

Irish Bank Resolution Corporation Limited  
(in Special Liquidation)



# Progress update report

27 May 2016

# Important notice



This report has been prepared for the Minister for Finance following consultation with the Department of Finance and in response to a request for a detailed update report made under Section 17 (c) of the Ministerial Instructions issued on 7 February 2013.

Our work on Irish Bank Resolution Corporation Limited (In Special Liquidation) ("IBRC in SL") commenced on 7 February 2013 on the appointment of the Special Liquidators. This report covers the period 1 January to 31 December 2015 (unless otherwise stated) and is an update to the progress report issued on 12 March 2015.

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Nothing in this Report constitutes legal advice. Where legal issues are discussed, the information is only intended to be of a general nature and not a full review of the issued covered.

This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed.

# Glossary of terms



<b>a/c</b>	Account	<b>JDH</b>	Joshua Dawson House
<b>ALG</b>	A&L Goodbody	<b>LPT</b>	Local Property Tax
<b>c.</b>	circa	<b>NAMA</b>	National Asset Management Agency
<b>CBI</b>	Central Bank of Ireland	<b>NARL</b>	National Asset Resolution Limited
<b>CRE</b>	Commercial Real Estate	<b>NDA</b>	Non Disclosure Agreement
<b>CSO</b>	Central Statistics Office	<b>NTMA</b>	National Treasury Management Agency
<b>DGS</b>	Deposit Guarantee Scheme	<b>PAYE</b>	Pay As You Earn
<b>DOF</b>	Department of Finance	<b>PI</b>	Participating Institution
<b>DPP</b>	Director of Public Prosecutions	<b>ODCE</b>	Office of the Director of Corporate Enforcement
<b>DSAR</b>	Data Subject Access Request	<b>Q</b>	Quarter
<b>ELG</b>	Eligible Liability Guarantee	<b>ROI</b>	Republic Of Ireland
<b>FCA</b>	Financial Conduct Authority	<b>SC</b>	Stephen Court
<b>FX</b>	Foreign Exchange	<b>SL</b>	Special Liquidation
<b>HR</b>	Human Resources	<b>SLA</b>	Service Level Agreement
<b>IBRC</b>	Irish Bank Resolution Corporation Limited	<b>SLs</b>	Special Liquidators
<b>IBRC in SL</b>	Irish Bank Resolution Corporation Limited (in Special Liquidation)	<b>SMU</b>	Service Management Unit
<b>IBRC Act/The Act</b>	Irish Bank Resolution Corporation Act 2013	<b>TB</b>	Terabyte
<b>IBRCAC</b>	IBRC Assurance Company Limited	<b>TSA</b>	Transitional Service Agreement
<b>INBS</b>	Irish Nationwide Building Society	<b>TUPE</b>	Transfer Of Undertakings (Protection of Employment) Regulations 2006
<b>IT</b>	Information Technology	<b>VAT</b>	Value Added Tax
<b>JCBC</b>	Joint Committee of Inquiry into the Banking Crisis	<b>VDR</b>	Virtual Data Room



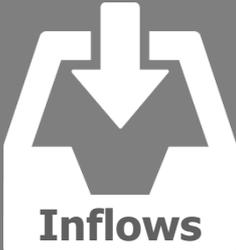
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# Executive Summary





## Cash inflow and outflow summary (12 months to 6 February 2016)

Net customer loan and derivative receipts	 <b>Inflows</b> <b>€0.52 bn</b>	 <b>Outflows</b> <b>€0.14 bn</b>	Settlement of hedging derivative contracts
Distributions from subsidiaries			Administrative expenses
Fixed and other asset sales			Costs of liquidation
Tax refund			
Other miscellaneous receipts			

### NET CASH AT 6 FEBRUARY 2016



**€2.23 bn**



Since the start of the Special Liquidation on 7 February 2013, the SLs have made significant process in deleveraging the loan books of IBRC and managing other aspects of the liquidation. Some of the key tasks to completion are presented opposite.



Liquidity management of €2.23 billion



On-going management of wind down process



Liquidate remaining subsidiaries



Manage remaining loan book of €3.7 billion



Sell remaining IBRC assets



Interest Overcharge Remediation Project Commenced



Continue to manage on-going litigation



Comply with Directions from Commission of Investigation



Complete creditor adjudication process



Area	Summary
<b>Asset realisations</b>	<ul style="list-style-type: none"> <li>■ Completed all Wave 1 &amp; 2 sales and completion processes, including the close out of all TSA services with all relevant data, security &amp; records transferred to the relevant purchasers.</li> <li>■ The Wave 1 sales process represents the initial sales process undertaken in respect of the IBRC loan portfolio. Wave 1 sales comprised Project Evergreen, Rock, Salt, Pebble, Sand and Stone. The Wave 2 sales process represented the sales process initiated for the final €2.5 billion worth of loans left unsold following the Wave 1 loan sales as well as the sale of IBRC's stake in IBRCAC and the NAMA subordinated bonds.</li> <li>■ Oversight of group rationalisation of 293 subsidiaries in 16 jurisdictions and providing support for the orderly winding up or sale of these entities.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ All former IBRC offices closed in 2015. The remaining staff have relocated to JDH and the BCP facility in Sandyford</li> <li>■ There are currently 37 employees remaining as at 1 February 2016. Staff levels are being monitored to ensure that adequate staffing levels are maintained as the SL progresses.</li> <li>■ The last remaining employee pension scheme will be wound down during 2016.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>■ Litigation remains a key risk to be managed in the SL to ensure that contingent liabilities are appropriately managed.</li> <li>■ On-going management of 356 sets of legal proceedings.</li> <li>■ There have been approximately 29 new sets of proceedings noted since January 2015, primarily in the Republic of Ireland.</li> <li>■ Over 228 substitution applications across all loan portfolios have been completed. These represents cases where third parties have purchased IBRC loan books (and where IBRC was previously in litigation with the borrowers) and the new owner of the debt has substituted into the legal proceedings as the new owner of the debt.</li> <li>■ Defendant Litigation Case Management Team: managed over 243 cases taken against IBRC/INBS.</li> <li>■ Extensive work undertaken in relation to dealing with DPP requests and provision of documentation in the context of criminal investigations/prosecutions.</li> <li>■ Dealt with 87 data access requests since February 2015.</li> <li>■ The SLs instructed Eugene F. Collins Solicitors to independently review legal advice previously provided regarding proceedings against former Directors of INBS. This included obtaining the advice of Queen's Counsel and the conduct by BDO London of a peer review of the 2008 INBS.</li> <li>■ The review concludes that there is no stateable case in negligence or otherwise against KPMG in respect of the 2008 audit of INBS and that no viable claim exists against McCann FitzGerald in respect to it advice on the non-joinder of KPMG to the proceedings.</li> <li>■ As required under law, the SLs carried out an investigation into the conduct of each of those persons who acted as directors of IBRC within the twelve months preceding 7 February 2013.</li> <li>■ The SLs submitted their report on the conduct of the directors of IBRC to the ODCE and this is ongoing.</li> </ul>



Area	Summary
<b>Creditor adjudication process</b>	<ul style="list-style-type: none"> <li>■ Approximately 2,700 claims have been received.</li> <li>■ 560 claims have been formally assessed. A further 1,050 claims are in the final stages of being assessed.</li> <li>■ The remainder being approximately 1,100 are either being reviewed or have been reviewed and are being queried with the potential creditor.</li> <li>■ The SLs are dealing with the consequences of a recent High Court decision regarding interest overcharging and whether any similar type of claims are a matter for IBRC in SL or for other third parties. This work will be co-ordinated with the process for adjudicating unsecured creditor claims.</li> </ul>
<b>Dividend payment</b>	<ul style="list-style-type: none"> <li>■ It is anticipated that a dividend will be available for unsecured (but not subordinated) creditors but it is difficult to ascertain the quantum at this stage as the outcome of certain claims have yet to be determined.</li> <li>■ The final outcome is dependent on a number of variables including (but not limited to):                             <ul style="list-style-type: none"> <li>- future level of realisations from remaining assets;</li> <li>- the level of creditor claims ultimately admitted;</li> <li>- the future level of recoveries from plaintiff litigation;</li> <li>- the level of potential liabilities arising from litigation where IBRC is a defendant; and</li> <li>- resolution of intercompany creditor positions.</li> </ul> </li> <li>■ Based on current information, the SLs would hope to be in a position to pay an interim dividend of 25% to all admitted unsecured creditors by 31 December 2016.</li> <li>■ It is expected that the eventual unsecured creditor dividend will be in the range of 75% to 100%. Please see pages 22 to 25 for further details.</li> </ul>
<b>Commission of Investigation</b>	<ul style="list-style-type: none"> <li>■ The Commission of Investigation into IBRC was established in June 2015 by the Government pursuant to the Commissions of Investigation Act 2004 to investigate matters which are considered by the Government to be of significant public concern in respect of IBRC and which took place at IBRC between January 2009 and February 2013 (the "Relevant Period").</li> <li>■ The SLs have been required to dedicate significant resources to gathering information and had up to 80 KPMG staff and approximately 8 IBRC staff working full time for a number of months to gather, collate and produce the pertinent information.</li> <li>■ Costs of c. €3.1 million have been incurred in complying with the various directions issued by the Commission.</li> <li>■ The SLs will attempt to recover whatever costs they are entitled to recover under the terms of the Commissions of Investigation Act 2004.</li> <li>■ 6 Directions were issued by the Commission to the SLs in relation to providing certain information and documentation. The SLs have complied with all Directions and continue to provide all possible assistance to the Commission in order to allow it to carry out its functions.</li> <li>■ 2.1 million pages of documentation have been printed and 4,967 folders of information have been produced and provided to the Commission from June 2015 to 31 December 2015.</li> </ul>



Area	Summary
<b>Key tasks to completion</b>	<ul style="list-style-type: none"><li>■ Manage remaining loan book of c. €3.7 billion and realise other assets.</li><li>■ Continue to manage wind down of remaining operations.</li><li>■ Liquidation of remaining subsidiary interests.</li><li>■ Complete creditor adjudication process.</li><li>■ Comply with Directions issued by the Commission of Investigation.</li><li>■ Complete interest overcharge remediation project.</li><li>■ Work with the CBI in relation to its tracker mortgage review.</li><li>■ Continue to manage and support all Criminal, Civil, DSAR and Commission of Investigation eDiscovery requests made in IBRC.</li><li>■ Resolve outstanding tax issues in Ireland and the UK.</li><li>■ Continue to manage on-going litigation and any new litigation which may arise.</li><li>■ Continue to liaise with the CBI and NTMA to clear the remainder of the deposit accounts for payment.</li><li>■ Complete all statutory liquidation matters.</li></ul>

# Commission of investigation and eDiscovery workstream overview



Due to the volume of information and documents involved, a significant amount of resources was mobilised for the Commission of Investigation and eDiscovery workstreams during 2015.

## Commission of Investigation



Established in June 2015 by the Government to investigate matters which are considered to be of significant public concern in respect of IBRC.



c. **5,000**

FOLDERS OF INFORMATION

c. **€3.1 million**

COSTS INCURRED TO DATE

c. **2.1 million**

PAGES OF INFORMATION



c. **11,000**

EXCEL DOCUMENTS REFORMATTED

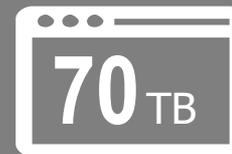
## eDiscovery workstream



Management and support of all Criminal, Civil, DSAR and Commission of Investigation eDiscovery requests made to IBRC including hard copy, file share, email and voice data.

c. **530 million**

DOCUMENTS AND EMAILS MANAGED



DATA

**117**

CASES

# Asset realisation workstream



# Asset realisation workstream: summary



## IBRC sales process by numbers

**€21,700,000,000**

OF LOANS PREPARED AND BROUGHT TO MARKET



**64**

LOAN SALES PROCESSES CONDUCTED

LOANS CONSISTED OF OVER

**15,900**

DIFFERENT BORROWER GROUPS

COLLATERAL WAS BASED IN

**22**

DIFFERENT JURISDICTIONS



**>130,000**

LETTERS ISSUED TO BORROWERS AND GUARANTORS

**355**

INTERESTED PARTIES ACROSS 13 COUNTRIES

**174**

NON DISCLOSURE AGREEMENTS ("NDA") SIGNED WITH INTERESTED PARTIES



**755,000**

DOCUMENTS WERE REVIEWED AND UPLOADED TO VIRTUAL DATA ROOMS ("VDRS")

**3,500**

PROPERTY VALUATIONS WERE OBTAINED



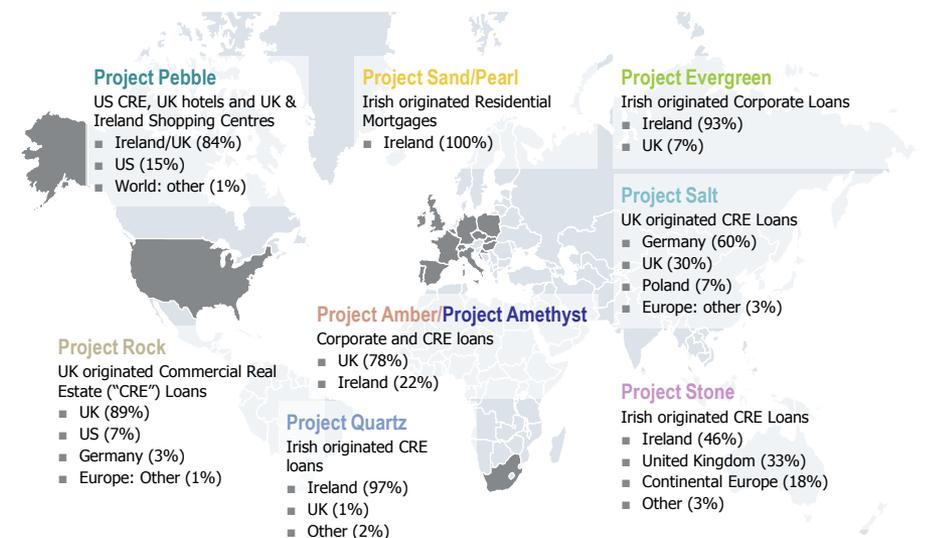
**241**

INDICATIVE BIDS WERE RECEIVED ACROSS 9 PORTFOLIOS

**100%**

OF THE LOAN BOOK TRANSACTED

The IBRC loan portfolio was supported by collateral based in 22 different jurisdictions worldwide.



We saw strong interest from a variety of financial and strategic buyers and funders, with US private equity houses and hedge funds being key participants across each of the 9 portfolios.

### Total Indicative and Binding Bids (across multiple tranches per portfolio)<sup>(a)</sup>

Bids	Evergreen	Rock	Salt	Sand/Pearl	Stone	Pebble	Quartz	Amber
Indicative	58	31	11	26	48	6	23	38
Binding	20	13	4	9	35	4	10	12

Note:

(a) 7 indicative bids and 3 binding bids were received for Project Opal (sale of IBRCAC) have not been included in the table above.

# Asset realisation workstream: overview



The table below details the actions/achievements undertaken by the Sales Team over the period to 31 December 2015:

Project	Key Actions / Achievements
<b>Project Quartz</b>	<ul style="list-style-type: none"> <li>Final stages of transaction between signing and completions</li> <li>Tranche 2 – limited borrower representation process</li> <li>Data migration planning</li> <li>Credit committee decision review process</li> <li>Final consideration calculation and “true-up”</li> <li>Transaction completions</li> <li>Address post completion queries</li> </ul>
<b>Project Amber</b>	<ul style="list-style-type: none"> <li>Final stages of transaction completions</li> <li>Final consideration calculation and “true-up”</li> <li>Address post completion queries</li> <li>Tranche 5 – US Court (Chapter 15) approval and Borrower legal challenges</li> </ul>
<b>Project Amethyst</b>	<ul style="list-style-type: none"> <li>Project Amethyst sale preparation</li> <li>Phase 1 &amp; Phase 2 sale process</li> <li>Transaction completion</li> </ul>
<b>Project Opal</b>	<ul style="list-style-type: none"> <li>Transaction completion</li> <li>Data migration planning</li> </ul>
<b>IBRC Wealth Management</b>	<ul style="list-style-type: none"> <li>IBRC Wealth Management wind-down planning</li> <li>Address ongoing queries</li> </ul>
<b>Project Pearl</b>	<ul style="list-style-type: none"> <li>Final stages of transaction between signing and completion</li> <li>Transaction completion</li> <li>Address post completion queries</li> </ul>
<b>Project Sand</b>	<ul style="list-style-type: none"> <li>Address post completion queries</li> </ul>
<b>Project Stone</b>	<ul style="list-style-type: none"> <li>Address post completion queries</li> </ul>
<b>Treasury function</b>	<ul style="list-style-type: none"> <li>TSA management</li> <li>Hedging support</li> <li>Deal with general treasury ad-hoc queries / activities</li> </ul>

The table below details the key future Sales Team actions for 2016:

Project	Work remaining / Key future actions
<b>Project Delta</b> (comprises 11 loans held within 3 connections, primarily secured by a significant minority interest in the Ekeh Oil Field in Nigeria)	<ul style="list-style-type: none"> <li>Sale preparation</li> <li>Phase 1 &amp; Phase 2 sale process</li> <li>Transaction completion</li> </ul>

**Loan  
management  
workstream**



# Loan management workstream: key highlights



- 1** Continue to manage the remaining loan book of c. €3.7 billion through the normal course of business.
- 2** The Supervisory Committee continues to function to support the credit management of the remaining loans.
- 3** Considered a further 132 submissions at commercial credit committees, bringing the total since the SL to 3,937.
- 4** Continued to align with the Asset Realisation workstream to complete the remaining TSAs.



## Key actions/achievements

- The Supervisory Committee continues to function to support the credit management of the remaining loans. Supervisory Committee was introduced in June 2015 and replaced IBRC in SL's Credit Committee.
- The total number of papers presented between Supervisory Committee and Credit Committee in 2015 amounted to 132.
- The Loan Management team has reduced from 40 to 8 full time employees.
- The reduction in the Loan Management team is as a result of the loan sales and completion of the TSAs.
- Successfully completed remaining TSA services during 2015.
- Successful migration of remaining portfolios completed during 2015.
- Ensured that all on going litigation and receivership cases continued to be managed.

## Work remaining/Key future actions

- Continue to manage the remaining loan book of c. €3.7 billion. This loan book contains a small number of connections which remain with IBRC primarily due to on-going litigation.
- The remaining loan book is predominantly secured on CRE located on various jurisdiction.
- Continuous engagement with borrowers (where possible) to obtain full debt repayment.
- Continue to manage the remaining loan book and develop a plan to meet the loan management requirements.
- Continue to maintain compliance with regulatory requirements.
- Manage the archiving of files and data to assist with the ultimate winding down of IBRC.
- Continue to explore options in respect of specific loan sales of the remaining loan book.

**Finance  
workstream**



## Finance workstream: key highlights



- 1** Review of reconciliation of loan accounts following the loan sales and continued management of the remaining assets on the Balance Sheet.
- 2** Management of IBRC finance team which is continually reducing.
- 3** Liquidity management of €2.23 billion.
- 4** Preparation and submission of monthly updates and other ad hoc reports to DOF, CBI and CSO.
- 5** Oversight of group rationalisation of 293 subsidiaries in 16 jurisdictions and providing support for the orderly winding up or sale of these entities.
- 6** Management of a further 24 financial interests in 24 companies in 6 jurisdictions.
- 7** Manage hedging of Sterling and US dollar exposures.
- 8** Loan sale transfers completed and removed from the IBRC system.



## Key actions/achievements

- Agreement and payment of €17.1 million of preferential creditors.
- Management of the IBRC finance team and ensuring that the correct financial processes and procedures are followed as the finance team reduces in number.
- Meeting with the various parties to whom we have reporting requirements – DOF, CSO and the CBI.
- Liquidity management of €2.23 billion.
- Loan sale transfers completed and removed from the IBRC system.
  
- **Work remaining/Key future actions**
- Liquidity management of €2.23 billion.
- Continue to provide liquidity and statistical returns on a monthly/quarterly basis for submission to the CBI.
- Continue to prepare and submit monthly management accounts and updates and other ad hoc reports to DOF and the CSO.
- Continue to manage the derivative valuation and settlement process of terminated trades.
- Continue management of hedging activities.
- Continue to simplify the financial processes as the scale and complexity of the business has significantly reduced.
- The creditor adjudication process was initiated in September 2014, tailored to quantify and qualify unsecured creditors. The Finance Team will continue to review and assess claims received to date.
- Please refer to pages 22 to 25 for further details.

## Cash inflow and outflow summary

€m	12 month period to 6 February 2016
<b>Inflows</b>	
Opening cash	1,847
Net customer loan and derivative receipts	452
Distributions from subsidiaries	18
Tax refund	42
Fixed and other asset sale	1
Other miscellaneous receipts	6
<b>Total Inflows</b>	<b>2,365</b>
<b>Outflows</b>	
Settlement of hedging derivative contracts	(10)
Administrative expenses	(50)
Liquidation fees	(33)
Liquidation legal fees	(9)
Other liquidation costs	-
Other miscellaneous amounts	(35)
<b>Total outflows</b>	<b>(137)</b>
<b>Cash balance at 6 February 2016</b>	<b>2,228</b>

**Creditor  
adjudication  
process**



# Creditor adjudication process: key highlights



- 1** The creditor adjudication process which began in September 2014, is tailored to quantify and assess unsecured creditors.
- 2** Approximately 2,700 claims have been received.
- 3** 560 have been formally assessed. A further 1,050 are in the final stages of being assessed.
- 4** The remainder being approximately 1,100 are either being reviewed or have been reviewed and are being queried with the potential creditor.

# Creditor adjudication process: overview



## Workstream overview

- Following the sale of the majority of IBRC's assets, the formal process of adjudicating claims commenced. The admissibility of claims is adjudicated on the basis of proper proofs (i.e. evidence of the debt owing by IBRC) having been provided.
- Potential unsecured creditors had to submit their claims before 31 March 2015 in respect of creditors in Ireland and the UK and by 31 May 2015 in respect of US creditors.
- The SL Claims Adjudication Team is reviewing all claims made to date. Not until that process is complete, in addition to the finalisation of all litigation in which IBRC is involved as well as the finalisation of certain other matters in the liquidation, will it be possible to determine the quantum of all unsecured claims and then to assess what final dividend will be payable.
- Those unsecured creditors whose claims have been adjudicated and admitted prior to the date of payment of the first interim dividend payment by the SLs shall receive such payment at this time.
- Claims which have not been submitted (or are pending adjudication) before the date of the first interim dividend payment shall not receive a payment at that time. However, those creditors (provided their claims are subsequently admitted) shall be entitled to claim and be paid from any further dividend payment.

## Key actions / achievements

- Every single claim submission is reviewed by the Unsecured Creditor team. Given the diversity in the nature of claims, the unsecured creditor team consults widely with relevant IBRC staff to get further information and confirmations necessary in relation to claims.
- IBRC systems are utilised to obtain any available background documentation in support of the claim.
- Employee files were reviewed and details of employee unsecured claims were agreed for either rejection or admission as unsecured creditors.
- There are a number of claims where advice is being sought from ALG and other professional advisors to confirm whether or not there is a legal basis for accepting a claim.
- Letters continue to be sent confirming the acceptance of claims to creditors where claims have been agreed by the unsecured creditors review team and signed off by the SLs.
- Notification of rejection of claims where entitlement cannot be proven or the figure claimed has not been substantiated by the claimant continue to be sent to creditors as the claims are confirmed as rejected.
- Claimants are being contacted for further information to substantiate claims being considered for acceptance.
- The UK claims are in the process of being reviewed and decisions on these will begin to issue shortly.
- There are a number of subsidiary companies who have submitted claims against IBRC and these are currently being reviewed and assessed to establish if there is a valid unsecured creditor claim.

# Creditor adjudication process: overview (continued)



## Work remaining/Key future actions

- Continue to review claims received to date, liaising with relevant IBRC staff members to obtain all relevant information.
- The SLs are working through the consequences of a recent High Court decision regarding interest overcharging and whether any similar type of claims are a matter for IBRC in SL or for other third parties. This work will be co-ordinated with the process for adjudicating unsecured creditor claims.
- Notification of acceptance of claims to creditors where claims have been agreed by the unsecured creditors review team.
- Notification of rejection of claims where entitlement cannot be proven or the figure claimed has not been substantiated by the claimant.
- Continue to contact claimants for further information to substantiate claims being considered for acceptance.
- Continue to deal with requests for information and other enquiries received into the unsecured creditors email address and to the helpdesk.
- Continue to liaise with ALG and other professional advisors as required for advice and assistance in correct adjudication of claims.
- Ongoing review of the UK creditors.
- Liaising with directors of subsidiary companies in order to identify potential debts/unsecured claims for inclusion in unsecured claims process.

## Dividend for unsecured creditors

- The unsecured team have spent the last 12 months reviewing the unsecured claims. In many cases the claims are complex and there are a number of categories of claims where the outcome is uncertain.
- It is difficult to ascertain the quantum of unsecured creditor dividend at this stage as the outcome of certain claims has yet to be determined:
  - There is ongoing litigation where an unfavourable outcome may result in the plaintiffs having a claim against IBRC In SL as an unsecured creditor. This has not been quantified but it could be a material figure which would increase the total amount owed to unsecured creditors and therefore reduce the dividend available for all unsecured creditors.
  - There are a number of claims where the legal basis for admitting a claim has not yet been proven.
  - There are a number of contingent claims where the creditor will have to satisfy the SLs that the costs have been incurred before the claims are admitted.
  - There are a number of claims which relate to complex financial transactions and again the review of these claims has not yet been completed.
- The SLs' current best estimate of the dividend available for the eventual unsecured creditors is in the range of 75% to 100%. It is important to note that this is an estimate only based on current information and will be subject to change. The dividend range could be higher or lower depending on future events which are outside the SLs' control.
- It is expected that the exact dividend for unsecured creditors will not be known for a number of years, primarily as a result of the large level of litigation outstanding.

# Creditor adjudication process: overview (continued)



## **Dividend for unsecured creditors (continued)**

- The dividend range stated is based on a number of assumptions including but not limited to the following:
  - Satisfactory conclusion of the Quinn litigation against IBRC;
  - Satisfactory conclusion of all other current defendant litigation against IBRC;
  - No new material litigation being taken against IBRC;
  - No new material creditors attempt to submit a claim in the liquidation;
  - Resolution of IBRC plaintiff litigation;
  - Remaining assets realize current estimated values;
  - Satisfactory resolution of intercompany balances;
  - Successful distribution of remaining subsidiary assets to IBRC;
  - Satisfactory resolution to the Revenue Commissioner audit; and
  - Satisfactory resolution to technical tax issues with HMRC in the UK.
- Based on current information, the SLs would hope to be in a position to pay an interim dividend of 25% to all admitted unsecured creditors by 31 December 2016.

**Legal  
workstream**



# Legal workstream: key highlights



- 1** On-going management of 356 sets of legal proceedings including 243 cases taken against IBRC in SL/INBS.
- 2** Approximately 29 new sets of proceedings noted since January 2015, primarily in the Republic of Ireland.
- 3** Over 228 substitution applications across all loan portfolios completed.
- 4** Dealt with 87 data access requests since February 2015.
- 5** Investigation on conduct of directors complete and report submitted to the Office of the Director of Corporate Enforcement ("ODCE").

# Legal workstream: overview



## The legal workstream review and manage current litigation/legal cases taken by or against IBRC (in SL)

- There has been a significant reduction in the number of new proceedings noted since 2013.
- 25 new cases were issued in 2015 and 4 have been issued to date in 2016
- This fall off in new litigation by and against IBRC in SL has been expected.

**Significant reduction in new cases noted.**

- IBRC in SL remains party to 356 legal cases.
- The figure above does not take account of all Quinn related litigation; miscellaneous financial leasing litigation and US foreclosure proceedings to which IBRC currently remains a party.

**Ongoing management of over 350 legal cases.**

- At April 2015 total headcount in Group Legal was 5.
- This has been reduced to 2 staff who have been retained in order to manage the on-going litigation.

**Group Legal staff count reduced to 2**



- The SLs have established the Defendant Litigation Case Management Team to exclusively manage 243 cases against IBRC/INBS.
- The SLs assess the merits of litigation cases being pursued and defended and have been actively attempting to reduce the number of cases by consent and manage the liability arising.

**The SLs are managing over 243 defendant litigation cases.**

- The SLs instructed Eugene F. Collins Solicitors to independently review legal advice previously provided regarding proceedings against former Directors of INBS. This included obtaining the advice of Queen's Counsel and the conduct by BDO London of a peer review of the 2008 INBS audit.
- The review concludes that there is no stateable case in negligence or otherwise against KPMG in respect of the 2008 audit of INBS and that no viable claim exists against McCann FitzGerald in respect to it advice on the non-joinder of KPMG to the proceedings.

- As required under law, the SLs carried out an investigation into the conduct of each of those persons who acted as directors of IBRC within the twelve months preceding 7 February 2013.
- The SLs submitted their report on the conduct of the directors of IBRC to the ODCE and this is ongoing

**The SLs investigated the conduct of the directors of IBRC and reported to the ODCE.**

- The SLs have dealt with over 420 data access requests since appointment.
- 87 of those data access requests were dealt with since February 2015.

**The SLs have dealt with 87 data access requests since February 2015**



## Summary of key issues dealt with since the last progress report

- The SLs engaged in mediation in relation to Quinn litigation in 2015 which was concluded in November 2015 without any resolution.
- Mediation also took place with the former directors of INBS and settlement was reached in early 2015.
- Project Safari has been worked on which relates to the Fingleton proceedings and complying with discovery request orders
- Extensive work was also carried out in relation to dealing with DPP issues and requests and ongoing co-operation with the DPP on providing requested information.
- Compliance with extensive documentation requests in the context of numerous criminal investigations/prosecutions.
- Progression of various other legacy issues, including civil proceedings arising from the management of INBS pre-nationalisation and regulatory investigations.
- Successfully objected to David Drumm discharge from bankruptcy and recently secured order for \$1.8m interim distribution from bankruptcy estate.
- Successful defence of investment mis-selling claim against IBRC in SL in the Republic of Ireland Commercial Court (under appeal).
- Another high profile investment mis-selling claim against IBRC in SL relating to four separate investment funds was withdrawn before trial.
- Achieved withdrawal of a significant number of other investment mis-selling claims in early 2016.
- Quinn case was progressed to full hearing but was stayed on application of DPP on the first day of hearing.

## Summary of key issues dealt with since the last progress report (continued)

- Unprecedented successful application allowing the use of Technology Assisted Review (predictive coding) in discovery.
- Continued management of retained loan portfolio, including the issuing of 8 debt recovery actions since January 2015.

**Regulatory and  
compliance  
workstream**





- 1** New corporate governance and delegated authority frameworks agreed with CBI and implemented in June 2015.
- 2** CBI permission to carry on with certain excluded activities to 30 June 2016 granted.
- 3** Complied with Banking Inquiry Direction.
- 4** Supervision of ongoing reporting obligations to CBI.



## **IBRC continues to operate with the consent, and under the supervision of the CBI.**

### **Key actions/achievements**

- Requested CBI's permission to carry on with certain excluded activities on two occasions during 2015. The current permission expires on 30 June 2016.
- Preparatory work on new corporate governance and delegated authority frameworks to support SMU.
- Notification of intention to close UK branch issued and acknowledged by regulatory authorities in the UK.
- Investor Compensation Scheme claims submitted.
- Banking Inquiry Direction issued by the Joint Committee of Inquiry into the Banking Crisis (the "JCBC") :
  - The JCBC issued a 'Notice of Intention to Issue a Direction Order' (the "Direction") to the SLs on 18 December 2014. The notice directed the SLs to provide certain information, outlined in 21 categories on or before 28 January 2015.
  - Subsequently, an extension period was granted to 13 February 2015 to provide outstanding information that had not been delivered in the initial submission.
  - The SLs complied fully with the Direction on a best endeavours basis.
- Deal with adhoc CBI requests as required.

### **Work remaining/Key future actions**

- Ensure that IBRC meets its regulatory obligations until all assets have been sold.
- Request CBI's permission to carry on with certain excluded activities as required post 30 June 2016.
- Liaise with CBI to agree appropriate regulatory and compliance framework for SMU.

### **Conflicts of interest**

- Conflicts of interest have been raised by a number of parties during the course of the SL. The SLs adopt policies and procedures which are utilised by KPMG in assessing and managing conflicts of interest.
- The SLs are confident that any conflicts of interest that have arisen have been appropriately managed and do not pose a threat to independence issues. This has been confirmed to the DOF.

**Operations  
workstream**



# Operations workstream: key highlights



- 1** All Wave 1 & 2 sales and completion processes completed successfully, all TSA services closed out and all relevant data, security & records transferred to the relevant purchasers.
- 2** Successfully exited NAMA PI status on 30 June 2015. We continue to close out on a small number of residual NAMA Legal Exit obligations in relation to outstanding asset transfers and security.
- 3** Successful wind down of IBRC UK Operations and close down of branch operation. Ongoing but limited residual support being provided from Dublin.
- 4** Successful completion of the IBRCAC share sale.
- 5** Ongoing management of DSAR with c. 87 requests responded to during the year, including support for Banking Enquiry, Commission of Inquiry and Discovery Requests arising from Court Orders and DPP requests.
- 6** Supported exit from IBRC premises in Grand Parade and SC to smaller premises based on reduced staff numbers.
- 7** Proactive return of loan security to over 1,700 customers where IBRC in SL continued to hold title deeds on fully redeemed loans.
- 8** Ongoing support in relation to the Interest Remediation workstream.



## Key actions/achievements - NAMA

- Successful exit from NAMA PI status on 30 June 2015.
- Continue to work with NAMA to close out on a small number of residual Legal Exit obligations in relation to outstanding asset transfers and security.
- Working with the Unsecured Creditor Team to assess and validate 17 specific creditor claims from NAMA.

## Key actions/achievements – Non NAMA

- Identify and manage issues arising from daily/weekly meetings and working groups regarding day to day operations.
- Successful return of over 1,700 deeds to customers who had previously redeemed their loans.
- Development of post wind down capability, processes and procedures to manage residual loans and other assets.
- Revised governance structures agreed with CBI and implemented in June 2015.
- TSA and Migration teams worked very effectively to manage multiple migration projects with multiple loan purchasers and their service providers.
- Ongoing management of DSAR:
  - c. 87 requests responded to during the year, including support for:
    - Banking Enquiry;
    - Commission of Inquiry; and
    - Discovery Requests arising from Court Orders and DPP requests.
- Ongoing management of physical books and records and repatriation of archived material currently held in UK.

## Work remaining/Key future actions

- Focus continues on completing wind down of non core activities and ensuring relevant KPMG staff have the required knowledge and documented process and procedure guides to manage residual activities, once all IBRC staff have left the business.

**IT and loan  
migration  
workstreams**



# IT and loan migration workstreams: key highlights



- 1** Migration to Primary Live Data Centre with Secondary providing full data redundancy/fail-over. Data Centre cost savings achieved with no loss of service levels.
- 2** Migration of legacy Banking/Financial Applications to non-transactional, read-only or archived state. Licence/and Support costs savings achieved.
- 3** Loan Management System: Project completed - Migration of remaining "Live" IBRC in SL loans to purpose built Loan Management System.
- 4** Test/Development: Shutdown of legacy IBRC in SL Test/Development IT environments inclusive of 3 Data Comms Rooms. New environment built out for "Live" Applications.
- 5** Shutdown and decommission of remaining IBRC in SL Office locations in IRL and UK, inclusive of office move to new JDH site with facilities enabled for approximately 120 user base.
- 6** Budget reductions in-line with forecasts provided Q1 2015. Estimated reduction from approx. €15 million (2014 to 2015) to approx. €4 million (2015 to 2016).
- 7** Migration and close out activity of all loan data, including physical files for Amber, Quartz, Pearl and Opal.
- 8** Completion of Management Wind Down Phase 1 including design, testing and implementation of IT, people and process requirements for reduced operations and IT.

# IT and loan migration workstreams: overview



## IT Key actions/achievements

- Ongoing management of IBRC in SL key external electronic security threats and readiness status.
- IT staffing requirements to support business units defined and approved.
- Provision of IT environments and platforms to support both Interest Remediation and Commission of Inquiry Projects.
- Symantec Clearwell access services provisioned for third party legal entities to service e-Discovery requests.
- Migration of all legacy IBRC in SL IT equipment (Desktops/Laptops/Servers, etc.) to secure long term storage.
- Completed full review of IBRC in SL IT Licencing and Support Costs.
- Successful completion of 2015/2016 IT Disaster Recovery and Business Continuity Tests (2 separate phases).
- Deployment of new Desktop and Backoffice Operating Systems and Applications. Updates to banking and finance applications, EMIR (European Market Infrastructure Regulation), SWIFT (Society for Worldwide Interbank Financial Telecommunication ), etc.
- Business As Usual IT Services including ongoing provision of desktop and helpdesk support to IBRC in SL and project staff.
- Provision of secure off-site office locations for both Interest Remediation and Commission of Inquiry Projects.

## IT Work remaining/Key future actions

- Outsourcing of full IBRC in SL Data Centre and IT Managed Services by Q4 2016.
- Facilitate closure of JDH office location and movement to new office locations from Q2 2016 to support business units and project locations
- Continued monitoring and assessment of IT resources and risk mitigation approaches to maintain key individuals and knowledge.
- Business As Usual IT Services and support of existing and new projects.
- Ongoing review and monitoring of IT costs for Business As Usual services

## Loan Migration Key actions/achievements

- Execution of Pearl purchaser TSAs including provision of data/reports at start, during and at end of TSAs.
- Migration and close out activity of all loan data, including physical files for Amber, Quartz, Pearl and Opal (IBRCAC).
- Design, testing and implementation of IT, people and process requirements for the establishment of the Service Management Unit post management wind down.
- Orderly wind down of functions and rationalisation of IT footprint to support management wind down.

**Interest  
overcharging  
remediation  
workstream**



# Interest overcharging remediation workstream: key highlights



- 1** | Legal requirements defined with ALG.

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- 2** | Meeting held with CBI in October 2015 with bi-monthly status updates provided.

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- 3** | Programme Governance and structure established including Steering, Working Group and Change Control Meetings. Workstream leads and team structures in place.

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- 4** | Approach and Detailed Design complete for Data Extraction (Population Identification), File Retrieval and Case Review. High level Design complete for Case Remediation and Communications.

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- 5** | Design and requirements complete for 1st Phase of Case Management Tool. Development and testing underway.

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- 6** | Design and requirements gathering underway for second phase of Case management Tool and first phase of Interest Overcharge Calculator.

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- 7** | File Retrieval Execution well underway and expected to complete in May 2016. Case Review activity commenced on a small number of Cases and due to commence full execution in April when Case Management Tool is live.

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# Interest overcharging remediation workstream: summary of issues



## Overview of issue

- In proceedings entitled IBRC v John Morrissey, the High Court delivered a Judgment by Finlay-Geoghegan J. dated 29 October 2014. In that Judgment, the Court considered whether IBRC had incorrectly calculated interest due on Mr Morrissey's borrowings with IBRC.
- IBRC had applied an Actual/360 day year method of calculating interest due. The Court however found that this had not been permitted by the relevant Terms and Conditions attached to IBRC loan documents.
- Consequently, in general, 5 days additional interest per annum has been charged on in-scope accounts.

## Proof of concept

- A review of a sample of 100 customers, which comprised of 561 Facility Letters / Loan documents were reviewed based on the wording of the Interest Clauses in the relevant loan documentation.
- Based on ALG feedback and limited review procedures, the estimated in scope population has been determined.

## Potentially impacted population

- The accounts potentially impacted by the Morrissey Judgement fall within 2 categories:

Estimate of Potentially impacted customers and accounts		
Customer group	Customers	Loans
ROI loans open as at or since 7 Feb 2007	6,446	15,615
US loans open as at or since 7 Feb 2007	549	2,382
Overall	6,995	17,997

- The figures in the table above are **indicative** only. Confirmation of the potentially impacted population will be available following final out of scope testing which is nearing completion.
- As the IBRC systems are unable to electronically identify which loans are impacted by the Morrissey wording, Case review of these accounts is required to establish for loans open as at or since 7 Feb 2007, whether the Morrissey wording is present in their facility agreements.
- The outcome of the Case Review is expected to confirm certain loans are impacted but the population actually impacted is expected to be smaller than indicated.

# Interest overcharging remediation workstream: key actions, achievements and issues



## Key actions/achievements

- Legal requirements defined with ALG. Process established with ALG for ongoing support / escalation;
- Programme Governance and structure established including Steering, Working Group and Change Control Meetings. Workstream leads and team structures in place;
- Programme plan (informed by Workstream plans) baselined;
- Agreement of contracts with key third parties to support activity in relation to Case Management tool design and build and file retrieval activity including Wincanton and NUIX;
- Approach and Detailed Design complete for Data Extraction (Population Identification), File Retrieval and Case Review;
- Approach and High level Design complete for Case Remediation and Communications;
- File Retrieval activity is 50% through completion;
- Case Review activity has been completed for approximately 200 customers with further customers in progress;
- Testing underway to validate Data Extraction (Population Identification) and scoping;
- Design and requirements complete for 1st Phase of Case Management Tool. Development and testing underway;
- Design and requirement gathering for 2nd Phase of Case Management Tool is underway; and
- Design of 1st phase of Interest Refund Calculator has commenced.

## Key issues arising/ risks / challenges

- Applying legal requirements into workable design and operational solutions for the programme particularly in relation to interest calculator rules.
- Management, coordination and on-boarding of team members across three disparate locations;
- Management and coordination of file workstream due to the volume of documents that need to be sourced, scanned, reviewed and consolidated for case review;
- Significant loss of corporate business and IT knowledge resulting in loss of understanding of legacy processes and data associated with impacted loans;
- Management of communication to borrowers impacted, third party purchasers, NAMA and general public; and
- Management of interim solutions to enable progress of file retrieval and case review has resulted in the creation of a number of spreadsheets which require a good deal of manual intervention and oversight.

## Work remaining / Key future actions

- Continued resource planning and on-boarding of resources for optimised teams to deliver plan;
- Completion of file retrieval activity;
- Detailed design of Case Remediation and Communications workstreams;
- Complete Solution Build activity associated with Case Management Tool Phase 1 and 2 and Interest Overcharge calculator Phases 1 & 2; and
- Business readiness activity for Case Review and Case Remediation Live Execution in line with Case Management Tool phased delivery including team setup, procedures, training etc.

**Commission of  
investigation  
workstream**



# Commission of investigation: key highlights



- 1** Established in June 2015 by the Government to investigate matters which are considered by the Government to be of significant public concern in respect of the IBRC and which took place at IBRC between January 2009 and February 2013 (the “Relevant Period”).
- 2** 38 transactions which involved capital losses over €10 million during the Relevant Period are the subject of the Commission’s investigation along with a number of other issues.
- 3** The SLs’ role is primarily to identify, collate and provide all information as directed by the Commission.
- 4** The SLs have been required to dedicate significant resources to gathering information and had up to 80 KPMG staff and approximately 8 IBRC staff working full time for a number of months to gather, collate and produce the pertinent information.
- 5** 6 Directions were issued by the Commission to the SLs in relation to providing certain information and documentation. The SLs have complied with all Directions and continue to provide all possible assistance to the Commission in order to allow them carry out their role.
- 6** 4,967 folders of information (2.1 million pages of documentation) have been produced and provided to the Commission from June 2015 to 31 December 2015.
- 7** Costs of €3.1 million have been incurred in complying with the various directions issued by the Commission.



The Commission of Investigation into IBRC was established in June 2015 to investigate matters which are considered by the Government to be of significant public concern.

## Establishment of Commission of Investigation

- The Commission of Investigation into IBRC was established by order dated 16 June 2015 pursuant to the Commissions of Investigation Act 2004. The IBRC Commission is an independent statutory commission which was established by the Government to investigate matters which are considered by the Government to be of significant public concern in respect of IBRC and to make any reports required under the Act in relation to its investigation.
- Prior to the establishment of a Commission of Investigation, the SLs had been instructed to begin a review of certain transactions and Judge Iarfhlaith O'Neill was appointed to assist.
- The Commission's purpose is to investigate certain transactions, activities and management decisions at IBRC which took place between 21 January 2009 (date of nationalisation of IBRC) and 7 February 2013 (being date the SLs were appointed) ("the Relevant Period").
- Mr. Justice Brian Cregan of the High Court was appointed Sole Member of the Commission on 9 July 2015.
- The Order establishing the Commission provided that a report in relation to its investigation would be completed by 31 December 2015. The Commission submitted a request for an extension of time together with its first Interim Report on 13 November 2015 and subsequently An Taoiseach revised the timeframe for the submission of the Commission's final report until 30 April 2016.
- Following the publication of the second interim report on 29 April 2016, the Taoiseach has extended the timeframe for the Commission to report to 30 June 2016.

## Section 16 Directions received

- Prior to the establishment of the Commission of Investigation, the SLs and their staff had carried out significant work in gathering information and documentation relevant to the loan write offs under review.
- Following the appointment of the Sole Member, 6 Directions were issued to the SLs by Mr Justice Brian Cregan.
- A number of workstreams were established to deal with each of the Directions that the SLs were obliged to fulfil.
- The Directions which issued required all documents to be provided to the Commission in hard copy form, indexed and paginated as well as in electronic form.
- For the majority of directions, 8 hard copies of all documents were required to be provided to the Commission.

# Commission of investigation workstream (continued)



## Legal work and submissions on Confidentiality and Privilege

- A number of issues arose in relation to confidentiality and legal privilege over certain documents they are providing to the Commission.
- Following a number of meetings between the SLs and the Commission, the Commission requested that formal legal submissions be made by the SLs.
- Legal submissions were also made by the directors of IBRC and the Department of Finance.
- The SLs' legal advisers engaged Counsel to assist in preparing legal submissions, which submissions were furnished to the Commission on 21 September 2015 and 9 October 2015.
- The Commission considered the SLs' legal submissions and issued a Direction to the SLs dated 5 November 2015 in which it concluded that: (a) legal advice privilege attached to those documents over which privilege had been claimed (and that this could only be waived with the consent of the SLs); and (b) the duty of confidentiality applies to all documents provided to the Commission by the SLs (based on the banker-customer duty of confidentiality) and that those documents cannot be received in evidence by the Commission without: (i) the consent of the specific borrower in question; or (ii) amending legislation dealing with the issue.
- All documents provided to the Commission on 23 December 2015 and 21 January 2016 in relation to Transaction No. 5 (i.e Siteserv) to which legal advice privilege or litigation privilege may attach were reviewed prior to those documents being provided to the Commission. The SLs have waived their right to privilege in the documents provided.

## Costs

- In total over 80 staff have on the SLs team have carried out work in relation to the Commission of Investigation in order to comply with deadlines set by the Commission.
- This was across each of the workstreams over a 5 month period.
- Due to the complexity of the work a large amount of management time and senior resources were required in addition to the SLs spending significant amounts of time also.
- To date, 11,217 hours have been worked in relation to the Commission of Investigation.
- A total of c. €2.1 million in time costs has been incurred between 1 June 2015 and 31 January 2016 with additional costs of c. €0.5 million incurred in the same period. These additional costs include costs incurred in relation to reformatting excel files into legible and printable format and in printing the documents required:
  - Over 11,000 excel documents were required to be reformatted into a format that was legible when printing. This required extensive manual formatting and the Special Liquidators engaged KPMG Global Services as this represented the most economical solution;
  - Total costs of €138k were incurred with additional project management work required by the SLs' staff; and
  - The SLs also wrote to all legal advisors on the transactions requesting that any information they held be provided. The legal firms requested confirmation of payment for time incurred in providing same and this was agreed by the SLs and total costs are estimated at approximately €120k. Due to the volumes of printing required, total printing costs of €141k plus VAT were incurred which related to printing, binding and delivery of documents to the Commission.
- Legal fees of c. €0.5 million have been billed by the SLs' legal advisers in respect of work and advices dealing with the various Commission workstreams for the period 22 July 2015 to 23 May 2016.
- The SLs will attempt to recover whatever costs they are entitled to recover under the terms of the Commissions of Investigation Act 2004.

# Commission of investigation: workstream structure



The table below details the nature and scope of the sub work streams with the Commission of Investigation workstream:

Commission of Investigation : sub work streams	
Sub workstream	Scope of work
<b>Siteserv</b>	<ul style="list-style-type: none"> <li>■ Full scoping of e-discovery process which involved meeting with a number of staff in IBRC to ascertain details of relevant network drives and locations which may contain information.</li> <li>■ Investigation and discussions with staff in order to identify relevant custodians whose mailboxes should be included in the e-discovery exercise.</li> <li>■ Hard copy file review. Initially 1200 boxes were identified as containing potentially relevant information. After further search terms and criteria was applied and initial reviews carried out this number was reduced and 400 boxes were subsequently searched.</li> <li>■ 290 hard copy documents were provided to the Commission from the Hard Copy review as containing potentially relevant data.</li> <li>■ Following the e-discovery process 21,399 emails and attachments were provided to the Commission.</li> <li>■ From the file share review on the IBRC network 7,479 documents were provided to the Commission.</li> </ul>
<b>Remaining 37 transactions</b>	<ul style="list-style-type: none"> <li>■ Of the remaining transactions, each of these transactions was scoped in the same manner as Siteserv – network locations were identified, custodians were identified and reviews of hard copy documents that may contain relevant information took place.</li> <li>■ Core documents and borrower packs for each of the 38 transactions were provided to the Commission.</li> <li>■ In total 1,627 documents made up of 173,826 pages were provided in relation to the remaining 37 transactions.</li> </ul>
<b>CBI/Financial Regulator/Monitoring trustee</b>	<ul style="list-style-type: none"> <li>■ A full scoping exercise was carried out in order to identify all data and documentation that may be relevant.</li> <li>■ Relevant advisors were also identified and written to and requested to provide any documentation they held which may be of relevance.</li> <li>■ Due to the amount of staff that were involved in dealing with the CBI and FR, over 80 custodians were identified.</li> <li>■ The Commission did not issue a final direction to the SLs in relation to the provision of information and to date, while extensive work has been carried out, no documentation has been provided to the Commission on this workstream.</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>■ An interest rate analysis in relation to the Top 6 borrowers of IBRC was carried out and was provided to the Commission.</li> </ul>
<b>Minutes of relevant committees</b>	<ul style="list-style-type: none"> <li>■ Extensive work was carried out in order to identify all minutes of all committees within the Bank where management decisions and activities took place.</li> <li>■ Over 300 documents and 22,000 pages containing minutes were provided to the Commission in this regard which related primarily to board minutes and general executive committee minutes.</li> </ul>
<b>Other matters of Public Interest</b>	<ul style="list-style-type: none"> <li>■ The SLs were asked to consider any other matters of public interest they had encountered in their role as liquidators of IBRC.</li> </ul>

**eDiscovery  
workstream**



# eDiscovery workstream: key highlights



- 1** Identifying and managing risks associated with staff attrition and loss of corporate knowledge.

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- 2** Development of eDiscovery plans and resources to support ongoing Criminal, Civil, DSAR and Commission of Investigation requests.

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- 3** 117 eDiscovery cases were completed in 2015 (106 in 2014).

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- 4!** New eDiscovery coding and scripts developed to meet with the Commission of Investigation's unique requirements, such as printing and pagination.

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- 5** Management of over 70 TB of data across 530 million documents and emails.

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## Key actions/achievements

- The eDiscovery team managed 117 eDiscovery cases in IBRC 2015, this was up from 106 cases in 2014.
- Along with the build out of the new team we have developed a new workflow to ensure the new team have the appropriate knowledge and documentation to manage new and legacy eDiscovery cases in IBRC.
- Currently we are supporting two Clearwell Environments to support Criminal, Civil and DSAR cases and two Nux Environment to support the Interest Overcharging Remediation Project, Commission of Investigation and the Indexing Project.
- 60 cases in the eDiscovery pipeline (including Commission of Investigation requests); and
- Management of over 70 TB of data across 530 million documents and emails.
- Build out of the second Nux environment to facilitate the Indexing Project.

## Work remaining/Key future actions

- Continue to manage and support all Criminal, Civil, DSAR and Commission of Investigation requests made against IBRC.
- Index IBRC in SL's unstructured data (email and file share) to enable the turnaround of future eDiscovery and DSAR requests in a timely manner, while also facilitating enterprise search to compensate for the loss of legacy business knowledge. Some of the steps included in this project are as follows:
  - Comprehensively document the information, whether electronic or paper based, of the IBRC in a business context;
  - Augment information with sufficient additional organisational knowledge as available during the wind down of the organisation;
  - Identify priority information for full indexation to facilitate searching for use in the following prioritised instances:
    - Information requests and orders from statutory bodies and mechanisms such as Commission of Inquiry;
    - Discovery requests and court orders;
    - Data Subject Access Requests and Freedom of Information Requests; and
    - Operational enterprise search requirements as part of the wind down of the organisation.
  - Facilitate the retirement of legacy application and hardware environments and reduce costs of on-going support of information retention and access; and
  - Define and implement/amend required service operating models for Information Discovery Services and Operational Enterprise Search Services.

**Deposits  
workstream**



# Deposits workstream: key highlights



- 1** As of 7 February 2013, there were 2,443 deposit accounts with a total value of €333.8 million to be either paid out through the DGS/ELG schemes or set-off against loan balances.
- 2** We have reviewed and approved 1,668 deposit accounts with a total value of €185.6 million for payment through the DGS/ELG Schemes.
- 3** To date, payments of €36.3 million and €140.4 million through DGS and ELG schemes respectively have been paid out. The remainder will be repaid as claim forms are submitted for the ELG scheme.
- 4** To date, we have obtained approval for and processed 527 deposit accounts for set-off with a total value of €98.7 million.
- 5** Payments will continue to be made as claim forms are submitted and approved for payment in respect of the ELG. There are a small number of eligible payments outstanding for the DGS scheme and these will be paid as issues are resolved.
- 6** There are a number of deposits which were ineligible for one or both of the schemes. These are classified as unsecured creditors and will be admitted to the unsecured process for the amount of the deposit which remains unpaid.

# Deposits workstream : overview



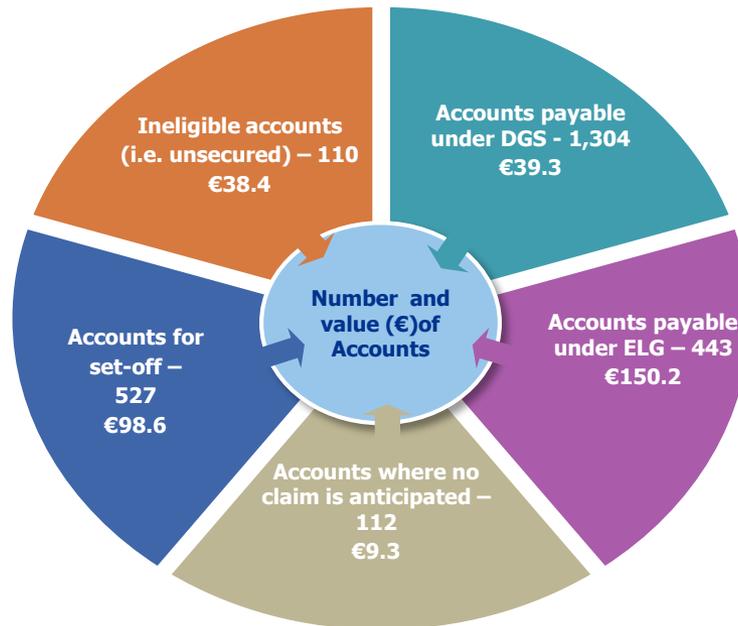
## Overview

- The Deposits workstream is responsible for administering the DGS and ELG Scheme.
- On 7 February 2013, there were approximately 2,443 deposit accounts in IBRC valued at €333.8 million. Eligible account holders were either compensated by DGS from CBI and/or through ELG administered by NTMA.
- Under the IBRC Act, the SLs were obliged to offset deposits where the depositor is indebted to IBRC and a right of set-off is established by the SLs or the legal advisors, ALG.

## Key highlights:

- 1,668 acs (€185.6 million) have been marked for payment (6 February 2015 report: 1,663 acs; €185.0 million) of which 1,522 accounts (6 February 2015 report: 1,519 acs) have been paid out by CBI and NTMA. The other 144 accounts will be paid out by CBI on a phased basis/subject to a claim being submitted to NTMA by the account holder.
- 527 accounts (€98.6 million) marked for set-off: A few of these account set-offs have yet to be completed.
- 5 accounts (€1.4 million) are under investigation by IBRC and are being released for payment on a phased basis.
- No claim is anticipated for 112 accounts (€9.3 million) where the beneficiary is unknown/IBRC or where the amounts are insignificant.
- 110 claims have been transferred to the unsecured creditor database and will be adjudicated upon because they were either ineligible or the amounts were insignificant and not paid by either scheme.

**Number and Value (€m) of Accounts**



## Work remaining/Key future actions

- The SLs will continue to liaise with the CBI and NTMA to clear the remainder of the deposit accounts for payment (subject to a claim being submitted for ELG).
- The estimated outcome of the payout under both the DGS and ELG Schemes continually changes due to legal reviews of the deposit accounts together with decisions made by both CBI and NTMA.
- Currently we believe the maximum amount payable under the ELG scheme and the DGS will be €150.2 million and €39.3 million, respectively. The above figures are estimates only and are subject to change as set off is applied and further deposits are added.

**Tax  
workstream**



## Tax workstream: key highlights



- 1** Working to ensure that IBRC's tax affairs are managed effectively so that all relevant tax obligations are met on a timely basis.
- 2** Ongoing engagement with the Irish Revenue in relation to an open tax audit.
- 3** We agreed a UK loss relief claim with HMRC, following an appeal hearing, which resulted in the receipt of c. €42m.
- 4** Advising on various borrower related tax matters.
- 5** Analysing the tax implications of winding up various Irish subsidiaries and the repatriation of capital from foreign subsidiaries.
- 6** Tax analysis of engagement with Receivers in respect of over 200 properties and filing of 115 rental returns and arranging for payment of over 100 LPT liabilities.
- 7** Ongoing engagement with foreign tax authorities in relation to the tax position of the Group.



## Overview

- IBRC is a complex organisation which gives rise to tax obligations under a very broad range of headings in a number of jurisdictions. The key tasks undertaken by the Tax workstream are described below.

## Operation of IBRC's Irish tax function

- The SLs tax team has been working to ensure that IBRC's tax affairs are managed effectively in order that all relevant tax obligations are met on a timely basis. This includes:
  - Preparation and filing of Irish corporation tax returns for IBRC and 6 of its Irish subsidiaries;
  - Preparation and filing of tax information returns as required (encashment tax returns, EU Savings Directive returns, return of payments to third parties, etc.);
  - Operation of the VAT tax regime (including related tax filings and payments for IBRC and 4 of its subsidiaries);
  - Operation of the Professional Services Withholding Tax & Relevant Contracts Tax regimes (including related tax filings and payments);
  - Preparation and filing of LPT returns and payments for over 100 properties;
  - Operation of the PAYE regime;
  - Engaging with the Revenue in relation to an open tax audit and on historic tax matters; and
  - Dealing with Revenue attachment notices.

## Asset disposals

- Analysis of the direct and indirect tax implications of surrendering various leased properties;
- Analysis of the direct and indirect tax implications of disposing of various branch properties;
- Analysis of the tax implications of US asset disposals; and
- Analysis of the tax implications of winding down various Irish and foreign subsidiaries and repatriating funds to IBRC.

## Work remaining/Key future actions

- Advising on the disposal of UK/US situate assets and repatriation of proceeds to Ireland;
- Preparation of tax returns where receivers have been appointed by the bank;
- Ongoing Irish tax compliance obligations in respect of Corporation Tax, VAT, PAYE, RCT and PSWT;
- Preparation and filing of US federal returns and advice on cessation of taxable presence in USA;
- Resolution of UK technical tax issues;
- Addressing the winding up of Irish and foreign subsidiaries and the distribution of remaining assets to IBRC;
- Management of tax issues related to assets under enforcement action in a range of countries including Ireland, the UK, the USA, Russia, Ukraine and the Czech Republic;
- Engagement with the Irish Revenue in relation to an open tax audit and on historic tax matters; and
- Advice in relation to various borrower related matters.



## **IBRC's US tax obligations**

- Preparation and filing of the 2015 US federal tax return.

## **IBRC/INBS UK tax obligations**

- Review and supervision of IBRC's tax compliance arrangements;
- We agreed a UK loss relief claim with HMRC, following an appeal hearing, which resulted in the receipt of c. €42m in repayment of UK corporation tax paid.
- A second appeal is due to be heard in November 2016.

## **Asset recovery**

- Analysis and review of the tax implications of loan enforcements;
- Addressing the complex tax obligations that arise for IBRC as mortgagee on taking possession of mortgaged property and on their ultimate realisation through sale or "Mortgage to Rent" transactions;
- Tax input into restructuring proposals;
- Advising on the tax implications of asset disposals (loans, etc); and
- Advising on overseas capital repatriation.

**HR/facilities  
workstream**





## Key actions/achievements - HR

- Continue to oversee the 37 employees remaining as at 1 February 2016. The employees have been issued with new contract termination dates based on the resources required for the remainder of the wind down.
- Statutory redundancy payments and payments by Kieran Mulvey continue to be made to those leavers who qualify for such payments.
- All statutory redundancy and minimum notice payments in relation to affected ROI and UK employees have been completed.
- The wind down of three of the Company's pension schemes is almost complete. The remaining pension scheme is likely to be wound up during 2016.

## Work remaining/Key future actions - HR

- Continue to manage the monthly payroll for remaining employees.
- Ensure sufficient resources are maintained for wind down activities
- Manage staffing levels in the SMU.
- Continued communications to employees on SL progress.
- Archive of HR files and other documentation.
- Manage exit process for departing employees and complete statutory redundancy and IBOA associated termination scheme payments.

## Key actions/achievements - Facilities

- Former INBS branches. 32 properties have been sold to date. The remaining property is currently contracted for sale and is due to complete shortly.
- IBRC and INBS art collections: All 138 lots have been sold.
- The closures of the regional offices in Waterford, Galway, Limerick, Belfast and Cork as well as the London office have been completed.
- Staff from SC relocated to JDH during July 2015.

## Work remaining/Key future actions - Facilities

- Conclude the sale of the remaining INBS branch.
- Work in conjunction with ALG to progress the recovery of rent arrears from six tenants where commercially viable.
- Continue to manage document management and access requests for SMU operations and project work.
- Identify replacement premises for JDH and manage any associated fit out and relocation activities from August 2016.

# Costs and fees



# Summary of Special Liquidation fees to 31 December 2015



The table below details the actual professional fees associated with the SL since the commencement of the SL on 7 February 2013 to 31 December 2015.

Special liquidation professional and legal fees (gross fees)			
	23 month period to 31 Dec 14	12 month period to 31 Dec 15	35 month period to 31 Dec 15
€'000			
<b>KPMG SL team</b>			
- KPMG Ireland	62,742	24,045	86,787
- KPMG UK	7,929	433	8,362
- KPMG other	710	52	762
<b>KPMG SL team total</b>	<b>71,380</b>	<b>24,530</b>	<b>95,911</b>
KPMG migration	4,560	-	4,560
ALG	32,868	2,126	34,994
ALG - Commission work	-	213	213
Linklaters	18,798	432	19,230
<b>Other legal advisors</b>			
Arthur Cox	5,541	134	5,675
Byrne Wallace	2,681	39	2,720
Maples and Calder	2,717	157	2,874
Skadden, Arps, Slate, Meagher & Flom LLP	2,108	528	2,636
RDJ	513	-	513
PJ O'Driscoll	185	-	185
<b>Other legal advisors total</b>	<b>13,745</b>	<b>858</b>	<b>14,603</b>
<b>Professional advisors</b>			
PwC	5,459	-	5,459
Valuer A	3,745	-	3,745
Savills	966	-	966
Property valuation fees	4,503	109	4,612
Deloitte	435	-	435
Eastdil	531	-	531
Merrills	1,312	281	1,593
Goodbody	675	-	675
<b>Professional advisors total</b>	<b>17,627</b>	<b>390</b>	<b>18,017</b>
<b>Total</b>	<b>158,979</b>	<b>28,548</b>	<b>187,527</b>

## Notes

- 1 KPMG rates are based on NAMA rate cards for the relevant services. This is the total fee chargeable for the period. This is before a rebate of €5.0 million was agreed following discussions at the request of the Minister. The average number of KPMG staff working on the IBRC project was c. 175 for the 12 month period to 31 December 2015 (c. 230 for the 23 month period to 31 December 2014).
- 2 ALG rates are based on NAMA rate cards for the relevant services. This is the total fee chargeable for the period. This is before a rebate of €2.7 million which was agreed following discussions with the SLs and DOF.
- 3 Represents fee for work done in relation to the Commission of Investigation specific work undertaken by ALG.

The table below details the SL professional and legal fees net of the rebates agreed.

SL professional and legal fees analysis - gross vs net	
€000	35 month period to 31 Dec 15
SL related professional and legal fees (gross)	187,527
<b>Rebates agreed:</b>	
- KPMG	(5,000)
- ALG	(2,706)
- Linklaters	(261)
<b>Total rebate</b>	<b>(7,967)</b>
<b>SL related professional and legal fees (net of rebate)</b>	<b>179,559</b>

Note: (a) The fees represented are exclusive of VAT and disbursements;  
 (b) GBP fees have been converted at GBP1:€1.18 for the 14 month period to 31 March 2014 GBP1:€1.2512 for the 9 month period to 31 December 2014 and GBP1:€1.37728 for the 12 month period to 31 December 2015; and  
 (c) USD fees have been converted at USD1:€0.7485 for the 14 month period and USD1:€0.7613 for the 9 month period to 31 December 2014 and USD1:€0.9011 for the 12 month period to 31 December 2015.

# Actual overheads analysis



Overheads analysis from 1 January 2015 to 31 December 2015				
€m	Notes	Actual	Budget	% Variance
<b>Staff costs</b>				
Salaries		9.72	8.94	8.7%
Pensions		0.75	0.70	6.9%
Contractors costs		2.76	3.00	(7.9%)
Liquidation related redundancy costs		0.50	0.64	(21.6%)
Other		0.11	0.10	1.8%
		13.84	13.39	3.4%
<b>Administrative costs</b>				
Legal and professional	1	63.39	44.54	42.3%
Computer expense		3.71	3.57	3.9%
Insurance	2	0.73	1.75	(58.3%)
Other		1.01	0.80	26.8%
		68.83	50.65	35.9%
<b>Premises costs</b>				
Rent and rates	3	1.48	1.68	(11.9%)
Other occupational costs		1.02	0.90	12.8%
		2.50	2.58	(3.3%)
Other		0.01	0.02	(33.8%)
<b>Total before SL related costs</b>		<b>85.19</b>	<b>66.64</b>	<b>27.8%</b>

Source: IBRC in SL management accounts

## Notes

The table opposite details the general overhead costs of IBRC in SL for the period from 1 January 2015 to 31 December 2015. The principal matters to highlight are as follows:

- 1 Legal and professional fees are €18.9 million more than planned mainly as a result of higher than anticipated legal fees incurred on:
  - Quinn litigation and associated costs due to on-going case management as the litigation progresses;
  - Legacy litigation;
  - New litigation being initiated;
  - The various Commission of Investigation cases; and
  - Loan management support services early in 2015 for the loan sales.
- 2 Insurance costs were c. €1.0 million under budget due to timing differences of payments and lower premiums following the office relocation to JDH and Sandyford during the year.
- 3 Actual rental costs are 12% less than budget following the relocation of the remaining operations to JDH and Sandyford during the year.
  - The SL has resulted in specific overhead cost savings which would not otherwise have been achieved.
  - The total forecast operating expenses for IBRC produced prior to the liquidation for the period 1 January 2013 to 31 December 2020 was €1.131 billion.

# KPMG: workstream structure



The table below details the nature and scope of the work streams that comprise the SL engagement

Special Liquidation – KPMG work streams	
Work stream	Scope of work
<b>Deal team</b>	<ul style="list-style-type: none"> <li>■ Oversee final stages of transactions between signing and completions.</li> <li>■ Address post completion queries.</li> <li>■ IBRC Wealth Management wind-down planning.</li> <li>■ File review and collation of key sales documentation for all concluded sale projects.</li> <li>■ Sale of other remaining assets.</li> </ul>
<b>Loan Management</b>	<ul style="list-style-type: none"> <li>■ Management of remaining loan portfolios.</li> <li>■ Deleveraging of the loan book (other than through loan sales) in an appropriate manner and in line with SL Guidelines.</li> <li>■ Developing an appropriate plan to wind down the Loan Management function in a controlled manner as deleveraging is completed.</li> </ul>
<b>Finance, Deposits, Regulatory and compliance and operations</b>	<ul style="list-style-type: none"> <li>■ Preparation of internal and external financial and regulatory reporting. Liquidity and Foreign Exchange risk management.</li> <li>■ Effective unwind of balance sheet assets not included in the Asset Realisation workstream and development of a value realisation strategy for the subsidiaries and joint ventures interests.</li> <li>■ Oversight of operational functions in IBRC in SL including (1) Lending services and (2) Treasury operations</li> <li>■ Administration and oversight of the DGS and ELG scheme.</li> <li>■ Liaising with relevant regulatory bodies and ensuring IBRC in SL is compliant with all regulatory and compliance requirements.</li> <li>■ Ensuring appropriate governance structures are in place in accordance with CBI/FCA guidelines.</li> <li>■ Manage creditor adjudication process.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>■ Deal with legal issues arising in the course of the liquidation of IBRC including legacy issues.</li> <li>■ Recognition issues.</li> <li>■ Management of Chapter 15 process.</li> <li>■ Section 56 report and investigation.</li> </ul>
<b>Loan migration</b>	<ul style="list-style-type: none"> <li>■ Conclude transfer of the non NAMA loan portfolio to respective purchasers and their service providers.</li> <li>■ All further activity from this workstream has transitioned to IT, Operations workstreams.</li> </ul>
<b>HR/IT/Facilities</b>	<ul style="list-style-type: none"> <li>■ Management of all HR and employee matters.</li> <li>■ This workstream is also responsible for IT, Property, Facilities and the overall Project Management Office.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>■ Effective management of IBRC tax affairs to ensure that:                             <ul style="list-style-type: none"> <li>- it meets its tax obligations on a timely basis;</li> <li>- tax assets are realised; and</li> <li>- legacy tax issues are addressed.</li> </ul> </li> </ul>



The table below details the nature and scope of the work streams that comprise the SL engagement

Special Liquidation – KPMG work streams	
Work stream	Scope of work
Interest Overcharging Remediation Project	<ul style="list-style-type: none"> <li>■ Remediate customer loan accounts that are deemed to have been overcharged interest, as identified by the High Court “Morrissey Case” ruling of October 2014. This includes:                             <ul style="list-style-type: none"> <li>- Identification of customers that have been potentially overcharged;</li> <li>- Validation of the overcharge and calculation of the overcharge amount; and</li> <li>- Remediation of the customer’s account.</li> </ul> </li> </ul>
Commission of Investigation	<ul style="list-style-type: none"> <li>■ To comply with directions issued by the Commission of Investigation.</li> <li>■ Compiling, collation and production of relevant documents as required under each direction.</li> </ul>
eDiscovery	<ul style="list-style-type: none"> <li>■ Management and support of all Criminal, Civil, DSAR and Commission of Investigation eDiscovery requests made in IBRC. This would primarily include the following data sources:                             <ul style="list-style-type: none"> <li>- Hard Copy Data;</li> <li>- File Share Data;</li> <li>- Email Data; and</li> <li>- Voice Data.</li> </ul> </li> <li>■ The primarily phases for each eDiscovery request is as follows:                             <ul style="list-style-type: none"> <li>- Identification;</li> <li>- Preservation;</li> <li>- Collection;</li> <li>- Processing;</li> <li>- Review;</li> <li>- Analysis; and</li> <li>- Production.</li> </ul> </li> </ul>



The table below details the roles and responsibilities of the principal legal advisors engaged in the SL process.

Special Liquidation – Principal legal advisors		
	A &L Goodbody	Linklaters
<b>Deal Team</b>	<ul style="list-style-type: none"> <li>■ Lead transactional legal advisors on sale structure and principal transaction documents.</li> <li>■ Post-completion transaction management of the Evergreen, Stone and Quartz portfolios.</li> <li>■ Responding to ad hoc queries in relation to Loan Sale Deed and Transactional Services Agreement, queries arising in relation to particular connections (including in respect of action taken by certain borrowers) and ad hoc information requests and queries from purchaser’s legal advisers and KPMG.</li> <li>■ Drafting and negotiating certain Irish law transfer documents.</li> <li>■ Advising and providing post-completion advice on the legal transfer of certain foreign assets and the elevation of certain connections.</li> <li>■ Conducting real estate searches and populating the relevant real estate deeds in connection with Project Quartz.</li> <li>■ Dealing with ad hoc queries raised by purchasers and IBRC in connection with the transfer of security over real.</li> <li>■ Extensive due diligence on assets across range of portfolios.</li> <li>■ Unprecedented title and other documentation retrieval exercise throughout Ireland/Europe/US/UK.</li> <li>■ Valuation, NDA and Sales Process Letter work streams.</li> <li>■ Population of legal data rooms/data tapes.</li> <li>■ Data Protection advice and data scrubbing of VDR.</li> <li>■ Advice on Borrower Representation process, responses received and segmentation.</li> <li>■ Bidder process briefing sessions and negotiations with successful bidders.</li> <li>■ Managed external legal advisors (Irish, UK, US and c. 20 other jurisdictions).</li> <li>■ Competition law matters.</li> <li>■ Closing mechanics across multiple Irish portfolios and tranches.</li> <li>■ Other asset sales (including equity, sub bonds and other interests).</li> <li>■ Extensive planning with NAMA on potential transfer.</li> <li>■ Project management team resources.</li> </ul>	<ul style="list-style-type: none"> <li>■ Lead transactional legal advisors on sale and transfer structure and principal transaction documents as well as post-transfer matters on the Rock and Salt portfolios.</li> <li>■ Post-completion transaction management of the Rock and Salt portfolios, including ensuring all requisite perfection steps have been taken in the relevant jurisdictions, elevating various connections and advising on the termination of certain derivative transactions.</li> <li>■ Assisting with the drafting and execution of various bilateral agreements relating to certain connections, including liaising with local counsel where appropriate.</li> <li>■ Work in respect of real estate assets, including carrying out a review of real estate assets and commenting on the CBRE engagement letter and related terms of business.</li> <li>■ Responding to ad hoc queries in relation to Loan Sale Deed and Transitional Services Agreement, queries arising in relation to particular connections (including in respect of action taken by certain borrowers) and ad hoc information requests and queries from purchaser’s legal advisers, A&amp;L Goodbody and KPMG.</li> <li>■ Drafting and negotiating English law transfer documents, co-ordinating signing and closing and assisting in post-completion matters (Quartz portfolio).</li> <li>■ Providing French law advice on mortgage transfer / publication documents, process and formalities. Drafting and negotiation of English and Spanish law transfer documents and responding to queries in respect of these. Preparation of execution versions and assisting with closing (Pearl portfolio).</li> </ul>

# Principal legal advisors (continued)



The table below details the roles and responsibilities of the principal legal advisors engaged in the SL process.

Special Liquidation – Principal legal advisors		
	A &L Goodbody	Linklaters
<b>Treasury, General Banking, regulatory</b>	<ul style="list-style-type: none"> <li>■ Advice on creditor claims regarding senior and subordinated financial bonds.</li> <li>■ Advice in relation to creditor claims relating to the Derivatives Guarantee and the NAMA Scheme.</li> <li>■ Ongoing swaps and derivatives advice, including in relation to the operation of and the requirements under total return swaps entered into by IBRC .</li> <li>■ Termination of CBI market and borrower hedging arrangements.</li> <li>■ Ongoing banking and asset management advice (including Credit Committee issues).</li> <li>■ Advice on regulatory matters.</li> </ul>	<ul style="list-style-type: none"> <li>■ Ad hoc swap and derivative advice.</li> <li>■ Advice on various regulatory matters, including IBRC’s customer complaints handling obligations under the FCA Handbook.</li> </ul>
<b>Deposits and ELG</b>	<ul style="list-style-type: none"> <li>■ Advice in relation to various creditor claims from the Central Bank of Ireland, including in relation to the Deposit Guarantee Scheme.</li> <li>■ Advice in relation to creditor claims relating to the ELG.</li> <li>■ ELG Due diligence and claims categorisation work streams.</li> <li>■ Set-off analysis on claims under ELG.</li> </ul>	<ul style="list-style-type: none"> <li>■ Not applicable.</li> </ul>
<b>Employment and Pensions</b>	<ul style="list-style-type: none"> <li>■ Employee termination / retention and related advice.</li> <li>■ Advice on TUPE.</li> <li>■ Transitional issues.</li> <li>■ Employee claims as unsecured creditors.</li> </ul>	<ul style="list-style-type: none"> <li>■ Not applicable in the period but previously provided advice TUPE advice and advice on employee termination/retention and related advice, including drafting and advising on employee compromise agreements.</li> </ul>

# Principal legal advisors (continued)



The table below details the roles and responsibilities of the principal legal advisors engaged in the SL process.

Special Liquidation – Principal legal advisors		
	A &L Goodbody	Linklaters
<b>Legal and litigation</b>	<ul style="list-style-type: none"> <li>■ Advice on mis-selling/over-charging claims.</li> <li>■ Dealing with all litigation against SLs.</li> <li>■ Managing certain existing litigation.</li> <li>■ Chapter 15 in US and all related applications.</li> <li>■ Managing and dealing with purchasers in relation to all applications for substitution and all litigation queries arising from sales process.</li> </ul>	<ul style="list-style-type: none"> <li>■ General litigation advice/strategy on threatened/issued proceedings as well as more specific advice in relation to certain borrowers and representations when required.</li> <li>■ Consideration of jurisdictional issues and interaction of English law with the IBRC legislation and Irish law generally, including advising on a strategy for dealing with historical interest overcharging.</li> <li>■ Extensive involvement in and providing advice on legal proceedings brought by certain borrowers, including correspondence with their legal advisers and preparing for and attending all hearings.</li> <li>■ Assisting with English law aspects of swaps mis-selling claims.</li> <li>■ Advice in relation to a judgment obtained by Mr Bhandal against IBRC, including advice regarding options for challenging the judgment.</li> <li>■ Assistance in relation to proceedings brought by a borrower group, Camden Market, in respect of the marketing of its loan for sale, including appealing against a strike out judgment in respect of the proceedings and advising on settlement of related proceedings between Camden market and IBRC.</li> <li>■ Advice in relation to a request by the National Crime Association for third party disclosure in connection with the former relationship between Camden Market and IBRC.</li> <li>■ Advice in relation to a request for third party disclosure in proceedings brought by a Lone Star entity against Millvalley (a former IBRC customer).</li> <li>■ Advising in respect of retained and non-retained liabilities under the Rock Loan Sale Deed.</li> </ul>
<b>Advice to SLs on miscellaneous issues</b>	<ul style="list-style-type: none"> <li>■ All legal advice in relation to various creditor claims.</li> <li>■ Ongoing advice on foreign recognition.</li> <li>■ Ongoing advice on IBRC Act and various Ministerial Instructions.</li> <li>■ Liaising with DOF Legal.</li> <li>■ Ongoing advice in relation to the NAMA Act.</li> <li>■ Section 56 Report issues.</li> </ul>	<ul style="list-style-type: none"> <li>■ Advice on processes around ongoing management and/or redemption of loans, disposals and partial repayment.</li> <li>■ Advising on and negotiating lease surrenders, including in relation to Manchester and Birmingham offices.</li> <li>■ Advice on restoration of subsidiary of IBRC (CDB) to the company register.</li> </ul>
<b>Northern Ireland</b>	<ul style="list-style-type: none"> <li>■ Extensive N.I. due diligence exercise.</li> <li>■ Title and documentation retrieval exercise.</li> <li>■ General liquidation advice to SLs.</li> <li>■ Closing mechanics across a range of portfolios.</li> </ul>	<ul style="list-style-type: none"> <li>■ Not applicable.</li> </ul>

# Principal professional advisors



The table below details the roles and responsibilities of the principal professional advisors engaged in the SL process.

Special Liquidation – Principal professional advisors	
	Responsibilities and scope
<b>KPMG</b>	<ul style="list-style-type: none"> <li>■ SLs, Taxation Advisors, Deal Advisors and Loan Migration Advisors.</li> </ul>
<b>ALG</b>	<ul style="list-style-type: none"> <li>■ Please refer to pages 65 to 67.</li> </ul>
<b>Linklaters</b>	<ul style="list-style-type: none"> <li>■ Please refer to pages 65 to 67.</li> </ul>
<b>Arthur Cox</b>	<ul style="list-style-type: none"> <li>■ Primary legal advisor on Sand and Pearl. Legal advisors on the Stone and Quartz portfolios. Responsible for general legal advice, deal advice, contract negotiation, documentation management, project management of Irish and non Irish firms, legal and security reviews and other legal diligence.</li> </ul>
<b>Byrne Wallace</b>	<ul style="list-style-type: none"> <li>■ Legal advisor on certain Evergreen tranches and certain Amber and Quartz connections. Also Legal advisor for the Stone portfolio. Responsible for: general legal advice, deal advice, contract negotiation, documentation management, project management of other firms, legal and security reviews and other legal diligence.</li> </ul>
<b>Maples and Calder</b>	<ul style="list-style-type: none"> <li>■ Legal advisor on certain Stone, the Amber and Quartz tranches. Responsible for: general legal advice, documentation scheduling, project management of other firms, legal and security reviews and other legal diligence.</li> </ul>
<b>Skadden , Arps, Slate, Meagher &amp; Flom LLP</b>	<ul style="list-style-type: none"> <li>■ US Chapter 15 application.</li> <li>■ Other US related legal matters.</li> </ul>
<b>RDJ</b>	<ul style="list-style-type: none"> <li>■ Legal advisor on certain Evergreen and Amber connections. Responsible for: general legal advice, contract negotiation, documentation management, project management of Ex-ROI firms, legal and security reviews and other legal diligence.</li> </ul>
<b>PJ O'Driscoll</b>	<ul style="list-style-type: none"> <li>■ Legal advisor on Stone; responsible for: general legal advice, documentation management, project management of other firms, legal and security reviews and other legal diligence.</li> </ul>
<b>PwC</b>	<ul style="list-style-type: none"> <li>■ Independent valuers of Rock/Salt, Sand, Stone, Quartz, Amber and Pearl portfolios. Also valued shares of certain UK subsidiaries.</li> </ul>
<b>Valuer A</b>	<ul style="list-style-type: none"> <li>■ Independent valuers of certain loan and shareholding assets.</li> </ul>
<b>Various property valuers</b>	<ul style="list-style-type: none"> <li>■ Property collateral valuation.</li> <li>■ Includes Jones Lang LaSalle, Allsop UK, CBRE, Cushman &amp; Wakefield, Ganly Walters, GVA, Knight Frank, Savills, Jordan Auctioners and HT Meagher O'Reilly.</li> </ul>
<b>Savills</b>	<ul style="list-style-type: none"> <li>■ Project management of property collateral valuation process.</li> </ul>
<b>Eastdil</b>	<ul style="list-style-type: none"> <li>■ Valuers of Project Quest.</li> </ul>
<b>Goodbody</b>	<ul style="list-style-type: none"> <li>■ The sales advisors in relation to the NAMA subordinated bonds.</li> </ul>



## Cost management

- KPMG resourcing reviewed regularly:
  - workstream leads monitor workload and capacity. Resourcing amended as required to ensure efficient delivery of workstream to the liquidation;
  - fortnightly project review meeting to discuss progress and delivery of loan sale process against plan;
  - monthly review of costs by workstream;
  - budgeted costs set for the liquidation process to 30 April 2016;
  - reviewed actual against plan and investigated variances; and
  - reviewed most efficient method of delivery project and used IBRC staff where appropriate.
- KPMG reviewed and monitored third party advisor costs:
  - certain legal advisors signed up to NAMA rate card and/or fixed cost pieces of work;
  - certain other advisors signed up to NAMA rate card;
  - certain other advisors engaged following a competitive tender process with fixed fee quotes;
  - monthly review of third party costs against delivery of process to timeline and budget; and
  - review of costs against agreed fixed fees.
- KPMG updated DOF regularly:
  - Reporting includes analysis of time spent by KPMG, ALG and Linklaters;
  - report on budgeted costs to 30 April 2016 issued to DOF;
  - costs discussed in update meetings with DOF; and
  - regular fee update reports issued to DOF as required.
- Costs managed and minimised where appropriate through the use of IBRC staff to support the winding up.

