



Tithe an  
Oireachtais  
Houses of the  
Oireachtas

# **Joint Committee of Inquiry into the Banking Crisis**

## **Clarification Statement of**

**Dermot McCarthy**

**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."<sup>1</sup>

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.

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

## **Dermot McCarthy**

### **Voluntary Statement requested by the Oireachtas Committee of Inquiry.**

This statement has been provided in response to an invitation from the Chairman of the Committee to provide information in relation to a meeting or meetings held on 24 September 2008 which were reportedly referred to at a meeting of the Board of the Central Bank on the following day, 25 September. The request from the Chairman and the references to these meetings arose from the evidence given to the Committee by Mr Alan Gray. This statement has been prepared from my general recollection of events and without reference to Department of the Taoiseach records. I have no documentation in my possession in respect of the meeting referred to below.

To the best of my recollection, I was present at a meeting attended by the Taoiseach and the Minister for Finance at which representatives of the Department of Finance, the Central Bank, the Financial Regulator, the NTMA and professional advisers who had been retained were also present. I believe that this meeting took place on 24 September. My recollection is that it was arranged that the Taoiseach would attend this meeting in the context of his planned departure that evening on official business abroad which would require him to be away for the following days. To the best of my recollection I do not recall attending any other relevant meeting on that day.

My recollection is that the meeting consisted of a briefing on the financial and banking situation and on the work which was underway to inform the development of policy in the increasingly fraught international financial context. This covered recent international developments, the state of the markets and the severe tightening of liquidity, the position of the Irish banks generally and of concern regarding particular institutions, the contingency measures which were under consideration and the issues on which further analysis was continuing. My recollection is that the net position communicated at the meeting was that without a stabilisation in the international situation leading to an easing of liquidity pressures on Irish banks, and without a European initiative which was not then in prospect, the government would be faced with a potential systemic crisis. My recollection is that a guarantee was indicated to be an option to be considered in that event. I do not recall that the details of such a guarantee, if it were to be recommended, were discussed.

No decisions were taken at this briefing but at its conclusion it was understood that the intensive analysis of the unfolding situation and appropriate policy responses would continue, that the Minister would keep the Taoiseach advised of any significant developments and that, if necessary, specific recommendations would be presented in due course in the light of the continuing work.