

Minister
from Ann Nolan

CONFIDENTIAL

Central Bank - Request for the provision of ELA

Decision Sought

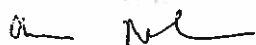
Your approval is sought to allow the Central Bank provide Emergency Liquidity Assistance (ELA) to Irish Life and Permanent.

Background

Irish Life and Permanent has lost a significant amount of funding in recent weeks. The loss of funding has been exacerbated as a result of a number of portfolios that had been used to provide ECB funding to the institution are now ineligible for this purpose. The loss of eligibility is as a result of both recent downgrades and also the recent policy change at the ECB in relation to non Euro denominated debt securities. In these circumstances the Central Bank has proposed to provide Emergency Liquidity Assistance to Irish Life and Permanent. The Central Bank requires a letter of comfort from the Irish State to cover any potential losses that may arise from such a transaction.

Action Required

A draft letter of comfort is attached for your approval and signature.



4 January 2011