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SBCI
Strategic Banking
Corporation of Ireland

Ms Éilis Fallon,
Clerk of the Committee of Public Accounts,
Leinster House,
Dublin 2
D02 XR20

6 July 2021

Ref: S0444 PAC33

Dear Mr Hughes,

I refer to your letter to me of 22 June 2021. We have enclosed responses to questions raised in this letter in appendix 1.

Should the Committee require clarification on any of the matters raised, please do not hesitate to contact me.

Yours sincerely

Ian Black

Ian Black
Interim Chief Executive Officer

Strategic Banking Corporation of Ireland

(a designated activity company limited by shares):
Treasury Dock, North Wall Quay, Dublin 1, D01A9T8 - Treasury Dock, Cé an Phoirt Thuaidh, Baile Átha Cliath 1

Registered in Ireland.
Companies Registration Office number: 549539
Directors: Conor O Kelly, Ian Black, Tom McAleese, Barbara Cotter, AJ Noonan, Eilis Quinlan, Richard Pelly (UK), Eoin Dorgan, Marguerite McMahon

SBCI.Gov.ie

Appendix 1 - Responses to matters raised in letter dated 22 June 2021 from the Committee of Public Accounts to the Interim CEO of the SBCI.

Question	Response
1. In recent correspondence the SBCI stated that the CEO approved the proposal to repay the KfW facility in November 2018 and informed the Board of same, through his CEO report, on 6 December with the facility been repaid on 11 December 2018. Can the SBCI confirm if only one payment was made to KfW or if there were a number of instalments made to KfW? If the facility was repaid by a number of instalments, why was the Committee not informed of same?	The SBCI made a single repayment of principal and a single repayment of accrued interest on this facility on 11th December 2018.
2. In relation to the Agriculture cashflow support loan scheme that is fully subscribed, does the SBCI have any plans to run similar schemes in the future, that support the agriculture sector specifically?	The SBCI has regular and ongoing engagement with the Department of Agriculture, Food & Marine ("DAFM") who have contributed to all the risk sharing schemes developed by the SBCI to date. The Future Growth Loan Scheme has seen €162m of lending allocated to the agricultural sector since its launch in mid-2019. The Covid-19 Credit Guarantee Scheme has delivered a further €43m of drawn loans to the sector since its launch last October. The Brexit Impact Loan Scheme (BILS), which is due to launch later this year, will have a capacity of up to €330 million in new lending. DAFM's funding ensures that up to 40% of the Scheme will be available to the agri-food sector, which will make up to a further €132m available to the sector through loans for both working capital and investment purposes with repayment terms of up to 6 years. As our Government department stakeholders (including those in the DAFM) plan out the requirement for access to finance support schemes in future, we will work with them to deliver their policy priorities in this area, including further loan schemes that support the agriculture sector.
3. Was an aged debtor analysis completed as part of the due diligence on the SBCI on-lender liquidity partner that provides invoice financing facilities for SME's?	As was stated at our appearance before the Committee in March, detailed financial analysis of debtors formed part of the due diligence process. https://www.oireachtas.ie/en/debates/debate/committee_of_public_accounts/2021-03-09/2/ For those On-Lenders that provide Invoice Discount facilities, the due diligence also includes a detailed review of the portfolio of borrowers and their underlying invoices as follows: - • A review by the SBCI of the On-Lenders' portfolio of invoice facilities obtaining data on the composition of the borrowers in the portfolio, the credit risk profile of each borrower, the level of arrears/bad debts/write offs. • A review of the audit reports completed on the portfolio and a sample of the audits completed on individual borrowers and their underlying debtor book. • A separate independent 'on-site' due diligence was completed by a firm from the SBCI's panel (EY) to corroborate the SBCI's assessment which included a verification of the portfolio data and the underlying debtors/invoices.
4. If an aged debtor analysis was carried out for the on-lending liquidity partner, please provide the analysis reports for 2014 to 2020?	The debtor book analysis includes detailed information regarding the On-lender itself (e.g. portfolio details, amounts etc) and details on individual borrowers (e.g. names, business details). As this information is commercially sensitive, we are not be able to disclose it.
5. Please confirm if any of SBCI's Directors have held any positions on the Board of Finance Ireland?	Ian Black, the NTMA Chief Financial and Operating Officer who was appointed interim CEO and a board member of the SBCI effective 15th February 2021, resigned from his position as a non-executive director of Finance Ireland effective 29th January 2021, prior to his SBCI appointment. Mr Black's position with Finance Ireland arose as a result of the Ireland Strategic Investment Fund, part of the NTMA, taking an equity shareholding in Finance Ireland and appointing an NTMA representative to its board. Mr. Black did not receive any remuneration in relation to his membership of the board of Finance Ireland.
6. What are the specific personal and organisational performance objectives that the SBCI use to measure an employees "exceptional performance"?	Performance Related Pay ("PRP") awards are made in line with the SBCI remuneration policy. PRP awards are made having regard to an employee's own performance, the performance of the employee's area of responsibility and the overall responsibility of the SBCI. An individual's personal and organisational objectives reflect the responsibilities of their role. An award of PRP to an individual is based on their performance in their role, both in terms of what objectives were achieved and how they were achieved and have regard for an individual's contribution relative to their peers in the SBCI.
7. Did the SBCI require any of its on-lending partners to repay tranches, in 2019/2020, that were not deployed to SME's within the required 6 months? If so, was the whole tranche repaid by the on-lender (please provide the level of funding that was repaid by each on-lender for this reason)?	No.
8. Since 2014, have the SBCI ever had to restructure agreements or cease funding to any of their on-lending partners, due to a breach in the signed agreement?	No.