

c/o Central Bank of Ireland,

Dame Street,

Dublin 2.

26 Feb. 2014.

Mr. Ted McEnery

Clerk to the Committee,

Committee of Public Accounts,

Leinster House,

Dublin 2.

Re: Interim Committee Report on Bank Stabilisation Measures

Dear Mr. McEnery,

I refer to your letter of 12 February 2014 enclosing the interim report of the examination of bank stabilisation measures by the Committee of Public Accounts.

While I note that it would provide me with an opportunity to give evidence to it in regard to the content of the report, I have to inform the Committee, however, that I am advised not to discuss these issues while a criminal trial is in progress relating to matters arising from the banking crisis.

Yours faithfully,



Patrick Neary

Former Chief Executive Officer,

Irish Financial Services Regulatory Authority.

Mr Ted Mc Enery

Clerk to the Public Accounts Committee.

Dear Mr Mc Enery

I refer to your letter of 12 February. In that regard, I note from general media sources that there are a number of legal processes in train regarding certain financial institutions which, in my opinion, pose issues for any hearings at present.

I would also note that any general consideration of the events of September 2008 requires an evaluation of what would have occurred in the economy had no guarantee been issued. In addition a holistic consideration of ALL events that culminated at that time is essential. Put simply the events represent the outcome of a series of influences over the previous decade. These include in no particular order [the list is not comprehensive]:-

the impact of new entrants to the Irish banking scene;

the measures adopted by the Boards, executive directors, risk managers of each individual Bank to exercise appropriate measures to deliver sensible business outcomes ;

the role played by a bonus culture in the banks aimed at short term rather than long term outcomes;

the role of internal and external auditors;

the market presentations made by each financial institution over the period and their impact;

the mix of fiscal policies adopted each year in the context of the advice proffered [not just by the Department of Finance but also by the Central Bank, the IMF, the EU, the OECD and the ESRI];

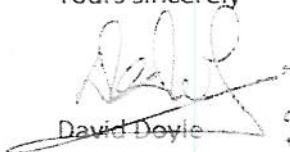
the contribution of all political programmes, programmes for Government, Social Partnership programmes;

the interest rate regime in the context of the needs of the Irish economy; steps taken or not taken to control the supply of credit, as distinct from the price of it, by the Monetary authorities;

the impact of the review of the regulatory system by the IMF in August 2006 { also review of regulation commissioned by the Board of the Financial Regulator in 2008? Check date? };

I also note that the Oireachtas proposes to establish a more wide ranging review of the events and I will make myself available for that review in due course.

Yours sincerely


David Doyle 27/02

Ddpac270214

28 February 2014

Mr. Ted Mc Enery,
Clerk to the Committee,
Committee of Public Accounts,
Leinster House,
Dublin 2

Dear Mr. Mc Enery,

I refer to your letter of 12 February 2014 regarding the PAC's Interim Committee Report on Bank Stabilisation Measures. I note that the Committee has advised that, should I so wish, it will provide me with an opportunity to give evidence to the Committee in regard to the content of the Interim Report.

I understand that it is the intention of the Oireachtas to conduct a banking inquiry by an Oireachtas Committee under the Oireachtas (Inquiries, Privileges and Procedures) Act 2013. The particular Committee to undertake this task and its terms of reference have yet to be determined.

In addition, there are currently before the Dublin District Criminal Court proceedings in relation to events that took place in the Banking Sector in 2008. In this regard I have already given evidence in accordance with Section 4(F) of the Criminal Procedure Act 1967 and additional evidence may be required of me in this case. A further criminal case is also pending on a second banking matter.

In the light of these circumstances I believe that I should decline on this occasion to accept the offer made in your letter. I will, of course, co-operate fully with any inquiry initiated under the 2013 Act.

I trust that the Committee will understand my reasons for this decision.

Yours sincerely,



c/o Central Bank of Ireland,
Dame Street,
Dublin 2.

7 March 2014

Mr Ted McEnery
Clerk of the Committee for Public Accounts
Leinster House
Dublin 2
Ireland

Bank Stabilisation Measures

Dear Ted,

Thank you for your letter dated 12 February in relation to bank stabilisation matters, forwarded to me by the Department of Finance and received here around 21 February, and the enclosed Report on bank stabilisation measures. To speed up any future correspondence, I have indicated an email address above, which should be regarded as confidential.

You have noted in your letter that I have already given evidence on these bank stabilisation matters. That is correct. In fact, I have given evidence, as fully as I legally and reasonably could, stretching over a good many hours at the PAC (for example in May, twice in July, and in October 2010, and in July 2011) and at other committees. I also cooperated fully and answered many questions as required by various enquiry groups, including for example, the Nyberg and Honohan enquiry teams. More than 50 of the documents referenced in the Committee's Report were provided by me, in my former capacity as Secretary General of the Department of Finance. I have also willingly spent a good many more hours of interviews and statements to help, where I could, with Garda/ODCE enquiries.

However, I note that your Chairman appears to have informed the press (if they are to be believed), just over three months ago, that I had been called again by your Committee as a witness, when this was not in fact the case. I should be clear then, in case there should be any confusion, that until last month, I had not received any correspondence, in relation to any matter, from your Committee in more than two years. You might confirm for me, please, that you have not sent any correspondence to me in that period. Even now, your letter talks of providing me with an opportunity "if

you so wish" to give evidence, implying your Committee have no particular preference as to whether I give evidence or not.

In this regard, the Committee may have in mind the fact that a further more comprehensive Oireachtas banking enquiry is now apparently imminent, and that there are also certain criminal cases in train. There is indeed more still to be said about bank stabilisation matters and I hope that the proposed new enquiry will provide a fair and unprejudiced opportunity – without political agenda – for the proper exposition of these matters. I very much look forward to the opportunity to be a witness at such an enquiry, with broader terms of reference and hopefully fewer of the restrictions imposed by law and standing orders on civil service witnesses at PAC meetings. I will perhaps be able to make comments that I have been precluded from making at the PAC in the past, or to deal with questions which I have not yet been asked in Oireachtas committees. Moreover, the narrow focus on the evidence of accounting officers which is quite appropriate to the PAC format can be considerably supplemented by the evidence of a much wider range of witnesses.

In my own experience of our banking, financial and economic crisis, it was the individual responses – both positive and negative – to the pressures, threats and, for some, opportunities which arose that were most striking. Although we cannot expect the proposed enquiry to change human nature, the proper study of the events of recent years by the Oireachtas, by academics, by the institutions concerned, and by regulators and legislators at all levels, can of course contribute to better preparing us for whatever the future holds. Our experience can also make a contribution to the better management of international markets and their operation at times of crises. In that regard, there are some important regulatory issues that have perhaps been lost sight of in dealing with the big macro-prudential issues, which are nonetheless deserving of some study. A deeper public understanding of the constraints and obstacles to decision making in the crisis could indicate legal changes – probably at the European level – and different strategies which could be helpful if these kind of events arise again in the future. I hope that the terms of reference for the proposed enquiry will be such as to allow the enquiry to make real recommendations for legislative adjustments in such areas.

Finally, I might mention two particular points from the Chairman's preface to the Committee's Report, regarding difficulties it encountered in preparing the Report: i.e., that certain individuals had retired (and by implication were unavailable to the Committee), and that certain documents were unavailable or redacted.

As regards the first of these points, I am clearly not one of the former accounting officers referred to, as I was fully available to the Committee as accounting officer for two years, and as mentioned above, had not been contacted by you since. Of course, I would not be privy to any correspondence you had with others, but I wanted to be clear on my personal position.

As regards the documentation point, the question of availability of Department of Finance documents is no longer a matter for me. But I cannot on cursory examination find a reference in the Committee's Report to my lengthy and detailed discussion in private with the Committee, in July 2010. At this meeting, various issues in relation to redactions and provision of documents were explored, and I was, as I recall, able to give quite specific indications as to the content of some of the documents concerned, so that the Committee would be as well informed as possible. If you have not already done so, it might be useful to the current members of the Committee in regard to their understanding of the documents, if you were to talk them through the content of that discussion or provide them with the notes or transcript.

Sincerely

A handwritten signature in black ink, appearing to read 'Kevin Cardiff', with a stylized flourish at the end.

Kevin Cardiff

