

An Roinn Airgeadais
Department of Finance



Ms. Éilis Fallon
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2
pac@oireachtas.ie

7 July 2021

Re: S0234 PAC33

Dear Ms. Fallon,

I refer to the letter of 15 March 2021 to you in relation to the Special Liquidation of IBRC.

In that letter, it was confirmed that a copy of the eighth Progress Update Report on the Special Liquidation of IBRC (the “**Report**”) would be sent to the Committee of Public Accounts (the “**Committee**”) following its publication. The Report was published on 1 July 2021, a copy of which is enclosed with this letter for the consideration of the Committee. The Report is also available on the Department of Finance website (<https://www.gov.ie/en/publication/60e0d-eighth-progress-update-received-from-the-special-liquidators-of-ibrc/>).

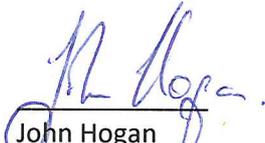
As with all of the Progress Update Reports, included in this Report are sections on the various workstreams which continue in the liquidation, a section on the costs and fees incurred in the liquidation and a section on the remaining tasks which need to be completed before the liquidation can be finalised. The Report also highlights the continued impact which COVID-19 is having on winding up IBRC.

As you will see from the Report, following engagement with the Minister for Finance in early 2021, it was agreed that the timeline for the completion of the liquidation be extended from end-2022 to end-2024, subject to ongoing review. COVID-19 has impacted the current realisable values of the remaining assets and the timely conclusion of outstanding litigation. This extension will allow the Special Liquidators to achieve the best possible return for the taxpayer on the remaining assets while also concluding the remaining legal cases which IBRC are party to. Page 23 of the Report outlines the rationale for extending the timeframe for the completion of the liquidation in more detail.

The Report states that fees incurred in the liquidation for the 12-month period to 31 December 2020 were €16.4m. Total fees incurred since the beginning of the liquidation in February 2013 to 31 December 2020 amount to €294m. The Special Liquidators have forecasted that fees of between €26m–€33m will be incurred to complete the liquidation, which will bring the total fees incurred to €320m–€327m.

Included in the €26m-€33m of forecasted fees to complete the liquidation are €14m-€16m of fees which will be incurred as a result of extending the timeline for completion of the liquidation to end-2024. As I outlined above, the purpose of extending the timeline for completion of the liquidation is to maximise the ultimate return for the State in light of the impact of COVID-19 on the liquidation process, and this will be subject to ongoing review.

Yours sincerely,



John Hogan
Secretary General



Progress update report

01 July 2021

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 ("SLs"). This report covers the period 1 January to 31 December 2020 (unless otherwise stated) and is an update to the progress report issued on 30 June 2020.

This report is for the benefit of the Minister for Finance and has been released on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG or the SLs for any purpose or in any context. Any other party that obtains access to this report or a copy and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG and the SLs do not assume any responsibility and will not accept any liability in respect of this report to any party other than the Minister for Finance.

This Report has been prepared in good faith, however no representation or warranty, expressed or implied, is or will be made and no responsibility or liability is or will be accepted by the SLs or any of their respective representatives or advisers in respect of the truth, accuracy or completeness of the information provided in this Report or its use. In particular, but without prejudice to the generality of the foregoing, no representation of warranty is given as to the ability to achieve or reasonableness of any future projections, prospects or returns (including any estimated outcomes for the unsecured creditors) contained in this Report. Any estimated outcome for unsecured creditors included in this Report (or commentary thereof) is illustrative only and cannot be relied upon as guidance as to the actual outcomes for the unsecured creditors. Any person or creditor that chooses to reply on this Report for any purpose or in any connect, does so at their own risk. Neither IBRC in SL or the SLs, nor any of their respective representatives or advisors accepts any responsibility for any acts or omissions as a result of the information contained within this Report and all liability for damages arising from the information provided is expressly excluded.

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

ALG	A&L Goodbody Solicitors LLP
Anglo	Anglo Irish Bank Corporation Limited
Amadeus/"Project Amadeus"	Project to remediate interest overcharging in respect of loans acquired by NALM
Case Management Tool/"CMT"	Tool to manage file retrieval, case review and workflow activities for Mozart and Amadeus Projects
CBI	Central Bank of Ireland
CCR	Central Credit Register
The Commission	The Commission of Investigation
CSO	Central Statistics Office
DGS	Deposit Guarantee Scheme
DOF	Department of Finance
DPO	Data Protection Officer
DPP	Director of Public Prosecutions
DSAR	Data Subject Access Request
ELG	Eligible Liability Guarantee
FTE	Full Time Employees
FSP0	Financial Services and Pensions Ombudsman
GDPR	General Data Protection Regulations
HR	Human Resources
IBRC	Irish Bank Resolution Corporation Limited
IBRC in SL/The Bank	Irish Bank Resolution Corporation Limited (in Special Liquidation)
IBRC Act/The Act	Irish Bank Resolution Corporation Act 2013
INBS	Irish Nationwide Building Society
Interest Overcharge Calculator/"IOC"	Bespoke system designed by KPMG to collate all relevant customer transactions and calculate amount of interest overcharge for Mozart and Amadeus Projects.
IT	Information Technology
m	Million
Mozart / "Project Mozart"	Project to remediate interest overcharging in relation to the Morrissey judgement
NALM	National Asset Loan Management
ODCE	Office of the Director of Corporate Enforcement
SL	Special Liquidation
SLs	Special Liquidators
SMU	Service Management Unit
TME	Tracker Mortgage Examination
UK	United Kingdom
US	United States of America
VAT	Value Added Tax

Contents

	Page
1. Executive summary	
1.1 Items of note 12 months to December 2020	5
1.2 Tasks to completion summary	6
2. Workstream activities summary	7
3. Detail on specific workstreams	
3.1 Unsecured Creditor adjudication	12
3.2 Legal & E Discovery	14
3.3 Interest Remediation	17
4. SL fees & overheads	
4.1 Summary SL, legal & professional fee	21
4.2 SL fee analysis	22
4.3 Estimate of future SL, legal & professional fees	23
4.4 Overhead summary	26
Appendices	
1. Summary of SL fees by period	28
2. Summary of overhead costs by period	29
3. KPMG: Workstream structure	30
4. Principal legal advisors duties	32



1. Executive summary

1.1 Items of note – 12 months to 31 December 2020

COVID-19 has impacted the timelines to resolve outstanding legal proceedings and impacted values expected to be achieved from asset realisations. As a result, the liquidation completion date has been revised from 31 December 2022 to 31 December 2024 (subject to ongoing review).

152 unsecured creditor claims were reviewed and adjudicated during 2020, bringing the total number agreed unsecured creditor claims to 3,170.

Further resolution of litigation proceedings, with a further 21 sets of proceedings substantially concluded during 2020.

IT consolidation projects and the amalgamation of services continues. This has resulted in a €1.1m reduction in annual overheads.

Commencement of Interest Overcharging Remediation for NALM: "Project Amadeus".

The IBRC Interest Overcharging Remediation project "Project Mozart" was substantially completed during the year.

Compliance with COVID-19 workplace requirements including the ongoing management and adaptation of workstreams to minimise impact on liquidation.

Net cash held as at 6 February 2021 was €76m. Cash inflows and outflows during the 12 month period to 6 February 2021 were €19m and €57m respectively.

1.2 Tasks to completion summary

A number of key tasks remain, including:

Ongoing management of wind down process.

Liquidity management of currently available cash reserves and proceeds from scheduled future asset realisations.

Preparation and sale of various assets from the remaining loan book of €3.4 billion.

Finalise creditor adjudication process.

Manage resolution of all remaining litigation.

Comply with all requirements of the Commission.

Liquidate remaining subsidiaries.

Resolve outstanding tax issues.

Completion of Project Amadeus Interest Overcharge project for NALM.

Complete all statutory liquidation matters.

Continued consolidation and/or reduction of the IT landscape to reduce costs.



2. Workstream activities summary

2 Workstream activities summary

Area	Key Activities
Creditor adjudication	<p>See Section 3.1 for more detail on this workstream.</p> <ul style="list-style-type: none"> ■ 3,290 Unsecured Creditor claims have been received to date of which 3,170 have been formally adjudicated and paid. The remaining 120 claims are under review and are in the process of being adjudicated. ■ Commenced the adjudication of unsecured creditor claims for post liquidation interest. Creditors who have a contractual entitlement to interest will be included for adjudication. A 100% dividend will be paid to those creditors whose claims have been admitted as part of this adjudication process. ■ The surplus which will arise in the Special Liquidation will be paid to the Minister for Finance in respect of ordinary shares held by the Minister for Finance in IBRC.
Legal & eDiscovery	<p>See Section 3.2 for more detail on this workstream.</p> <ul style="list-style-type: none"> ■ Ongoing management of 29 sets of legal proceedings (17 as defendant and 12 recovery and enforcement actions). ■ In 10 months from February 2020 to December 2020: <ul style="list-style-type: none"> – 21 sets of proceedings substantially concluded; and – One new set of proceedings issued against IBRC. ■ Liaising with SMU Team concerning, inter alia, FSPO complaints, DSARs, security discharges and other issues and complaints raised by former borrowers. ■ Preparation and submission of monthly Legacy legal reports to DOF. ■ Dedicated eDiscovery team to ensure Commission of Investigation requirements are met, litigation eDiscovery timelines complied with and Data Subject Access Requests (DSARs) are answered in accordance with GDPR legislation. ■ Supported three significant discovery orders in active litigation proceedings during 2020.
Interest Remediation	<p>See Section 3.3 for more detail on this workstream.</p> <p>1. Project Mozart</p> <ul style="list-style-type: none"> ■ Project Mozart was substantially completed in November 2020. This was a significant project with 6,199 affected customers and 12,159 affected loan accounts within the scope of the interest remediation project. <p>2. Project Amadeus</p> <ul style="list-style-type: none"> ■ Project Amadeus commenced in April 2020 and based on current project delivery schedules is estimated to be completed by late 2021. This project requires IBRC to remediate interest overcharging on certain loans acquired by NALM.

2 Workstream activities summary

Area	Summary
Loan Management, Regulatory, Operations & HR	<ul style="list-style-type: none"> ■ Management of the remaining loan portfolio of approximately €3.4 billion. This portfolio consists of connections with assets in various jurisdictions that remain with IBRC due to ongoing litigation. ■ The Loan Management Team continues to progress repayment plans, litigation and realisation strategies in relation to all remaining borrowers and assets. A total of 6 credit decisions were approved by the Supervisory Committee during 2020. ■ Monthly reporting of Phase 1 and Phase 2 of the Central Credit Register ("CCR") on behalf of IBRC, in accordance with the Credit Report Act 2013, is ongoing. ■ Operate with ongoing consent and supervision of the CBI. The current consent is in place to 30 June 2021 (request for consent submitted at six month intervals).
Service Management Unit ("SMU")	<ul style="list-style-type: none"> ■ The Service Management Unit ("SMU") provides a broad range of support services to other functions within IBRC and to third parties including investigating and facilitating the release of Title Deeds and Life Policies, resolving general client related queries, parliamentary questions, assisting with legal enquiries and litigation. ■ The following key requests were managed during the year: <ul style="list-style-type: none"> – Discharge of historic security charges: <ul style="list-style-type: none"> ■ 142 new requests received in 2020 (a decrease of 77 from 2019) of which 128 were resolved during the period, 8 are being actively worked through and a further 6 were placed on hold (in addition to 62 from the 2017-2019 period) pending receipt of further information from the requestor. – Data Subject Access Requests: <ul style="list-style-type: none"> ■ 13 new DSARs were received during 2020 while a further access request carried forward from 2019 was also resolved. 7 DSARs remained open at 31 December 2020. – Financial Services and Pensions Ombudsman ("FSPO"): <ul style="list-style-type: none"> ■ 8 new FSPO complaints were received during 2020. 7 complaints were resolved during 2020. At the end of 2020 a total of 10 cases remained ongoing.
Finance	<ul style="list-style-type: none"> ■ Liquidity management of current cash balances. ■ Management of remaining assets on the balance sheet. ■ Treasury management including the hedging of Sterling and US dollar exposures. ■ Preparation of internal and external financial and regulatory reporting. ■ Preparation of cash flow and estimated outcome forecasts. ■ Ongoing engagement with the Tax workstream to ensure compliance of IBRC's tax obligations. ■ Preparation and submission of quarterly updates and other reports to DOF, CBI and CSO. ■ Continued oversight of group rationalisation of subsidiaries and support in the orderly winding up or sale of these entities. ■ Oversight of the creditor adjudication process (see <i>Creditor adjudication process</i> section above).

2 Workstream activities summary

Area	Summary
Taxation	<ul style="list-style-type: none"> ■ Working to ensure that IBRC's tax affairs are managed effectively so that all relevant tax obligations are met on a timely basis. ■ Ensuring that withholding tax obligations are complied with on payments to unsecured creditors. ■ Analysing the tax implications of winding up various Irish subsidiaries and the repatriation of capital from foreign subsidiaries. ■ Ongoing engagement with foreign tax authorities in relation to the tax position of the IBRC Group.
Commission of Investigation ("Commission")	<ul style="list-style-type: none"> ■ The SLs responded to one further direction issued by the Commission in 2020. ■ The SLs will continue to comply with all Directions and continue to provide all possible assistance to the Commission in order to allow it to carry out its functions.
IT	<ul style="list-style-type: none"> ■ This workstream managed the engagement, governance and compliance elements delivered by the IT Managed Service Provider. ■ Continued cost reduction focus has delivered €1.1m in annual cost savings during the 12 months to 31 December 2020. This has been achieved through contract renegotiations, infrastructure consolidation and continuing cost review. ■ Provision of the IT environment and continued support requirements for the business functions and project teams.
COVID-19	<ul style="list-style-type: none"> ■ The IBRC Business Continuity Plan was invoked upon the outbreak of COVID-19 in March 2020 and enabled IBRC to respond in an efficient and timely manner. The Business Continuity Management team, which comprises representatives from IBRC workstreams and SL became operational. This team manages overall operations, ensures all employees have the necessary support and technology required to work from home, and makes all required decisions. ■ IBRC continues to monitor the HSE and Government guidelines. Additional action will be taken, if and when appropriate to ensure the continued compliance with all requirements and security of the office environment. If necessary, this will include further health and safety assessments to ensure ongoing safety for all staff. ■ There has been limited disruption to IBRC operations, business and project functions under the current remote user working solution. This is due to the comprehensive plan and technical support in place within IBRC. ■ COVID-19 has adversely impacted the current value of the remaining assets. In order to maximise the value from the realisation of these assets, it is necessary to delay bringing these assets to market. COVID-19 has also caused delay in the conclusion of outstanding litigation.



3.Detail on specific workstreams

3.1 Creditor adjudication process: key highlights



Ongoing payments in relation to the final instalment of the principal owed to unsecured creditors brings the **total dividend for admitted unsecured creditors to 100%**.

152 claims were reviewed and adjudicated **during 2020**, bringing the **total number** of adjudicated claims to **3,170**.

The remaining **120 claims are currently being reviewed**.

Approximately **€1.57 billion has been paid to State agencies** through the unsecured dividend payment process.

Commenced **adjudication** of unsecured creditor claims for **post liquidation interest**.

3.1 Creditor adjudication process: overview

Creditor adjudication process

- Claims are reviewed as submitted. If insufficient information is provided, additional information is requested.
- Once all the information has been received, we assess the merits of both the liability and the quantum submitted.
- If a valid claim can not be demonstrated, the claim is rejected and the potential creditor has 14 days to appeal.

Creditor Adjudication Volumes		
Adjudicated Claims	29-Feb-20	28-Feb-21
Claims approved	1,364	1,390
Claims rejected	1,654	1,780
Total adjudicated claims	3,018	3,170
Ongoing claims		
Claims in progress	240	120
Total ongoing claims	240	120
Total claims	3,258	3,290

Highlights

- 152 claims were reviewed and adjudicated during 2020, bringing the total number of concluded claims to 3,170.
- The remaining 120 claims are being processed as efficiently as possible by the Unsecured Creditor Desk (in conjunction with IBRC Legal and Finance support). The remaining 120 claims include litigation claims, FSPO claims, performance bond claims, interest overcharging claims and other trade creditor claims.
- The process of communicating and adjudicating those creditors who have contractual entitlements to post liquidation interest is ongoing.

Dividend

- Payments in relation to the final instalment of the principal owed to unsecured creditors is ongoing. The total dividend is 100% for admitted unsecured creditors.
- We have commenced the adjudication of unsecured creditor claims for post liquidation interest. Creditors who have a contractual entitlement to interest will be included for adjudication and interest will be paid in full.

Work remaining/ key future actions

- Continue to contact claimants for further information to substantiate claims being considered for adjudication.
- Work in conjunction with the Project Mozart team to ensure successful processing and payment of all unsecured creditor claims arising out of the interest overcharge remediation exercise.
- 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 deal with requests for information and other correspondence received by the Unsecured Creditor desk.
- Continue to liaise with ALG and other professional advisors as required for advice and assistance in correct adjudication of claims.
- Liaising with tax advisors regarding the tax treatment of unsecured dividend payments.
- Liaising with IBRC legal team regarding the ongoing legal cases where settlements when finalised will be included as an unsecured creditor.
- Process the final dividend for all admitted unsecured creditors.
- There are a number of claims which relate to complex financial transactions and these claims are being reviewed in detail.
- Respond to creditor appeals where claims are rejected.

3.2 Legal & eDiscovery: key highlights



21 sets of proceedings substantially concluded during 2020.

Ongoing **management of** approximately **29 sets of legal proceedings** (17 as defendant and 12 recovery and enforcement actions).

One new set of proceedings have been brought against IBRC during 2020.

Liaising with **SMU Team** concerning, inter alia **FSPO complaints, DSARs, security discharges** and other issues and complaints raised by former borrowers.

Supported three substantial discovery orders in active litigation proceedings.

3.2 Legal & eDiscovery: overview

Workstream overview

- Actively manage all current litigation/legal cases taken by or against IBRC (in SL). Many of these proceedings are high profile and/or of significant value, involving former directors and officers of Anglo/INBS, claims of negligence by professional advisers, or substantial claims for and against former borrowers concerning their loans and/or related security.
- Manage the eDiscovery caseload associated with the above litigation including ongoing review and improvements to eDiscovery processes and procedures to improve efficiency and capacity.

Ongoing Litigation

- IBRC remains party to 29 legal cases, comprising defendant litigation and plaintiff litigation/ recovery and enforcement actions. A table providing a breakdown of the total active cases under management during the 12 month period to 31 Dec 2020 is set out below.

Legal Workstream - active cases (volume summary)		
	28-Feb-20	31-Dec-20
Defendant Litigation	34	17
Recovery & Enforcement Actions	16	12
Total active cases	50	29

- There has been a net reduction of 21 active cases (50 to 29) during the period due to the ongoing resolution of outstanding legacy matters.
- These figures do not take account of all subrogated claims, UK cases, miscellaneous financial leasing litigation and US foreclosure proceedings, or proceedings to which IBRC currently remains a party where the benefit has transferred to a loan purchaser and the purchaser is yet to substitute into the proceedings (addressed opposite).

New Proceedings

- In 2020 there was one new case filed in the UK against IBRC.
- The reduction in new cases follows a consistent trend in recent years largely coinciding with the expiry of statutory limitation periods and the requirement to obtain the prior leave of the Court in accordance with section 6 of the IBRC Act 2013.

Defendant Litigation

- The SLs are managing 17 proceedings in which it is defendant. IBRC continues to actively attempt to reduce its exposure to Defendant Litigation. The SLs assess the merits of defending such litigation and, where deemed appropriate, IBRC Group Legal implements the SLs strategy of reducing the number of defendant cases in the most cost effective manner possible.

Recovery & Enforcement Action/ Plaintiff Litigation

- IBRC continues to manage 12 recovery and enforcement actions. Some of these cases were instigated prior to the SLs appointment, which IBRC continues to pursue. In other instances, and in accordance with the SLs strategy, IBRC has issued proceedings with a view to maximising recovery, for debt due and owing, to enforce judgments obtained, for asset recovery or protection or seeking damages for acts of professional negligence.

eDiscovery

- Delivered a discovery disclosure with in excess of 40,000 documents.
- Delivered two further significant discoveries during 2020.
- The contract for support and maintenance of the legacy voice recording infrastructure was changed to a different provider in 2020 providing a significant cost saving.
- Clearwell review platform also upgraded to maintain access to legacy case reviews.

Summary of key issues dealt with since the last progress report

- 21 sets of proceedings substantially concluded from 28 February 2020 to 31 December 2020.
- Defence of various proceedings including concerning allegations of mis-selling of SWAPS and investments, mismanagement, negligence, breach of contract and breach of duty.
- Continued involvement in residual loan portfolio management and the resolution of outstanding debt.
- Liaising with insurers in respect of notification and renewal of various insurance policies, as well as engagement to secure cover for certain defendant litigation and counterclaims.
- Liaising with SMU Team concerning, inter alia, FSPO complaints; DSARs; security discharges; and other issues/complaints raised by former borrowers.
- Extensive engagement with DPO in relation to various data protection issues including GDPR compliance, DSAR policy and ODPC investigations.
- Interaction with unsecured claims team where legal issues arise or there is crossover with claimants in proceedings.
- Preparation and submission of monthly Legacy legal reports to DOF.

3.2 Legal & eDiscovery: overview

Summary of Key Issues Continued

- Processing of more than:
 - 6.5 million emails; and
 - 120,000 electronic documents.
- Retrieval and search of:
 - 1,145 archive boxes (searches conducted from 80,000 boxes archived); and
 - 70Tb of electronic information (c.394 million email files and 135 million electronic documents).
- Support for:
 - Three legal review teams with 20 separate legal reviewers;
 - In excess of 30 general searches and requests for information; this included scoping and early case assessment for litigation matters, FSPO cases, internal queries; and
 - Three electronic disclosures in respect of litigation discovery orders.

Work remaining / key future actions

- Continue to manage all current litigation/legal cases taken by or against IBRC.
- Continue to manage and support all IBRC legal cases and DSAR requests made against IBRC.
- Ongoing process efficiency improvements across support to legal teams as part of discovery of information.
- Facilitate the retirement of legacy application and hardware environments and reduce costs of ongoing support of information retention and access.
- Comply with any further Directions issued by the Commission of Investigation (“Commission”) and continue to provide all possible assistance to the Commission in order to allow it to carry out its functions.



3.3 Interest overcharging remediation

3.3 Interest overcharging remediation workstream: key highlights

Project Mozart

Project Mozart, the project to remediate the interest overcharging in relation to the Morrissey judgement **was substantially completed during 2020.**

Project Amadeus

In April 2020 **Project Amadeus commenced.** This is the interest overcharging remediation project that requires IBRC to remediate interest overcharging on certain loans acquired by NALM.

3.3 Interest Overcharging Summary

Background Project Mozart

- In proceedings entitled IBRC v John Morrissey, the High Court delivered a Judgment by Finlay-Geoghegan J. dated 29 October 2014 (“the Judgement”). In the Judgement, 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 was not in accordance with the relevant Terms and Conditions attached to IBRC loan documents.
- Consequently, in general, 5 days additional interest per annum has been charged on impacted accounts.
- As a result, in July 2019 IBRC commenced a programme of remediation, Project Mozart to identify and address any instances where customers were overcharged based on this Judgement.

Project Mozart Summary

- The customers and accounts impacted by the issue identified by the Judgment are as follows:

Summary Table Project Mozart 31 Dec 2020

Number of customers identified	6,199
Number of customers requiring remediation	5,144
Number of loans requiring remediation	12,159

- The project has been substantially completed with 99% of customers communicated with and their claims dealt with. The Project Mozart specialist team have been redeployed to Project Amadeus (discussed below).
- A small number of claims, relating to more complex litigation remain to be processed.
- Where customers submit queries in relation to their claims or other Project Mozart matters, these queries are being monitored and responded to in a timely manner by the Project Mozart team.

Background Project Amadeus

- During the period January 2010 to September 2011, NALM acquired loans from Anglo, now IBRC in SL.
- These loans were acquired under the NAMA Act 2009 and on the basis of terms and conditions agreed with NALM.
- Based on the loan acquisition information provided by IBRC, NALM has calculated (or caused to be calculated) the interest accruing on the acquired loans on the same calculation basis used within IBRC’s systems.

Background Project Amadeus Continued

- Following the Morrissey Judgement, NALM submitted a claim to IBRC in respect of 1) the overstatement of loan balances; and 2) the costs of remediation.
- To date, IBRC and NALM have agreed that IBRC will complete the prescribed remediation work on behalf of NALM, and assist NALM where possible in the completion of this project. This project is called “Project Amadeus”.
- Project Amadeus commenced in April 2020. Since then, IBRC have been able to apply a significant amount of knowledge and technical expertise to Project Amadeus, built up during its own remediation programme, Project Mozart.

Key Actions/Achievements

- Project Initiation has been completed including establishment of programme governance, policies and procedures, workstream details and resource requirements.
- Project Design has been completed. This includes identification and definition of the business process and technology requirements.
- Re design and build is substantially completed for a CMT or the management of file retrieval and case review workflow activities.
- Re design and build a purpose built IOC will complete shortly.

Actions to Complete

- End-to-End system testing and User Acceptance Testing of the final CMT and IOC.
- Business readiness activity for communication of remediation to customers including team setup, procedures, training etc.
- Remediation and communication of refunds to relevant affected customers.
- Deal with all queries and appeals.
- Project Amadeus, based on current delivery dates is estimated to be substantially completed by late 2021.



4.SL fees & overheads

4.1 Summary SL, legal & professional fees (to 31 December 2020)

KPMG SL, Legal & Professional Fees (Gross of rebate)			
€'000	83 month period to 31 Dec 19	12 month period to 31 Dec 20 ⁴	95 month period to 31 Dec 20
KPMG SL team			
- KPMG Ireland	165,568	14,408	179,976
- KPMG UK	8,618	6	8,624
- KPMG other	861	24	885
KPMG SL team total	175,047	14,439 ¹	189,486
SL Legal Advisers			
KPMG migration	4,560	-	4,560
ALG	41,721	1,286 ²	43,007
ALG - Commission work	513	75 ³	588
Linklaters	20,630	6	20,636
SL Other Legal Advisers			
Arthur Cox	5,732	-	5,732
Maples and Calder	2,874	7	2,881
Skadden, Arps, Slate, Meagher & Flom LLP	3,389	168	3,556
Byrne Wallace	2,729	-	2,729
RDJ	551	-	551
PJ O'Driscoll	185	-	185
McCann Fitzgerald	106	-	106
Other legal firms	471	57	527
Legal advisors total	83,461	1,599	16,269
SL Professional Advisors			
PwC	6,159	350	6,509
Property valuation fees	4,700	-	4,700
Valuer A	3,745	-	3,745
Merrills	1,594	-	1,594
Savills	966	-	966
Goodbody	675	-	675
Eastdil	531	-	531
Deloitte	438	-	438
Other professional advisors	109	-	109
Professional advisors total	18,917	350	19,267
Total	277,425	16,388	293,813

Note: The fees represented are exclusive of VAT and disbursements;

KPMG SL, Legal & Professional fees analysis - gross vs net rebate	
€000	95 month period to 31 Dec 20
SL related professional and legal fees (gross)	293,813
Rebates agreed:	
- KPMG	(5,000)
- ALG	(2,706)
- Linklaters	(326)
Total rebate	(8,032)
SL related professional and legal fees (net of rebate)	285,781

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

KPMG SL fee breakdown per hours 95 month period to 31 December		
Workstreams	Hours	€'000
Deal and associated activities	269,601	52,905
Finance, operations and creditor adjudications	367,899	72,306
Regulatory and other required reviews	267,114	42,531
Legal and litigation	40,178	8,954
Other activities	61,267	12,790
Gross (prior to rebate)		189,486
Rebate applied		-5,000
Total (net of rebate)	1,006,059	184,486

Notes

- 1 KPMG rates are based on NAMA rate cards for the relevant services. This is the total fee chargeable for the period. There has been no increase to rates applied since the start of the Special Liquidation on 7 February 2013. This is before a rebate of €5.0 million was agreed following discussions at the request of the Minister. KPMG staff working on the IBRC project was approximately 42 on an annual average full time employee (FTE) basis for the 12 month period to 31 December 2020 (49 for the 12 month period to 31 December 2019).
- 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 legal work completed in relation to the Commission of Investigation undertaken by ALG.
- 4 Please see the Appendix 1 for detail of SL fees by period.

- Notes: (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; GBP1:€1.37728 for the 12 month period to 31 December 2015; GBP1:€1.22515 for the 12 month period to 31 December 2016; GBP1:€1.14068 for the 12 month period to 31 December 2017; GBP1:€1.130314 for the 12 month period to 31 December 2018; GBP1:€1.17536 for the 12 month period to 31 December 2019 and GBP1:€1.11231 for the 12 month period to 31 December 2020.
- (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; USD1:€0.9011 for the 12 month period to 31 December 2015; USD1:€0.904 for the 12 month period to 31 December 2016; USD1:€0.8872 for the 12 month period to 31 December 2017; USD1:€0.8467 for the 12 month period to 31 December 2018; USD1:€0.89016 for the 12 month period to 31 December 2019 and USD1:€0.81493 for the 12 month period to 31 December 2020.

4.2 SL fee analysis (to 31 December 2020)

KPMG SL - fee summary per year and workstream

€000	Actual								Total 95 month period to 31 Dec 20
	11 month period to	Year to							
	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	
Deal and associated activities	16.5	18.7	8.3	3.2	2.9	1.5	1.1	0.9	53.1
Finance, operations and creditor adjudications	18.0	9.5	6.4	8.9	7.8	0.5	8.4	8.4	72.4
Regulatory and other required reviews	-	.	6.8	17.3	9.3	1.0	4.6	3.9	42.3
Legal and litigation	1.1	0.7	1.0	1.6	1.2	0.7	1.7	0.8	9.1
Other activities	3.8	3.2	2.1	1.3	0.7	0.6	0.5	0.4	12.6
Gross (pre rebates agreed)	39.3	32.1	24.5	32.2	21.8	8.7	16.4	14.4	189.5
Rebate applied									(5.0)
Net of rebate									184.5

Note: (a) The fees represented are exclusive of VAT and disbursements;

ACTUAL TO FORECAST COMPARISON

KPMG SL team fees 2020 (actual v. budget)			
€m	Actual	Budget	Variance
2020	14.4	12.5 - 15.0	(1.9) - 0.6

Notes

- Total fees incurred for 12 months to December 2020 by KPMG SL are €14.4m and are within the forecast range provided in the Annual Progress Report dated 30 June 2020.

4.3 Estimate of future SL, legal & professional fees

Estimated timeline to completion of the special liquidation

- COVID-19 has impacted the current realisable values of the remaining assets and the timely conclusion of outstanding litigation. Due to these factors, the SLs currently estimate that a 2 year time extension from December 2022 to December 2024 is required for completion of the Special Liquidation in order to ensure that any potential value impact from COVID-19 on the asset values is minimised. This forecasted completion date is subject to ongoing review and the key assumptions are outlined below and is also discussed in more detail on the following page.
- The SLs believe that this 2 year extension will materially benefit the overall Special Liquidation financial outcome when compared to selling all remaining assets in the short term.

Realisation of remaining assets

- The remaining loan and asset portfolio of IBRC includes a global portfolio of assets; (Russia/Eastern Europe 68%, USA 15%, Asia 8%, Ireland/UK 9%) and is split across the following sectors; Leisure 57%, Office 24%, Retail/Industrial 17% and Residential 2%.
- The SL's considered the timeframe to disposal versus achievement of maximum sales value. The table below summarises the output of the financial modelling undertaken by the SLs which considered the effect of COVID-19 has had on global property prices and the estimated timeline for market recovery to pre COVID-19 price levels. The conclusion of this analysis is that while certain assets may be sold over the course of 2022 and 2023 where their values have recovered, a number of the assets should be held until 2024 to maximise values and achieve the 2019 estimated asset values. This is on the assumption there are no further COVID-19 related closures in this time period and there is a recovery in all remaining asset valuations by 2024.

Estimated loss in asset value from sale in at various time periods v 2019 estimated values

	2021	2022	2023	2024
Estimated reduction in asset value	-30%	-25%	-10%	0%

- The value of the remaining assets declined in 2020 due to the impact of COVID-19. This was due to many lenders taking a more conservative approach to lending levels and covenants and investors becoming more cautious or opportunistic in their valuations. This appears to have followed through to 2021 and it appears that values will only begin recovering from 2022 on and will take 2 years from then to recover to 2019 levels. Consequently, the SL's believe that disposing of all assets over the course of 2021 and early 2022 would result in lower asset value realisations when compared to 2019 levels across all asset classes and by doing so this would also forego any future trading profits or loan repayments to be made from cashflow.

Ongoing Litigation

- The on-going management of c. 29 sets of legal cases to which IBRC (in special liquidation) remains party to need to be concluded. The majority of proceedings are ones in which IBRC is defendant (17 cases). As such the prosecution of the claim is not in the control of IBRC. IBRC has taken steps to bring interim applications to strike out proceedings where possible, or to bring them towards conclusion.
- COVID-19 has caused significant delays to litigation cases, and on the full resumption of court activities (and resultant backlogs), it is estimated that an average High Court case will take a minimum 18 months to conclude. Furthermore, if successfully defended, IBRC can expect that a cohort of these Plaintiffs will appeal. Currently there is approximately a 12 month wait for Court of Appeal hearing dates.

4.3 Estimate of future SL, legal & professional fees

Summary of Forecast SL & Professional Advisors

SL, legal and professional fees (forecast)					
€m	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
KPMG SL	14.4	9.0-11.0	6.0-7.0	4.0	2.5
KPMG SL Legal & Professional Advisors	2.0	1.5-2.5	1.0-2.0	1.0-2.0	1.0-2.0
Total KPMG SL & Advisors	16.4	10.5-13.5	7.0-9.0	5.0-6.0	3.5-4.5

Note: The fees represented are exclusive of VAT and disbursements.

- The above table summarises forecasted SL fees, legal and other professional fees. Total fees were €16.4m in the 12 months to December 2020 and are expected to gradually reduce year on year, prior to the forecasted completion date of December 2024.

Notes

- Please note that the above forecast table is provided for guidance only as the likely timing and costs to complete the Special Liquidation are subject to significant change depending on future events which are outside the control of the SLs.
- As the Special Liquidation of IBRC is ongoing, the ultimate timing and costs of the SL will not be finally determined until such time as matters such as all loan assets are sold, the total level of adjudicated creditors is finalised and the other contingent creditor claims which may crystallise, including those from litigation, are known.
- While the bulk of the liquidation proceeds have been realised and the work involved on a number of workstreams is declining, such as deals and associated activities, there remains a significant amount of work to be completed by the Special Liquidators as outlined in *Tasks to Completion* on page 6 of this report.
- Please note the table above includes an estimate of the KPMG SL fees which are forecast based on current available information.
- Other legal and professional fees are forecast based on information currently available and have been estimated by the SLs.
- The fee forecast is subject to the key assumptions below.

Key assumptions

- The numbers included in "the forecast period" (forecast to 31 December 2024) in the above table are based on the following key assumptions.
 - No new material litigation being taken against IBRC.
 - The current COVID-19 restrictions are lifted by late 2021 which allows litigation and asset realisation strategies to continue as soon as possible.
 - No new material regulatory reviews or investigations which IBRC would be required to establish a special project team is assumed. Ongoing day to day regulatory interaction assumed.
 - No new material creditors attempt to submit a claim in the liquidation.
 - Liquidation of the remaining subsidiaries in a timely manner with no unexpected issues arising.
 - Wind down of the remaining loan book of c. €3.4bn during the projected period.
 - The realisation of all remaining assets during the projected period in an orderly and value maximising manner.

4.3 Estimate of future SL, legal & professional fees

Update between 2019 Progress Update Report forecast and 2020 Progress Update Report forecast

- As stated on the previous page, the Special Liquidation timeline has been extended by 2 years to 31 December 2024 (subject to ongoing review). This is primarily due to the ongoing impact of COVID-19 which has caused delays to Court proceedings and maximising asset value realisation strategies. The SLs believe this is prudent in the current environment and in order to protect the overall financial outcome for the State.
- The impact of this 2 year time extension is an additional forecast of €14-16m for KPMG SL, legal and professional fees to 31 December 2024. The comparison of forecast fees in the previous 2019 annual report and this current, 2020 annual report is outlined in the table below:

SL, legal and professional fees (forecast) Comparison of 2019 Report v 2020 Report						
€m	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2021-2024 Forecast Total
Total KPMG SL & Advisors - 2019 Annual Report	15.5-19.0	9.0-12.0	3.0-5.0	n/a	n/a	12.0-17.0
Total KPMG SL & Advisors - 2020 Annual Report	16.4	10.5-13.5	7.0-9.0	5.0-6.0	3.5-4.5	26.0-33.0
Variance between 2019 and 2020 Report	In Range	1.5	4.0	5.0-6.0	3.5-4.5	14.0-16.0

Note: The fees represented are exclusive of VAT and disbursements.

Detailed explanation for SL, Legal and Professional fee increase

SL, legal and professional fees (forecast) Breakdown of variance between 2019 and 2020 Report						
€m	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2021-2024 Forecast Total
KPMG Legal Workstream Fees ¹	n/a	1.0	2.0	2.0	0.75	5.75
KPMG Loan Management Fees ²	n/a	0.5	1.5	1.5	1.25	4.75
KPMG General Liquidation Fees ³	n/a	0.5	0.5	0.5	0.5	2.0
KPMG SL Legal & Professional Advisors ⁴	n/a	-0.5	0.0	1.0-2.0	1.0-2.0	1.5-3.5
Variance between 2019 and 2020 Report	n/a	1.5	4.0	5.0-6.0	3.5-4.5	14.0-16.0

- KPMG SL, legal and professional fees have increased for the following reasons:

- COVID-19 has caused a significant delay in the legal workstream resulting in an estimated additional fees of €5.75m to 31 December 2024. Remaining 29 litigation cases are all estimated to require substantial court hearing dates, and possibly additional eDiscovery work.
- COVID-19 has also caused significant delays in realisation of remaining assets. In order to maximise value, the SLs intend to sell the majority of assets in 2023 and 2024, this will result in additional SL fees of €4.75m.
- The delay in litigation and asset sales will cause a delay on the ultimate completion of the Special Liquidation and general liquidator fees are projected to increase by €2m.
- Associated legal and professional advisors fees are also forecast to increase by €1.5-€3.5m due to the knock on effect of the aforementioned delays.

4.4 Overheads summary (to 31 December 2020)

Overheads analysis from 1 January 2020 to 31 December 2020				
€m	Notes	Actual	Budget	Variance
Staff costs				
Salaries	1	0.1	0.1	(0.0)
Contractors costs		0.0	0.0	0.0
		0.1	0.1	0.0
Administrative costs				
Legal and professional	2	9.4	9.5	(0.1)
IT related expenses	3	3.0	3.4	(0.4)
Insurance		0.7	0.7	(0.0)
Other		0.1	0.1	0.0
		13.2	13.6	(0.4)
Premises costs				
Rents and rates		0.3	0.3	(0.0)
Other occupational costs		0.4	0.3	0.1
		0.7	0.6	0.1
Total before SL related costs		14.0	14.3	(0.3)

Source: IBRC in SL management accounts

Notes

The table to the left details the general overhead costs of IBRC in SL for the period from 1 January 2020 to 31 December 2020.

The principal matters to highlight are as follows:

- 1 Comprises of fees paid to several INBS directors retained due to continuing litigation.
- 2 The current period's legal fees comprise mainly of fees paid in respect of Quinn litigation, various legal proceedings, other on-going legacy cases and general legal advice.
- 3 Actual IT related expenses was €0.4 million below budget. This was largely due to cost savings achieved following the successful renegotiation of terms in respect of several IT contracts.



Appendices

1. Summary of Special Liquidation fees by period (to 31 December 2020)

Special liquidation professional and legal fees (gross fees) - by period									
€000	11 month period to 31 Dec 13	12 month period to 31 Dec 14	12 month period to 31 Dec 15	12 month period to 31 Dec 16	12 month period to 31 Dec 17	12 month period to 31 Dec 18	12 month period to 31 Dec 19	12 month period to 31 Dec 20	95 month period to 31 Dec 20
KPMG SL team									
Deal and associated activities	16,469	18,673	8,266	3,162	2,879	1,482	1,060	913	52,904
Finance, operations and creditor adjudications	17,968	9,512	6,403	8,884	7,772	4,963	8,429	8,375	72,306
Regulatory and other required reviews	-	-	6,827	17,309	9,325	517	4,605	3,947	42,531
Legal and litigation	1,071	688	976	1,569	1,165	997	1,733	755	8,954
Other activities	3,756	3,234	2,067	1,271	676	704	634	448	12,790
KPMG SL team total	39,263	32,107	24,539	32,196	21,817	8,664	16,460	14,439	189,485
KPMG migration	2,458	2,102	-	-	-	-	-	-	4,560
ALG	19,545	13,323	2,126	1,834	1,677	1,304	1,912	1,286	43,007
ALG - Commission work	-	-	213	93	86	43	78	75	588
Linklaters	12,613	6,185	432	762	508	99	32	6	20,638
SL Other Legal Advisers									0
Arthur Cox	3,059	2,483	134	8	23	18	8	-	5,732
Maples and Calder	1,652	1,065	157	-	-	-	-	7	2,881
Skadden, Arps, Slate, Meagher & Flom LLP	941	1,167	528	127	45	469	112	168	3,556
Byrne Wallace	2,106	575	39	-	5	4	0	-	2,729
RDJ	449	64	-	-	32	-	6,077	-	551
PJ O'Driscoll	130	55	-	-	-	-	-	-	185
McCann Fitzgerald	-	-	-	-	106	-	-	-	106
Other legal firms	-	-	-	39	221	153	57	57	527
Legal advisors total	8,337	5,408	858	174	433	644	184	232	16,269
SL Professional Advisors									
PwC	3,928	1,531	-	-	-	-	700	350	6,509
Property valuation fees	3,275	1,228	109	-	57	31	-	-	4,700
Valuer A	3,461	284	-	-	-	-	-	-	3,745
Merrills	629	684	281	-	1	-	-	-	1,594
Savills	739	227	-	-	-	-	-	-	966
Goodbody	60	615	-	-	-	-	-	-	675
Eastdil	525	6	-	-	-	-	-	-	531
Deloitte	288	147	-	-	-	3	-	-	438
Other professional advisors	-	-	-	-	85	18	6	-	109
Professional advisors total	12,905	4,722	390	-	142	52	706	350	19,267
Total (pre rebates agreed)	95,122	63,847	28,557	35,059	24,663	10,806	19,371	16,388	293,814
KPMG SL team KPIs									
No. of hours	197,852	161,714	129,733	186,912	117,647	42,583	91,589	78,029	1,006,059
Annual average FTEs*	120	87	70	100	64	23	49	42	69

Notes: (a) The fees represented are exclusive of VAT and disbursements;

(b) Please see slide 30 for information on FX rates used in the above table.

(c) Annual average Full Time Employee (FTE) calculation is shown for indicative purposes and is calculated based on actual number of hours divided by actual working days per month.

2. Summary of overhead costs by period (to 31 December 2020)

Overhead analysis from date of Special Liquidation - by period									
€m	14 month period to 31 Mar 14	9 month period to 31 Dec 14	12 month period to 31 Dec 15	12 month period to 31 Dec 16	12 month period to 31 Dec 17	12 month period to 31 Dec 18	12 month period to 31 Dec 19	12 month period to 31 Dec 20	95 month period to 31 Dec 20
Staff costs									
Salaries	63.3	22.3	9.7	2.1	1.2	0.2	0.1	0.1	99.0
Pensions	6.3	1.8	0.8	0.1	0.6	-	-	-	8.4
Contractors costs	10.6	5.2	2.8	1.8	1.8	0.8	0.1	0.0	23.0
Liquidation related redundancy costs	-		0.5	0.1	-	-	-	-	0.6
Other	0.5	0.3	0.1	0.0	-	-	-	-	0.9
	80.7	29.5	13.8	4.2	2.4	1.0	0.2	0.1	132.0
Administrative costs									
Legal and professional	46.4	29.8	63.4	16.7	15.3	16.8	17.4	9.4	215.2
Computer expense	13.9	5	3.7	3.4	5.9	4.4	4.1	3.0	43.4
Insurance	6.3	2.3	0.7	0.7	0.7	0.7	0.9	0.7	13.0
Other	5.3	2.6	1.0	1.2	0.6	0.1	0.1	0.1	11.0
	71.9	39.6	68.8	21.9	22.4	22.1	22.5	13.2	282.6
Premises costs									
Rent and rates	7.2	3.2	1.5	2.2	1.4	1.1	0.5	0.3	17.5
Other occupational costs	3.7	2	1.0	0.2	0.1	0.3	0.4	0.4	8.2
	10.9	5.3	2.5	2.4	1.5	1.5	0.9	0.7	25.6
Other	-0.5	3	0	-	-	-	-	-	2.5
Total before SL related costs	163.1	77.4	85.2	28.5	26.4	24.6	23.6	14.0	442.7

Source: IBRC in SL management accounts, IBRC annual progress reports

3. KPMG: workstream structure (1)

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
Loan Management	<ul style="list-style-type: none"> ■ Management of remaining loan portfolios and sale of underlying assets. ■ Developing an appropriate plan to wind down the Loan Management function in a controlled manner.
Finance, Deposits, Regulatory & Compliance and Operations	<ul style="list-style-type: none"> ■ Preparation of internal and external financial and regulatory reporting. ■ Budgets, financial reporting and ongoing monitoring of income and expenditure. ■ Cost management including regular review of resource requirements and third party costs. ■ Liquidity and Foreign Exchange risk management. ■ Ongoing engagement with the Tax workstream to ensure compliance of IBRC's tax obligations. ■ Effective unwind of balance sheet assets not included in the Loan Management workstream and development of a value realisation strategy for the subsidiaries. ■ Continued oversight of group rationalisation of subsidiaries and support in the orderly winding up or sale of these entities. ■ Administration and oversight of the DGS and ELG scheme. ■ Liaising with relevant regulatory bodies and ensuring IBRC in SL is compliant with all regulatory and compliance requirements. ■ Regular reporting and engagement with DOF including but not limited to: KPMG SL fees, all other costs, budgets. ■ Ensuring appropriate governance structures are in place in accordance with CBI guidelines. ■ Manage creditor adjudication process and process payment of unsecured creditor dividends. ■ Maintaining compliance with Central Credit Register reporting requirements. ■ SMU Team that deals with all queries, FSPO complaints; DSARs, security discharges and other issues/complaints raised by former borrowers.
Legal	<ul style="list-style-type: none"> ■ Deal with legal issues arising in the course of the liquidation of IBRC including legacy issues. ■ Management of legal proceedings involving IBRC, both as a defendant and as plaintiff through recovery and enforcement actions. ■ Dealing with CBI/ODCE/DPP disclosure requests and provision of documentation in the context of Inquiries/criminal investigations/prosecutions. ■ Addressing regulatory queries and advising in relation to compliance with Court Directions issued to the SLs. ■ Advising Unsecured Creditor desk concerning its adjudication process. ■ Liaising with SMU Team concerning, inter alia, FSPO complaints; DSARs, security discharges and other issues/complaints raised by former borrowers. ■ Preparation and submission of monthly Legacy legal reports to DOF. ■ Liaising with insurers. ■ Management and support of all Criminal, Civil and Commission of Investigation eDiscovery requests made in IBRC. This would primarily include the following data sources: Hard Copy Data; File Share Data; Email Data; and Voice Data. ■ eDiscovery support for DSAR requests in compliance with new GDPR legislation.

3. KPMG: workstream structure (2)

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
Taxation	<ul style="list-style-type: none"> ■ Effective management of IBRC tax affairs to ensure that: <ul style="list-style-type: none"> – it meets its tax obligations on a timely basis; – tax assets are realised; and – legacy tax issues are addressed.
HR/IT/Facilities	<ul style="list-style-type: none"> ■ Facilities management. ■ This workstream is also responsible for IT and Operational issues including: <ul style="list-style-type: none"> – Provision of the IT environment and continued support requirements for the business functions and project teams. – The engagement, governance and compliance elements delivered by the IT Managed Service Provider. – Continuous cost reduction focus through infrastructure consolidation, amalgamation of services and supplier contracts and continued review of software and licensing costs. – Compliance with COVID-19 government guidelines regarding onsite working, including necessary remote connectivity upgrades. – Continued quarterly security reviews of the overall environment and actioning of issues identified. – Completion of Annual IT Disaster Recovery and Business Continuity Test.
Interest Overcharging Remediation Projects	<p>Project Mozart</p> <ul style="list-style-type: none"> ■ 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"> – Identification of customers that have been potentially overcharged; – Validation of the overcharge and calculation of the overcharge amount; and – Remediation of the customer’s account. <p>Project Amadeus</p> <ul style="list-style-type: none"> ■ Assist NALM to 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"> – Identification of customers that have been potentially overcharged; – Validation of the overcharge and calculation of the overcharge amount; and – Remediation of the customer’s account.
Tracker Mortgage Examination project	<ul style="list-style-type: none"> ■ Review Anglo and INBS loans accounts that are within scope of the TME, following a Notice of Requirement from the CBI to submit information pursuant to Section 22 of the Central Bank (Supervision and Enforcement) Act 2013. This includes: <ul style="list-style-type: none"> – Identification of customers that have been potentially impacted; – Remediation of the customer’s account; and – Deal with any queries that may arise.
Commission of Investigation	<ul style="list-style-type: none"> ■ To comply with directions issued by the Commission of Investigation. ■ Compiling, collation and production of relevant documents as required under each direction.

4. Principal legal advisors duties

The table below details the roles and responsibilities of the principal legal advisors engaged in the SL process for 2020.

Special Liquidation – KPMG work streams		
	ALG	Linklaters
Deposits and ELG	<ul style="list-style-type: none"> Advising on residual creditor claims relating to the Deposit Guarantee Scheme and the ELG. 	
Legal and Litigation	<ul style="list-style-type: none"> Ongoing advice on mis-selling claims. Advising on certain aspects of the Interest Overcharging Remediation Project. Dealing with various litigation claims involving IBRC including the managing certain existing litigation. Working with English law advisors on creditor claims. Advising on dealing with issues connected with the Commission of Investigation. Dealing with certain complaints made to the FSPO office by former borrowers. 	<ul style="list-style-type: none"> Assisting ALG with the application of English law as regards enforcement of a judgment made against IBRC, including advising on matters relating to the application of statutory interest and of the <i>bona vacantia</i> principle
Advice on SLs on miscellaneous matters.	<ul style="list-style-type: none"> Advice in relation to various, and certain material, creditor claims. Advising on ad hoc queries across a broad spectrum of aspects of the Special Liquidation. Advice in relation to day to day legal issues arising for the SLs in relation to the ongoing wind down of the estate. Advising the SLs regarding their ongoing duties on various matters, including in relation to the GDPR and data protection. 	<ul style="list-style-type: none"> Assisting with ad hoc queries arising in respect of English Law aspects of the Special Liquidation.



The contacts at KPMG in connection with this report are:

Kieran Wallace

Restructuring
Partner, Dublin

Tel: + 353 1 410 1932
kieran.wallace@kpmg.ie

Eamonn Richardson

Restructuring
Partner, Dublin

Tel: + 353 1 410 1344
eamonn.richardson@kpmg.ie