



Tithe an
Oireachtais
Houses of the
Oireachtas

Joint Committee of Inquiry into the Banking Crisis

Clarification statement of

David Duffy

Strictly Private & Confidential

As indicated on its cover page, the document(s) contained within are confidential unless and until the Joint Committee decides otherwise including where the Joint Committee publishes such document(s). For the avoidance of doubt, "documents" include witness statements in this context. Further to section 37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 ("the Act"), while the documents remain confidential, you must not disclose the document(s) or divulge in any way that you have been given the document(s), other than:

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

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

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

BY EMAIL: biwitnessmanager@oireachtas.ie

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TO BE OPENED BY ADDRESSEE ONLY**

Ciarán Lynch, TD
Chairman of the Joint Committee of Inquiry
Into the Banking Crisis
Leinster House
Dublin 2

11 September 2015

Re: Letter from Chairman of the Joint Committee of Inquiry into the Banking Crisis dated 28 August 2015

Dear Chairman,

Thank you for your letter.

In response to the question set out in the attachment to your letter I confirm that AIB received commercial value for the transfer of the assets to the pension scheme in 2012.

These assets had been previously identified for disposal as part of AIB's deleveraging programme which was implemented in response to the PLAR non-core deleveraging target of €20.5 billion by December 2013 that it had been set by the Central Bank of Ireland.

A cost reduction programme was also being implemented at that time with a view to meeting the cost reduction commitments contained in AIB's EU restructuring plan and a significant component of that programme was the voluntary severance scheme, under which cost reductions of over €350m were achieved between 2012 and 2014, together with ongoing annual savings of over €200m.

A critical part of the voluntary severance scheme was its early retirement programme and in order to enable the Trustee of the pension scheme ensure that the regulatory Minimum Funding Standard position of non-pensioner members was not affected by the early retirement programme AIB agreed to make a contribution to the pension scheme.

The agreed contribution, without which the early retirement programme could not have proceeded, was settled through the transfer of the assets to the pension scheme on an arms' length basis with the Bank and the pension scheme each obtaining independent advice before agreeing on a fair value price.

Yours sincerely


David Duffy