan Murphy: Okay.

Mr. Fintan Drury: -----on a regular basis over those period of months.

Deputy Eoghan Murphy: No concerns about the robustness of Anglo bank or it's model at that point, summer of 2008?

Mr. Fintan Drury: Well, I mean, I think that not only did I not have no concerns about it, but, I mean ... and I do think in terms of my ... and I'm conscious, Chairman, that people want to wrap up, but, you know, again in the context of the summary that you gave of my testimony,

I mean, in two thousand ... in November 2008, which was five months after I had finished as a board director, a review was done of the Anglo loan book from top to bottom, and there was ... the view taken by the two directors who conducted that review, and which was independently verified by a firm of outside accountants, was that there was no requirement, that the bank did not ... the bank was in ... was perfectly solvent.

Deputy Eoghan Murphy: Thank you. Thank you, Chair.

Chairman: Deputy Doherty.

Deputy Pearse Doherty: Go raibh maith agat. If we can go to page 101 in core documents, Vol. 1, this is an extract from the loan review summary document dated 31 May 2007 and talks about risk exposure to unzoned land. Would you be familiar with this document? Would you have seen this document as chair of the risk committee?

Mr. Fintan Drury: 101? Yes, I would have.

Deputy Pearse Doherty: Yes, okay. And it talks about that 6% of the exposure is to unzoned land. It's totalling €627 million.

Mr. Fintan Drury: Yes.

Deputy Pearse Doherty: And it goes on to say, "However, the bank only lends in these circumstances to long-standing clients who are experienced developers and where the borrower has the ability to achieve zoning." How did the borrowers convince you that they were able to achieve zoning in different parts of the country?

Mr. Fintan Drury: Well, they wouldn't have convinced me, clearly, because they wouldn't have been engaged with me. I didn't know any of these people at all. But I think that in terms of their convincing of the lending team, they would have convinced them on the basis of their track record, and their track record of being able to move unzoned land to being zoned and, ultimately, to achieving planning permission. That would be the basis on which they would be ... would have been able to convince-----

Deputy Pearse Doherty: So move unzoned land-----

Mr. Fintan Drury: -----convince lenders.

Deputy Pearse Doherty: -----which is the sole responsibility of local authority members?

Mr. Fintan Drury: Sure.

Deputy Pearse Doherty: So they would have convinced the lenders that they had that ability "to move", in your words, "unzoned land"?

Mr. Fintan Drury: I can only assume that the people who were in front of lending teams would have made a case. And after all, it is 6%, but I accept that-----

Deputy Pearse Doherty: Yes.

Mr. Fintan Drury: -----the quantum is still material, Deputy.

Deputy Pearse Doherty: Yes, and-----

Mr. Fintan Drury: But they would have had to be able to convince the lenders-----

Deputy Pearse Doherty: As chair of the risk committee, did you not question this? Like, this was obviously unzoned land, had write-downs of in excess of 90%. Did you not question whether they ... they actually had the ability?

Mr. Fintan Drury: I think ... I think our focus would have been ... well, we would have questioned, I mean, we wouldn't have questioned the ability of the executives within the bank to determine whether or not the people that they were loaning money to, as a small percentage in this category, whether or not those people had the capacity to do what they said they would do. And then, I'm ... you asked me why would they have ... why would they have accepted or believed that those people were capable of ... of making money, if you like, from, from ownings on unzoned land, it would have been down to the, the individuals who ... who were being loaned the money.

Deputy Pearse Doherty: Okay. And, in page 121 we see a map of Ireland and we see that Anglo Irish Bank was exposed to €5.29 billion in, in loans for land in every single county in the Twenty-six Counties. Did this raise a concern to you that there was quite a bit of money being lent for land and unzoned land in, in most of those areas, that we have documents for as well, in, in different parts, where there didn't seem to be a huge demand?

Mr. Fintan Drury: I think the ... the truth is that, again, I can't remember definitively what would have been said or what would've been discussed in relation to this map. I think the map is interesting. I think the focus on the map, if we had focused on the map - I'm sure we did at some stage within that particular meeting - the focus would have been on where is the bulk of the money being ... being lent to, where is the bulk of the money that's being lent, being invested? And, I think that we would have gained some succour from where the bulk of the money was being invested rather than the ... rather than the reverse. But I, I take the point, looking at it now, that the spread, even, albeit that the ... the bulk of it was in, in parts of the country which were more-----

Deputy Pearse Doherty: Yes. Okay. Can you ... can I talk to you about, going back to the issue in, in relation to Druids Glen, and, prior to your evidence it would have been my impression the narrative was that - and the witnesses before us didn't correct that narrative, but weren't questioned on it - that it was a round of golf, dinner and discussions but now it's clear that there was a private meeting prior to that. In, in Mr. Cowen's testimony to this ... to this committee, he referenced a point where he says, "it was out in the open in a foyer of [the] Druids Glen golf club in full public view", we can only assume he was dealing with the second part of it and not the private meeting that we now know happened upstairs or in some room off the foyer, or, or somewhere out there. Can I ask you, in relation to your organisation of that event-----

Mr. Fintan Drury: Sure.

Deputy Pearse Doherty: So, and, correct me just where I'm wrong.

Mr. Fintan Drury: Yes.

Deputy Pearse Doherty: You organised the event. Brian Cowen was going, and understood he was going, to have a round of golf - how many holes is still questionable - with yourself and Seán FitzPatrick. You decided to have a private meeting with five individuals, then go for a round of golf, which takes, if it's nine holes, about two hours, and then continue the meeting afterwards, at a later stage over, over dinner or tea. Does it seem as if that's not the best way to organise a meeting? Usually, if I were to do it, I would organise the golf beforehand or

afterwards. But, you decided to put the golf, which would leave a number of your participants sitting, waiting for you to come in from the, the ninth hole or the 18th hole, depending how far you got.

Mr. Fintan Drury: I don't think I brought any particular, kind of, sort of ... I wasn't particularly concerned about the organisational element of it. It was a factor of what was possible. It was ... the principal reason for getting together was to have a discussion around the issues that I've already referenced in answer to, to Senator O'Keeffe's question, the kind of issues that, that Alan Gray had tabled in, in the agenda of items that we wanted to cover. That was the principal purpose ... was, however people may view the individuals who had been gathered, and whatever perception people may have those ... have of those individuals, the, the intention was that the Taoiseach would be able to draw down on their views, their expertise, across a number of key issues facing him, in terms of the economy at that point. And, the game of golf was very much a, kind of ... I wouldn't say an afterthought, because it was all stitched together, but the game of golf was purely to get him out for a bit of fresh air, and then we would reconvene over dinner. It didn't ... it didn't discommode those who weren't golfers, because they went away for a few hours and did something. And they knew in advance that was ... what was happening. So, I'm not really sure that I can enlighten you any further, other than what I've said already, in respect of this, now infamous, event.

Deputy Pearse Doherty: And did you ... did you inform Mr. Cowen that Seánie FitzPatrick would be the participant on the golf course, and ... on that, before the event?

Mr. Fintan Drury: I'm, I'm quite sure, because ... yes, I'm sure. I'm sure I would have said, you know, we're going to play golf, and, and that Seán would have ... I would have said Seán's going to play, yes.

Deputy Pearse Doherty: And, and the last question is this, is it in relation to following up just from Senator O'Keeffe's ... the former Taoiseach, Bertie Ahern, gave evidence to this inquiry in relation to the former Taoiseach, Brian Cowen, coming from the airport, directly to his house. He gave evidence saying that he was concerned in relation to what was happening in Anglo, that they discussed it, and both of them were concerned. You've given evidence to say that he discussed that meeting but yet, the events that the Taoiseach has outlined to the meeting were not recalled to you, it was something-----

Mr. Fintan Drury: Yes.

Deputy Pearse Doherty: -----tangential or, or something of, of that nature. Was ... is that the case?

Mr. Fintan Drury: First of all, in answering Senator O'Keeffe, I gave a very truthful, instant reaction, to a question which was, "Did he tell you he had gone to Bertie Ahern's house?" Yes, he did. "Did he discuss with you what was discussed?" Yes, he did. I did not know, until you've just said what you said, Deputy, what Bertie Ahern's account was of what Brian Cowen and he had discussed on that ... at that meeting. I was not at that meeting. When I spoke to Brian Cowen, Brian Cowen spoke with me and told me that he had met with Bertie Ahern at his house, and what had been discussed. That was never referenced. The first I heard of it, truthfully ... and if I had heard Bertie Ahern's testimony, and I was saying everything I have said so far to this committee today, I couldn't have said, as, as I did, to Deputy ... I beg your pardon, to Senator O'Keeffe, that, you know, Brian Cowen told me what they had discussed. In other words, what I am saying to you, as, as clearly as I can, is that, in my conversation with Brian

Cowen about what he had discussed with Bertie Ahern on that particular evening or day, there was absolutely no reference to the things that you have said Bertie Ahern gave in testimony to this committee. None whatsoever. Now, I ... or, I'm not saying that, that what Bertie Ahern said to this committee isn't a truthful account of what, what occurred or what they discussed, I don't ... the only two people who can answer that question are Bertie Ahern and Brian Cowen, but I can tell you, when Brian Cowen spoke to me he never referenced anything to do with what you've just said Bertie Ahern said, if you follow me.

Chairman: Thank you. I'm going to bring matters to a conclusion. Just before I do I just want to give members just a heads up for a very, very short private session that may assist moving things on more rapidly this evening, if they're ... just for, if they stay ... if we go straight into private session after we end this session. But, I just want to end this session by asking Mr. Drumm is there anything ... or, excuse me, my apologies. I'm getting tired and my apologies.

Mr. Fintan Drury: Chairman, this isn't good.

Chairman: I know, my apologies. I call people by ... my apologies. I just ... I want to bring things to an end, Mr. Drury, this evening, and I want to invite you in to make any final comment that you can make this ... excuse me, that you want to make by means of closing.

Mr. Fintan Drury: Enjoy your tea.

Chairman: Pardon?

Mr. Fintan Drury: Enjoy your tea.

Chairman: Thank you very much. With that said, thank you very much, Mr. Drury. I'd like to thank you for your participation today and for your engagement with the inquiry. You are now excused. I propose that we go straight into a private session and clear the Gallery.

The joint committee went into private session at 5 p.m. and suspended at 5.03 p.m. The joint committee resumed in private session at 6.21 p.m. and went into public session at 6.31 p.m.

Anglo Irish Bank-IBRC - Mr. Mike Aynsley and Mr. Alan Dukes

Chairman: The Committee of Inquiry into the Banking Crisis is now resuming in public session and can I ask members and those in the public Gallery to ensure that their mobile devices are switched off. Today, we will focus of the ... or, the focus of the inquiry is on Anglo Irish Bank and IBRC and at this evening's session we will here from Mr. Alan Dukes, former chairman of Anglo and IBRC, and Mr. Mike Aynsley, former chief executive of Anglo-IBRC.

Mr. Alan Dukes was a chairman of IBRC from July 2010 to February 2013, having previously been a public interest director from November 2008 to June 2010. Mr. Dukes is a former leader of Fine Gael and a Government Minister. He was also a former DG of the IEA and chair of the Asia Matters economics institute. Mr. Dukes, you're very welcome before the inquiry this evening.

Mr. Aynsley was chief executive officer at Anglo-IBRC from September 2009 to February 2013. Mr. Aynsley also held a number of senior positions in the financial services and consulting industries over the last 30 years. During his time he has worked with Deloitte Consult-