



Chairman and Members of the Committee, thank you for inviting AIB to discuss with the Oireachtas, the cashflow challenges that the ongoing weather-related difficulties have created for Irish farmers and their families. My name is Tadhg Buckley, Head of Agriculture with AIB and I am joined by Margaret Brennan, Head of SME Sector Strategy, AIB.

Agriculture is an integral part of AIB's business and with c.€1.7bn in lending, the bank holds over 40% of total outstanding lending balances to the sector in Ireland. Supporting the sector we have a nationwide Agri Advisor team of 15 Agricultural Science Graduates, who provide financial and technical expertise to our frontline staff as well as engaging directly with customers. This team has substantial experience in dealing with farm income and cashflow difficulties, in particular during 2009 and 2013 when farmers faced similar challenges to those currently impacting the sector.

The past 18 months have been a most challenging period for Irish farmers. Weather related difficulties have been ever present during this time with all extremes experienced including severe wet periods, substantial snowfall and a sustained drought. A combination of increased meal and fodder feeding; lower yields; and higher input prices has resulted in farmers across all regions and sectors (livestock and tillage) being impacted. This is a key differentiator from previous crises which were often more sector or region-specific.

AIB is working proactively to support our farming customers to overcome any financial challenges they currently face. While the sector is currently experiencing cashflow pressure, AIB continues to maintain a positive long-term view of the sector.

In recent months AIB has undertaken a number of initiatives to encourage farming customers who may need financial support to engage with us. Some of these initiatives include:

- A communications programme was undertaken with local press articles and online articles to urge farmers to identify their winter requirements and engage with the Bank where additional cashflow support is required. Since weather difficulties emerged in late 2017, we have regularly briefed all front line staff on a number of occasions on the challenges facing our farming customers and of AIB's range of cashflow options available to help overcome these. We intend to continue both internal and external communications in the coming months to help ensure our customers remain informed on how AIB can support them through this current difficult period.
- Local drought response taskforces formed in regions most heavily impacted with customer contact programmes initiated in these regions

- Fodder cashflow survey undertaken of farmers attending the Irish Grassland Association Dairy Summer Tour and the Tullamore Show to better inform AIB of the type of challenges facing our farming customers
- AIB's Agri Advisory team participated and presented at a number of fodder-related events across the country including industry workshops and discussion group meetings
- Fodder Shortage panel discussion held at Tullamore Show with participants from across the Industry offering advice on how to deal with current on-farm challenges

We plan to roll out further initiatives shortly - the primary focus of these is to help our farming customers firstly estimate the likely financial impact the current weather-related difficulties will have on their business and secondly to outline the various options available to our customers to overcome any financial challenges they are likely to face.

Customers can engage with our team of Business Advisors through a number of channels including in branch; on the phone; or online at www.aib.ie/farming. In addition, our 15-person dedicated agri advisory team have a nationwide presence and are supporting both our frontline staff as well as interacting with customers who are seeking cashflow support. We are also very conscious of the stress the current difficulties can place on the overall wellbeing of farmers and their families. We ask that any farmer who finds themselves under severe cashflow pressure to contact the bank and we will prioritise their request urgently. Extended contact hours are available for farmers via our customer phone line, 1890 47 88 33, which is available Monday to Friday 8am to 9pm and Saturdays from 9am to 6pm.

AIB has a range of financial options to support our farming customers including:

- 48 hour decision on business loans, farmer credit lines, and overdrafts up to €60,000 for AIB customers;
- Flexible working capital finance by way of a AIB Farmer Credit Line at a competitive interest rate;
- PromptPay working capital facility which allows farming customers to spread payment of Revenue liabilities, accountancy fees and pension payments over an 11-month period;
- Retrospectively financing capital expenditure and/or breeding herd expansion where already funded from cashflow; and;
- Capital repayment holidays in form of interest-only periods where appropriate

To date we have had a substantial level of proactive one-to-one engagement with customers on cashflow. In many cases, farmers have indicated that they will require additional cashflow support over the coming months but are currently focussing on the day-to-day operational challenges that the drought has placed on their farm businesses. Accordingly, we anticipate the level of cash flow support requests will increase as we progress through Autumn and Winter. We have no limit on the amount of working capital or longer-term loan finance available to support farmers through this short-term challenge. Our advice, as it has always been, is to engage with the Bank early if additional finance is required. We will work with the customer to find the most appropriate solution for individual circumstances.

AIB continues to engage with stakeholders across the farming sector to address the current difficulties. We participated in the Fodder Action Group in the North West last winter and are currently part of the Teagasc Inter-

Agency Fodder Group. In addition we are partners of the Teagasc Grass10 programme, also supported by the Department of Agriculture, Food and the Marine, which focusses on improving efficiencies in grassland production, a key element in helping to avoid a repeat of the fodder shortage currently affecting the country and maximising the grass growth potential to year end.

In conclusion, AIB recognises the challenges currently facing the sector and the role we will play in helping our customers overcome these. Experience has taught us that no one solution will suit all farms. Accordingly we will work with our customers on a case by case basis, supporting their financial needs as appropriate to their requirements. On behalf of AIB I want to again express my thanks to you for affording us the opportunity to address the committee. We will be happy to address any questions member may have for us.