



National Treasury Management Agency

EU State aid approval for the Eligible Liabilities Guarantee Scheme

The EU Commission has today granted state aid approval for the extension of the Credit Institutions (Eligible Liabilities Guarantee) Scheme (the 'ELG Scheme') to 31 December 2011. The ELG Scheme was prolonged by the Oireachtas in November 2010 to 31 December 2011 for all liabilities under the Scheme, subject to continuing EU Commission state aid approval. The EU Commission will only approve guarantee schemes on a six-month basis and today's extension will extend the scheme to 31 December 2011. The state aid approval was sought by the Minister for Finance following the advice of the Governor of the Central Bank and the National Treasury Management Agency.

The extension of the ELG scheme means that bonds and deposits issued or rolled over before 31 December will be guaranteed under the Scheme up to maturity, subject to a maximum maturity of five years.

The Minister for Finance said:

"I welcome the approval of the ELG Scheme under state aid rules to 31 December 2011 in line with the duration of the Scheme in national law.

As I announced in my Banking Statement on 31 March last, the Government's strategy is to resize and restructure the banking system consistent with the EU/IMF Support Programme. The time extension to the guarantee is part of the necessary State support for the banking sector to facilitate the completion of the institutions' restructuring plans in which they clearly demonstrate their intention to progressively reduce and ultimately eliminate their reliance on the State guarantee."

1st June 2011

ENDS