

Principals' Group Meeting, 3 October, 2016

Account¹

Attendance:

Department of Finance	Central Bank	NTMA
Derek Moran	Philip Lane	Conor O'Kelly
Ann Nolan	Sharon Donnery	
Des Carville	Ed Sibley	
Antoine Mac Donncha		
(Sec)		

1. Account of previous meeting and matters arising.

Account was agreed with an amendment. It was decided that a record of each meeting will be published on the websites of the three organisations, 3 months in arrears.

2. Update from Department of Finance –Financial Services Division - Banking update

There is negativity in the market in respect of the proposed U.S. fine for Deutsche bank. Clarity of the amount will be beneficial. Deutsche have provisioned in respect of the proposed fine.

AIB:

Financial results remain encouraging. A paper titled AIB - continuing the path to normalisation was distributed to the meeting. DoF would welcome a return to prudent dividends.

Pursuant to the restructuring plan AIB is required to repay capital in excess of 2% over minimum requirements from 2017.

¹ These accounts are published as a record of the meeting. The Financial Stability Group may decide to omit information from the published record that is legally or commercially confidential, where it contains confidential supervisory information, relates to matters under deliberation or where it is in the public interest to do so.

CBI observed that for AIB to resume paying dividends it would need to demonstrate that on a forward looking basis in a stressed scenario paying dividends would be prudent. Proposals would be reviewed within Joint Supervisory Team and then proceed to the supervisory board.

PTSB:

Non-Executive Director has been ratified.

NAMA:

Minister will appear before PAC on Thursday in respect of investigation into project eagle.

Budget:

Minister will be announcing a “help to buy” proposal for first time buyers in the budget.

3. CBI update

There are elevated risks in the European Banking Sector. The profitability of the sector going forward is a prominent policy challenge. There is potential for return of sovereign risk issues and for contagion.

DoF agree with both concerns. Budget will not bring surprises and will be in line with spring economic statement.

4. NTMA update

Ireland may have moved from buy to hold in market’s perception. There are headwinds but little selling pressure. €1 Billion 10 year bond was auctioned on 8/9/16 at a yield of 0.33%. 2 further €750 million auctions are planned leading to €8 billion in total being raised this year.

5. AOB

None.

