



# Irish government nationalises Anglo Irish Bank

Henry McDonald

Thursday 15 January 2009 21.16 GMT

Ireland tonight nationalised the troubled Anglo Irish Bank with a promise to safeguard its €100bn deposit base.

The Guardian understands that the Irish government took the unprecedented measure because of fears that the bank's collapse would have had a major negative impact on the republic's wider economy. Had the bank gone out of business a number of sectors of the economy would have been under threat particularly health insurance, sources said in Dublin.

At a hastily convened press conference this evening in Government Buildings, Dublin, Irish finance minister Brian Lenihan confirmed the bank would be taken into public ownership.

In a statement released in advance of Lenihan's announcement, the Republic's department of finance said: "Anglo Irish Bank is a major financial institution whose viability is of systemic importance to Ireland. Anglo has a balance sheet of some €100bn with a substantial deposit base which the state is determined to safeguard. The government has made clear that it will ensure its continued viability. Anglo Irish Bank will continue to trade normally as a going concern, with appropriate government support as necessary. All Anglo employees remain employed by the company."

Lenihan later said the funding position of the bank had weakened and that the recent admission that former chairman Sean FitzPatrick had loans of more than €87m taken off the bank's books over an eight-year period, had caused "serious reputational damage" to the bank at a time when overall market sentiment towards it was negative.

He said the Irish government believed that the recapitalisation "is not now the appropriate and effective means to secure its continued viability".

"The Government believes that the prospects for the institution are solidly underpinned in the new structure, with the benefit of state ownership and a renewed management and board. In the current circumstances the state is the only available potential owner," said Mr Lenihan.

The recently appointed chairman of the board, Donal O'Connor, is to stay on as chairman of Anglo Irish Bank. Mr Lenihan said the bank would "be managed on an

arms length basis as a commercial entity" and that shareholders rights would be respected.

"All customers of Anglo Irish Bank can be assured that the full amount of their deposits and savings are further safeguarded by this action. They can also be assured that they can and should continue transacting with Anglo as normal and there is no need for customers to take any steps as a result of this announcement. Anglo Irish Bank will communicate directly with all customers in the coming days," said Mr Lenihan.

The government has prepared legislation to put its decision into effect and this will be presented to the two houses of the Irish parliament this coming Tuesday.

The Irish stock exchange and the UK Listing Authority are expected to announce that Anglo-Irish shares will be suspended from listing on the stock exchanges before markets open in the morning.

Lenihan added that the Irish government remained "fully committed" to re-capitalising two other banks that remained privately owned, the Allied Irish Bank and the Bank of Ireland.

In relation to the Anglo Irish Bank Lenihan stressed that it will continue to operate commercially as normal for depositors and creditors alike.

More news

## Topics

Banking Ireland Credit crunch Europe

Save for later Article saved

Reuse this content