

Opening Statement on Paradise Papers
Joint Committee on Finance, Public Expenditure and Reform, and
Taoiseach
December 14th, 2017



Chairman and Members of the Committee on Finance, Public Expenditure and Reform, and Taoiseach, thank you for inviting AIB to meet you today. My team and I look forward to answering, where possible, your questions concerning leaks recently published in the “Paradise Papers.”

With me today from my management team is Helen Dooley, AIB Group General Counsel.

To begin, I will endeavour to provide an insight into the management and operation of AIB’s businesses in the Isle of Man and Jersey, both of which have been closed for several years.

AIB first established an offshore presence in the Isle of Man and Jersey in 1977 and 1981 respectively. The rationale for establishing this offshore presence was to support the bank’s growing business franchise in Britain and the United States and to meet the banking needs of the increasing international workforce.

In line with all financial institutions, the variety of the products offered developed over the years and included deposit, lending and trust services. AIB provided banking services to residents of the Islands and to expatriate individuals who were working and residing in another jurisdiction, be that in the United Kingdom, the United States of America or, more latterly, in the UAE.

Services did not include providing tax advice. Clients of the offshore businesses were required to take independent tax and legal advice. The offshore businesses worked with those advisors in full compliance with local and international regulation, to provide a range of products, for example trust structures, that were used for a variety of reasons from estate planning to managing individual and corporate investments, to more basic banking services. AIB ceased this trust business in the Isle of Man 14 years ago and sold the Jersey trust business in 2011.

In the chaos that prevailed during the financial crisis, AIB, like every other Irish bank, was very focussed on the imperative of protecting its deposit base. The offshore business was no

different in trying to maintain its deposit base. In any event, AIB's offshore deposits declined rapidly during the bail-out era, from a peak of STG£2.458bn in 2008 to £191m in 2012.

In 2012, the banking businesses in both Jersey and the Isle of Man, which at this time included Anglo Irish Bank's business in the Isle of Man (they had been transferred to AIB on the direction of the then Minister for Finance in February 2011), were identified as non-core to the Bank. In April 2012, AIB announced that the remaining Isle of Man and Jersey businesses would be wound down. The orderly wind down of the businesses commenced in May 2012 under the supervision of the local Regulator and was completed in December 2013.

Today, AIB's sole interest in Jersey and the Isle of Man is in respect of the customer liabilities associated with the legacy book, which is administered in both jurisdictions by Estera (Estera is a managed services business previously owned by Appleby solicitors). Currently, circa STG£13.5m is being held in respect of AIB CI Limited and AIB ISL Limited as liabilities owed to customers.

The companies have surrendered their banking licences and have stopped doing any new business and no longer trade. The legal entities are required, under regulatory arrangements, to remain in existence for up to 10 years from the date of closure to honour the liabilities of customers. Thus our interest, involvement and participation in the offshore business is and has been over for many years.

Thank you for allowing me the opportunity to make this introductory statement. My team and I will, of course, answer the Committee's questions to the best of our ability.

ENDS