



Ending of the ELG Scheme

Frequently Asked Questions

February 2013

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Existing Bank Guarantee Schemes in Ireland

There are two types of guarantee schemes in operation in the Republic of Ireland:

- The *Deposit Guarantee Scheme (DGS)*, which is operated by the Central Bank of Ireland (CBI) and guarantees deposits of up to €100,000 per qualifying depositor per institution in a bank or credit union. The Deposit Guarantee Scheme is open-ended, with no expiry date. In general, it covers deposits held by private individuals as well as by sole traders, partnerships and small companies, among others. The DGS covers Irish banks and foreign banks operating as banks in Ireland which are regulated by the CBI. As regards branches of foreign banks operating in Ireland, the situation regarding coverage should be checked in each case. However, normally, a foreign bank branch of a bank established in another EU Member State will operate under the DGS of that State and the same guarantee limit will apply for its depositors. For further information on the Deposit Guarantee Scheme, please go to the relevant weblink of the Central Bank at www.centralbank.ie or telephone 1890 77 7777.
- The Irish Government *Eligible Liabilities Guarantee (ELG) Scheme* is a temporary measure which was introduced in response to the financial crisis and guarantees (i) amounts in excess of the Deposit Guarantee Scheme threshold of €100,000 per qualifying depositor per institution held in those Irish banks that participate in the ELG Scheme and (ii) the full amount of deposits held in those banks if these deposits do not qualify for DGS coverage in the first instance.

The information in the note following is essentially concerned with the ELG Scheme whose guarantee coverage is being withdrawn with effect from 29 March, 2013.

Background to the ELG Scheme

The Government introduced a blanket guarantee of bank liabilities on 30th September, 2008, for a period of 2 years. When this guarantee expired on 29th September, 2010, it was succeeded by the ELG Scheme. The ELG Scheme officially commenced on 9th December, 2009, and certain eligible liabilities transferred from the original guarantee arrangement to the ELG Scheme. Not all banks or credit institutions operating in Ireland joined the ELG Scheme. Those institutions that joined the Scheme did so on different dates in 2010 and are listed below. It is also important to note that certain legal entities within the same banking group are members of the ELG Scheme.

The following are the participating institutions in the ELG Scheme:

| Participating Institution | Date joined ELG Scheme |
|-------------------------------|------------------------------------|
| Permanent TSB plc. | 04/01/2010 (Cert amended 29/06/12) |
| Irish Permanent (IOM) Limited | 04/01/2010 (revoked 30/11/2010)) |
| Bank of Ireland | 11/01/2010 |
| Bank of Ireland Mortgage Bank | 11/01/2010 |
| The ICS Building Society | 11/01/2010 |
| Bank of Ireland (IOM) Limited | 11/01/2010 (Cert amended 15/8/12) |
| Allied Irish Banks, plc. | 21/01/2010 |
| AIB Group (UK) plc. | 21/01/2010 (Cert amended 20/8/12) |
| AIB Bank (CI) Limited | 29/01/2010 (Cert amended 27/9/12) |

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| Participating Institution | Date joined ELG Scheme |
|--|--------------------------------------|
| AIB Banks North America Inc. | 21/01/2010 |
| Irish Bank Resolution Corporation Limited (formerly Anglo Irish bank Corporation and Irish Nationwide Building Society) | 28/01/2010 (Cert amended 22/2/2013) |
| AIB International Savings Limited | 28/01/2010 (Cert amended 27/09/2012) |
| EBS Limited | 01/02/2010 (Cert amended 01/07/2011) |
| Irish Nationwide Building Society | 03/02/2010 (revoked 9/11/2011) |
| Permanent Bank International Ltd | 03/02/2010 (Cert amended 15/02/2012) |
| Bank of Ireland (UK) plc. | 21/07/2010 (Cert amended 15/05/2012) |

- AIB – including previous Anglo Irish Bank deposits that were moved to AIB on 1 July, 2011.
- EBS Limited (EBS became a subsidiary of AIB on 1 July, 2011).
- Permanent TSB plc - including Irish Nationwide Building Society deposits that were moved to Irish Life and Permanent on 1 July, 2011.
- IBRC Limited entered liquidation on the 7th February 2013.

Change to the future operation of the Eligible Liabilities Guarantee Scheme

The ELG Scheme is now being amended with effect from midnight on 28 March, 2013, so that new deposits made on or after that date will no longer be guaranteed under the Scheme. The questions below are intended to answer questions that bank customers may have about this change. They supplement those questions about the operation of the Scheme that are already on this website.

If your general question or query is not covered in these FAQs or should you need further clarification, please contact the Department of Finance at www.finance.gov.ie or freephone 1800 30 3648; or the National Treasury Management Agency at www.ntma.ie (telephone 01- 2384700). If you have specific queries relating to your account, you should contact your credit institution in the first instance.

1. What is happening?

The Minister for Finance has announced that, as and from midnight on 28 March, 2013, no new deposits made with Allied Irish Banks (AIB) plc, Bank of Ireland (BOI) plc, Permanent TSB plc, or their subsidiaries EBS Ltd. and ICS Building Society will be guaranteed under the Eligible Liabilities Guarantee (ELG) Scheme.

However, *all existing and future qualifying deposits made up to and including 28 March, 2013*, in these banks will continue to be automatically covered by the ELG Scheme, in accordance with its terms and conditions. In practice, this means that the guarantee will apply until the date of maturity of the deposit. For example, a qualifying deposit existing or made on 28 March, 2013, which matures say, two months after that date, will continue to be guaranteed for that two-month period.

If in doubt, you should ask your bank to confirm the status of your deposit(s).

2. I am a personal bank customer with account balances of less than €100,000: does the change to the ELG Scheme affect me?

No. If, like the vast majority of bank account holders, your deposits/current account (combined) balance is less than €100,000 per individual per institution (€200,000 for joint accounts), then the change in the coverage of the ELG Scheme will not affect you in any way. Deposits up to and including €100,000 per individual per institution (€200,000 for joint accounts) are covered by a different scheme, the *Deposit Guarantee Scheme (DGS)*. The DGS has no end date and your monies up to the amounts indicated are protected at all times. Full details of the DGS are given in the answer to question 9 below. You can also find out more about this scheme from the Central Bank of Ireland at www.centralbank.ie or alternatively you can telephone 1890 77 7777.

3. What is the situation for Credit Union members?

Credit Unions are not participants in the ELG Scheme and so are not affected by changes to the Scheme. There is no change in their existing situation therefore –which is that the first €100,000 of an individual's deposit with a Credit Union is protected under the Deposit Guarantee Scheme.

4. Who then is affected by the change to the ELG Scheme?

Broadly speaking, there are two groups that are affected.

Firstly, as and from midnight on 28 March, 2013, individual bank account holders who make a new deposit, or renew an existing deposit(s), in a credit institution for an amount greater than €100,000 will not have the balance over this amount guaranteed under the ELG Scheme. As at present however, they will continue to enjoy the guarantee provided under the DGS up to the €100,000 deposit threshold.

The second group of bank customers who may be affected are those who do not qualify for the DGS in the first place and whose deposits are currently guaranteed exclusively under the ELG Scheme. These would be largely institutional, large business or corporate investors.

5. Why is the ELG Scheme being brought to an end with effect from midnight on 28 March, 2013?

While the ELG Scheme has made an important contribution to financial stability in Ireland, it is now time to begin to wind it down. With the stabilisation in the economy, the progress made in restructuring the banking sector following its recapitalisation and the return of the covered banks and the Sovereign to international capital markets, there is no longer the need to provide for a guarantee into the future. The funding position of the banks covered by the guarantee has improved significantly. The change in ELG Scheme coverage from midnight on 28 March, 2013, will ultimately bring the participating Irish banks into line with other European countries in terms of the level of deposit protection that is provided to their customers i.e. that provided by the Deposit Guarantee Schemes that operate in all EU Member States.

As the State, and therefore the taxpayer, is a significant stakeholder in the covered banks, it is in everyone's interest that a vibrant, profitable, re-structured banking sector is established which will ultimately help to ensure the State's investment in the banks is repaid.

6. Which banks or building societies are members of the ELG Scheme?

The list of Participating Institutions is set out on pages 3 and 4 above.

7. What types of deposits are currently guaranteed by the ELG Scheme?

All types of deposits are covered by the ELG Scheme – unless such deposits are already covered by the Deposit Guarantee Scheme (see question 2 above).

| Account Type | Amount guaranteed | Expiry date of ELG Scheme guarantee for new deposits |
|---|--|--|
| <p>Demand deposits</p> <p>These are accounts where you can take out your money at any time and include current accounts.</p> | <p>The excess over €100,000 on deposit with Participating Institutions in the ELG Scheme is guaranteed under this Scheme. The first €100,000 of your deposit with an institution is normally covered by the Deposit Guarantee Scheme. If this is not the case, then the <i>total deposit</i> is covered by the ELG Scheme alone.</p> | <p>Midnight on 28 March, 2013</p> |

| | | |
|---|---|---|
| <p>Fixed term deposits</p> <p>These are accounts where you leave your money for a set period of time. If you withdraw your money before the end of the term, you will usually get less interest.</p> | <p>The excess over €100,000 on deposit with Participating Institutions in the ELG Scheme is guaranteed under the Scheme. The first €100,000 of your deposit with an institution is normally covered by the Deposit Guarantee Scheme. If this is not the case, then the <i>total deposit</i> is covered by the ELG Scheme alone.</p> | <p>Fixed term deposit accounts are covered until their maturity date subject to a maximum of five years - as long as the deposit has been made in a credit institution before midnight on 28 March,2013, and the institution is a member of the ELG Scheme on the date the deposit is made.</p> |
| <p>Notice deposit accounts</p> | <p>The excess over €100,000 on deposit with participating institutions in the ELG Scheme is guaranteed under this Scheme. The first €100,000 of your deposit with an institution is normally covered by the Deposit Guarantee Scheme. If this is not the case, then the total deposit is covered by the ELG Scheme alone.</p> | <p>The end-date of the Scheme is midnight on 28 March,2013, However, in the case of notice accounts, the guarantee will apply until the end of the notice period even if this should fall <i>after</i> the end-date of the guarantee, so long as the notice is given before the end-date.</p> |

8. Can you explain in more detail the current treatment of different types of qualifying deposits under the ELG Scheme?

At any given time, the period of guarantee provided by the ELG Scheme reflects the maturity of the deposit. For example, an existing *qualifying* deposit of one day/week/month's maturity currently has a corresponding guarantee of one day/week/month. If you renew or 'roll-over' your deposit between now and midnight on the 28th of March, 2013, inclusive, then the deposit will continue to attract the corresponding (day/week/month's) guarantee, even if its maturity falls after 28 March,2013. For example, if your existing one-year, fixed-term, deposit matures on or before 28 March,2013, and you renew that deposit for another year, then the ELG Scheme guarantee will continue to apply until maturity.

As already explained, if your deposit qualifies for cover under the DGS, then the ELG Scheme will only apply to that portion of the deposit over €100,000, and this provision holds in the cases instanced below.

All *on-demand* deposits, including current accounts, with Participating Institutions clearly have an on-going, daily, guarantee until such time as the guarantee cover is withdrawn. Accordingly, the guarantee for these types of on-demand accounts will expire at midnight on 28 March, 2013.

Fixed term accounts with an original term of 5 years or less, opened in the period from the date the Participating Institution joined the ELG Scheme up to and including 28 March,2013, will continue to be covered by the ELG Scheme until maturity – to the extent they are not covered under the Deposit

Guarantee Scheme. In other words, if a 3-year term deposit for €300,000 was opened on 31 May, 2012, and if this qualifies for DGS protection up to the threshold amount of €100,000, then the balance of €200,000 will be separately guaranteed under the ELG Scheme until 30 May, 2015. After this date, when the ELG Scheme cover expires, your deposit will be guaranteed solely by the Deposit Guarantee Scheme, up to the maximum of €100,000.

In the case of qualifying *notice* deposits, the guarantee will apply until the end of the notice period, even if this should fall after the end-date of the guarantee, so long as the notice is given before the end-date. Notice accounts will continue to be covered by the ELG scheme until the expiry of the notice period where notice of withdrawal has been given up to and including 28 March, 2013. Where notice is not expressly given by a customer, then the guarantee will no longer apply to the relevant deposit after 28 March, 2013.

9. Does the change to the ELG Scheme affect the operation of the Deposit Guarantee Scheme?

The changes to the ELG Scheme have no effect on, or implications for, the Deposit Guarantee Scheme (DGS). The DGS is a separate scheme to the ELG Scheme and is available to depositors in all of the banks regulated by the Central Bank of Ireland provided their deposit is an eligible deposit within the meaning given by the European Communities (Deposit Guarantee Scheme) Regulations 1995 (S.I. No. 168 of 1995). Deposits up to and including €100,000 will continue to be covered by the Deposit Guarantee Scheme. Deposits covered by the DGS are as follows :

- Personal customers
- Sole traders and small businesses
- Partnerships
- Trusts
- Small companies, which meet at least two of the following requirements:
 - a balance sheet total of less than €4.4m,
 - turnover less than €8.8m,
 - average number of employees less than 50.
- Charities and voluntary organisations which do not have the legal form of a company
- Credit unions, in respect of deposits they may hold with other financial institutions
- Accounts held in trust by solicitors in client accounts (such as for personal injury awards)

The DGS does not protect what might be called ‘professional’ investors, such as deposits held by pension schemes and retirement funds (other than SSAPS), life and general insurance companies, investment funds, large companies, government or local authorities etc. Deposits owned by current directors and senior managers of a defaulting bank or building society and their close family are not protected by the DGS. This exclusion does not apply to credit unions. People can find out more about this scheme from the Central Bank of Ireland at www.centralbank.ie or alternatively you can call 1890 77 7777.

10. I have 4 accounts with my bank – which ones are covered under the DGS and which ones are covered under the ELG Scheme?

It is not the number of accounts that is relevant but rather the aggregate of the balance in the accounts. If the total does not exceed €100,000 (€200,000 for joint accounts), and if you qualify for coverage under the Deposit Guarantee Scheme (see question 9 above), then this sum will be fully guaranteed – and this will not change.

For existing balances over €100,000 (€200,000 for joint accounts) or those in place before midnight 28 March, 2013, these will remain covered under the ELG Scheme until their maturity date –which may vary from one day to a maximum of 5 years, depending on the type of account.

11. Does the future change in the operation of the ELG Scheme affect the terms and conditions, rate of interest or operation of my account with my bank?

No, the terms and conditions of your account are agreed between you and your bank. The ELG Scheme change does not affect any of these terms and conditions or the operation of your account in any way.

The change to the Scheme will not affect existing practice as to how the terms and conditions of financial product(s) are determined, the way interest rates are set for these product(s) or the way in which payments for these products are made.

Any contracted deposits - for example those held in Fixed Term accounts– that qualify as eligible liabilities under the ELG Scheme will continue to be covered by the ELG Scheme until they mature.

12. I have a foreign currency account held with a covered bank in the Republic of Ireland. Is my account covered by the ELG Scheme?

Yes. If the account is held in the Republic of Ireland in one of the covered banks, the portion of the account in excess of €100,000 equivalent is covered by the ELG Scheme. The portion of the account less than €100,000 equivalent is protected by the Deposit Guarantee Scheme.

13. I have a Sterling deposit greater than €100,000 equivalent with a UK subsidiary of an Irish covered bank: is the account covered by the ELG Scheme?

No. The Scheme is already closed for new UK deposits. Bank of Ireland (UK) commenced withdrawal from the Scheme effective 31 March, 2012 and Bank of Ireland (IOM) on 11 August, 2012. AIB Group (UK) and AIB Offshore commenced withdrawal effective 18 August and 30 August, 2012, respectively. However, deposits opened before these dates would have been guaranteed for the

remainder of their maturity, taking into account deposit protection schemes already in place in the UK.

14. Will my bank be writing to me?

There will be no specific correspondence from your bank in relation to the ending of the scheme. However, your bank will be able to answer any particular questions that you may have.

Should you have a more specific query in relation to the ELG Scheme that is not answered here, you can contact the Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2. freephone 1800 30 3648 or by contacting the NTMA, Treasury Building, Grand Canal Street, Dublin 2 (e-mail elginfo@ntma.ie ; telephone +353-1- 2384700).

15. Is the treatment of deposits held by corporate or institutional investors the same as for other (personal/retail) customers?

Yes. The ELG Scheme applies to all corporate/institutional deposits (of any duration up to five years) in the same way as to other qualifying deposits up to and including 28 March, 2013, in accordance with the terms and conditions of the Scheme. It should be noted however that such investors will not normally benefit from the guarantee that is provided in the first instance by the DGS in respect of the first €100,000 of any single, individual qualifying deposit in a credit institution.

16. Can the Participating Institutions currently offer unguaranteed deposits?

Yes. Following the publication of a Notice dated 16 November, 2011, (available on the NTMA website) by the Minister for Finance, Participating Institutions in the ELG Scheme have had the option to offer unguaranteed deposits to institutional and corporate investors since that date, in line with the conditions set out in that Notice.

From 29 March, 2013, all new deposits, whether corporate, Institutional, business or personal, will be unguaranteed.

17. Where can I find more information about the ELG Scheme and the Deposit Guarantee Scheme?

Further information about the ELG Scheme is available at www.finance.gov.ie or by contacting the Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 (freephone 1800 30 3648); and at www.ntma.ie or by contacting NTMA, Treasury Building, Grand Canal Street, Dublin 2 (telephone +353-1- 2384700).

For more information regarding the Deposit Guarantee Scheme please contact the administrator of the Scheme, the Central Bank of Ireland, at www.centralbank.ie or telephone 1890 777777.

18. Who runs the ELG Scheme on a day-to-day basis?

The National Treasury Management Agency (NTMA) operates the ELG Scheme on a day-to-day basis on behalf of the Minister for Finance.

19. Where can I find the rules of the ELG Scheme?

The ELG Scheme and accompanying rules are available on the website of the National Treasury Management Agency at www.ntma.ie or the Department of Finance website at <http://www.finance.gov.ie>.

If your query is not addressed by these FAQs, please first contact your Bank or financial advisor, details of Bank contact numbers below. If you still have a query you may ring the following helplines (available from 9am and 5pm, Monday to Friday): Department of Finance Freephone 1800 30 3648 or alternatively the NTMA telephone +353-1-2384700. For queries on the DGS Scheme please contact the Central Bank on 1890 77 7777.

| Bank | Queryline |
|-----------|---------------|
| AIB | 0818 303 152 |
| EBS | (01) 641 3884 |
| BOI Group | 0818 365 365 |
| PTSB Plc. | 1890 500 170 |