

Parliamentary Questions by Catherine Murphy TD concerning the sale of Siteserv Ltd.

Date	Ref	Summary
48159/14	16 Dec 2014	<p>Asked the Minister if he was satisfied that IBRC acted in the best financial interest of the State, if he was aware of higher bids, if he sought satisfactory answers as to why; if he questioned why same legal rep acted for seller and purchaser.</p> <ul style="list-style-type: none"> • Minister stated that IBRC operated “at arms length” and “it was a matter for the board” [of IBRC]. • He did not answer if he was aware of any higher bids. • He said he was aware that KPMG and Davy ran a joint sales process to sell Siteserv. • He did not answer the question about the same legal representative acting for purchaser and seller. • He did not answer the question about whether he investigated the sale of the Siteserv. • He stated that he was advised that the Board of IBRC were satisfied that the sale represented the best return for IBRC.
48755/14	17 th Dec 2014	<p>Minster was asked to provide an itemised list of all disposals made by IBRC including detailed information about each. PQ applied to sales both before and after appointment of Special Liquidators</p> <ul style="list-style-type: none"> • Minister replied that info relating to disposals was commercially sensitive. He included a link to the progress report of the Special Liquidators.
4700/15	4 th Feb 2015	<p>Minister was asked, further to PQ 48159/14, why he did not query the reason why such a large loss to the State occurred in the Siteserv transaction.</p> <ul style="list-style-type: none"> • Minister repeated that the sale was entirely a matter for the IBRC board. • He indicated that the sale of Siteserv did not meet the financial thresholds which would trigger mandatory consultation with the Dept Finance. • He did NOT inform the Deputy that a new relationship framework was put in place days after the Siteserv deal, under which the deal would have triggered mandatory consultation.

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		<ul style="list-style-type: none"> • He did NOT indicate that any review had taken place into the transaction. • He did NOT indicate that several meetings had taken place with IBRC officials, including one he attended himself, because of deep Departmental concerns about the sale. • He did NOT indicate that the Department had, as a direct result of the Siteserv deal, seconded a person in IBRC to provide more oversight.
8718/15	26 th Feb 2015	<p>Minister was asked for a copy of the Relationship Framework including the precise financial thresholds that would trigger mandatory consultation.</p> <ul style="list-style-type: none"> • Minister provided a link to the Relationship Framework. • Clarifies that an impact of €100m on equity of the Bank is the threshold
9582/15	4 th March 2015	<p>Minister was asked, further to PQ 4700/15, why he stated that the sale of Siteserv did not result in mandatory consultation when it reportedly resulted in a net loss of over €100m; which he subsequently said was the threshold which would trigger such consultation.</p> <ul style="list-style-type: none"> • Minister finally clarifies that the Relationship Framework was only put in place on 29th March 2015, 14 days AFTER the sale of Siteserv on 15th March. • The previous Relationship Framework was one that was in effect from the 8th July 2009 and had no such thresholds.
10566/15	10 th March 2015	<p>Minister was asked what consultation took place in advance of the introduction of the new Relationship Framework. What set of circumstances led to the introduction of the new Relationship Framework.</p> <ul style="list-style-type: none"> • Minister replied to state that RF's were required under the EU IMF Bailout. • It followed considerable interaction with management of IBRC.

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10967/15	12 th March 2015	<p>Minister was asked if he was aware that the sale of Siteserv included a portion of the sale price that was to be directed to shareholders (reportedly €5m), that several board members profited substantially personally from this deal.</p> <ul style="list-style-type: none"> • For first time, Minister admits that “following receipt of critical representations” the Department inquired about the transaction involving Siteserv. • Admits that a review took place into the transaction. • Admits that the review raised concerns about the quality of some the decisions being taken; including that a payment had been made to shareholders. • Admitted to having had a meeting with the Chair and CEO of IBRC and that they confirmed that the transaction was handled in the best possible manner to protect the State’s interest.
10965/15	12 th March 2015	<p>Minister was asked when the Commission advised on the necessity of having a relationship framework in place and to what timeframe.</p> <ul style="list-style-type: none"> • Minister replied that these were agreed under the 3rd IMF/EU bailout review of September 2011 • RF’s with 6 banks were put in place on 30th March 2012.
12628/15	26 th March 2015	<p>Minister asked if he could confirm that higher offers were turned down during the sale process for Siteserv; if he was aware that if another, higher offer had been accepted it would have delayed the sale to the point that the new relationship framework would be in effect.</p> <ul style="list-style-type: none"> • Minister confirms that representations were made by an unsuccessful bidder to the Dept • Confirms that the transaction involving Siteserv was run by Siteserv and its advisors. • Admits that the review undertaken by his Department discovered that a higher bid for Siteserv was received AFTER an exclusivity agreement had been entered into with Millington.

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<p>12546/15 12621/15</p>	<p>26th March 2015</p>	<p>Minister asked to list all meetings with IBRC regarding Siteserv and to release minutes and correspondence relating to same.</p> <p>Minister also asked if €10m credit facility was extended to Siteserv in advance of its sale.</p> <ul style="list-style-type: none"> • Replies repeating the dates of meetings he had previously informed about. • States that records, minutes, correspondence are subject to an FOI request. • Reiterates that he directly told IBRC management that he was concerned about decision to let the sale process to be led by advisors of Siteserv; the decision to exclude trade buyers; the timing of exclusivity and the payment to shareholders. • Replies that he is unable to comment on the €10m credit facility as it was not typical that this information would be disclosed under the relationship framework
<p>13119/15</p>	<p>1st April 2015</p>	<p>Minister asked for detailed account of dialogue that took place between IBRC and Dept in advance of introduction of the relationship framework, including all correspondence.</p> <ul style="list-style-type: none"> • Information is subject to an FOI request and a decision will be taken shortly on releasing said records.
<p>13118/15</p>	<p>1st April 2015</p>	<p>Minister asked to outline process which resulted in him being convinced that the sale of Siteserv represented the best outcome to the State's interest; the number of bids received in both rounds; tender details, ranking of bids etc.</p> <ul style="list-style-type: none"> • Admits that 50 candidates were identified and ultimately 8 bids shortlisted • Stated that by the time of the meeting between John Moran and IBRC in August 2012 "no further action could be taken" despite the serious departmental concerns about the process. • Admits that a Dept Finance official was placed on secondment to IBRC with a view of maximising recovery for the taxpayer in IRBC transactions.

QUESTION NO: 28

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Catherine Murphy
for **ORAL ANSWER** on **01/04/2015**

To ask the Minister for Finance in respect of the Departmental review of the sale of Siteserv to Millington by the Irish Bank Resolution Corporation, the process that resulted in him being convinced that the sale amounted to the best outcome for the State; if he and his officials looked at both rounds of bids; if so, the number and name of the companies that made bids in the first round; the place in the hierarchy Millington fell; the number of those bids that went forward to the second round; the criteria for moving to the second round; the place Millington, the winning bid, fell in the hierarchy in terms of the amounts bid; if the tender process was uniform for all bidders; if not, the reason for same; if not, the way the bids were ranked; and if he will make a statement on the matter.

REPLY.

I am advised that, on foot of a meeting between officials from my Department and senior management of IBRC held on 31 May 2012, it was agreed that my Department would review this transaction to better understand the decisions taken by IBRC. This review took place, by way of a meeting between officials from my Department and senior management of IBRC, on 11 June 2012. At this meeting, IBRC officials explained how the sale process was conducted, from the selection of the original 50 candidates through to the 8 bids ultimately submitted and the selection of the winning bidder.

Following this review, a further meeting was held on 25 July 2012, which I attended along with officials from my Department and the Chairman and CEO of IBRC. At this meeting, the transaction referred to in the question was discussed further, along with a number of other topics. I can confirm that at this meeting, it was put to senior management of IBRC that officials in my Department had concerns with a number of decisions taken by IBRC in relation to the sale of SitServ including the decision to allow the sale process to be led by advisors of SiteServ, the bidding process, entering into exclusivity with one of the bidders and the decision to exclude trade buyers. It was at this meeting that senior management of

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IBRC confirmed to me that the transaction involving the sale of SiteServ was thoroughly assessed by the Board of IBRC prior to them approving it and that the transaction was managed in the best manner possible to achieve the best result for the State. A further meeting between the former Secretary General of the Department of Finance, John Moran, and the then CEO of IBRC took place in August 2012 at which this matter was also further discussed. At that point, the transaction had been concluded and no further action could have been taken.

Notwithstanding the fact that a new Relationship Framework had been put in place, it was decided (following the meeting with John Moran and the then CEO of IBRC in August 2012) that a senior Department of Finance official would be seconded to IBRC to explore opportunities for deleveraging with a view to maximising the recovery for the taxpayer. This had the additional benefit of providing greater oversight while supporting the management team. The secondment of Neil Ryan to IBRC commenced shortly thereafter.

QUESTION NO: 31

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **ORAL ANSWER** on **01/04/2015**

To ask the Minister for Finance if he will provide a detailed account of the dialogue which took place between his Department and the former Irish Bank Resolution Corporation in advance of, during and after the introduction of the updated Framework Agreement governing the relationship between the bank and him in March 2012; if he will provide an itemised list of all such correspondence, including the purpose and detail of the correspondence; and if he will make a statement on the matter.

REPLY.

As part of Ireland's third review under the EU/IMF Programme of Financial Support, a report on which was published in September 2011 and is available on the Department of Finance website, there were a number of conditions/actions which Ireland committed to. One of which was to develop a framework to govern the exercise of the State's ownership rights in the banks resulting from the capital injections, including to put in place relationship frameworks with the banks to protect the commercial basis for the banks' operations while under State ownership. On 30 March 2012, Relationship Frameworks were put in place by my Department with each of the banks in which the State acquired an interest in the context of the financial crisis to govern the relationship between the State, as shareholder, and each bank. They were designed to recognise the separation of each bank from the State, to ensure their businesses would be run on a commercial, cost effective and independent basis to ensure the value of the banks as an asset to the State, and to limit the State's intervention to the extent necessary to protect the public interest. Under the Relationship Frameworks each bank was to remain a separate economic unit with independent power of decision with its board of directors and management team retaining responsibility for determining the bank's strategies and commercial policies and conducting its day-to-day operations. A revised Relationship Framework with IBRC was published on March 30, 2012 in line with the introduction of similar agreements for each of the other banks. That followed interaction with the management and Boards of each of the banks concerned.

While I confirm that IBRC was consulted on an ongoing basis over a period of months in relation to the introduction of the revised Relationship Framework, the information requested

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by the Deputy as part of this Parliamentary Question relating to the specific dialogue which took place between my Department and IBRC is currently the subject of a Freedom of Information request and will be released in due course as part of this Freedom of Information request should the Deciding Officer consider its full release to be appropriate. The Deciding Officer will make the materials released under this Freedom of Information request available to you upon their release.

QUESTION NOS: 80,81

DÁIL QUESTIONS addressed to the Minister for Finance
(Deputy Michael Noonan)
by Deputy Catherine Murphy, Catherine Murphy
for **WRITTEN ANSWER** on **26/03/2015**

* To ask the Minister for Finance if records were kept of the meeting or meetings he or officials of his Department held with the Irish Bank Resolution Corporation in respect of a sale (details supplied); if so, if he will include these records in his response; if not, the reason; if not, the questions he raised in respect of payment to directors of the company, in view of the large debt that was being written down, and the answers he received; the questions he raised in respect of the number of tenders considered; the reason the bid was more advantageous to the State; the questions he raised in respect of those who were involved in the tender process, in the various entities; and if he will make a statement on the matter.

- Catherine Murphy T.D.

For WRITTEN answer on Thursday, 26 March, 2015.

* To ask the Minister for Finance if the former Irish Bank Resolution Corporation extended a €10 million credit facility to an entity which was already heavily indebted to it (details supplied), at any point between 2010 and its sale in 2012; if he will confirm that all due diligence procedures were followed in advance of the forwarding of this line of credit; if this €10 million or outstanding portion thereof was specifically recovered through the sale of the entity concerned or if the money was written down entirely at that point; and if he will make a statement on the matter.

- Catherine Murphy T.D.

For WRITTEN answer on Thursday, 26 March, 2015.

REPLY.

As way of background on the transaction referred to in the question, following a meeting between officials from my Department and senior management of IBRC held on 31 May 2012 it was agreed that my Department would review this transaction to better understand the decisions taken by IBRC. This review took place, by way of a meeting between officials from my Department and senior management of IBRC, on 11 June 2012. Following this review, a further meeting was held on 25 July 2012, which I attended along with officials from my Department and senior management from IBRC. At this meeting, the transaction referred to in the question was discussed further, along with a number of other topics. A further meeting between the former Secretary General of the Department of Finance, John Moran, and the then CEO of IBRC took place in August 2012 at which this matter was further discussed.

The file notes, minutes and other records regarding these meetings are currently the subject of Freedom of Information requests and will be released in due course as part of these Freedom

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of Information requests should officials in my Department consider their full release to be appropriate. The Deciding Officer will make the materials released under these Freedom of Information requests available to you upon their release.

Until those decisions are made by the Deciding Officer, I can confirm that at the meeting which I attended on 25 July 2012, it was put to senior management of IBRC that officials in my Department had concerns with a number of decisions taken by IBRC in relation to the sale of the company referred to in the question including the decision to allow the sale process to be led by advisors of the company referred to in the question, the decision to exclude trade buyers, the timing of exclusivity and the payment to shareholders. Senior management of IBRC confirmed to me at this meeting that the transaction involving the company referred to in the question was thoroughly assessed by the Board of IBRC prior to them approving it and that the transaction was managed in the best manner possible to achieve the best result for the State.

In relation to the Deputy's query on a €10 million credit facility extended to the company referred to in the question between 2010 and the sale of the company in 2012, I am advised that it would not have been typical for decisions around credit facilities to be disclosed or discussed with Department of Finance officials unless required under the Relationship Framework which governed interactions between the Bank and the Department of Finance as these activities typically would have been within the ordinary course of business for the Bank.

Officials in my Department have also contacted the Special Liquidators but they are unable to comment on individual cases as the information requested is confidential and it would not be appropriate for them to release such information.

This being the case, I am unable to comment further on this matter.

QUESTION NO: 82

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **26/03/2015**

To ask the Minister for Finance if he will confirm the recent media reports which state that the board of the Irish Bank Resolution Corporation turned down a reportedly higher offer for an entity (details supplied) because one element of that proposal included a mandatory eight-week due diligence exercise; if his attention has been drawn to the fact that had the board chosen this reported bid, the new framework agreement would have been in place once the said eight-week period had expired; if he has considered that the sale of the entity was rushed in that respect; if he has invited any explanation as to what end such a rush was undertaken for; and if he will make a statement on the matter.

REPLY.

As part of parliamentary question 97 which was answered on 12 March 2015, the Deputy is aware of the process which was undertaken to introduce a revised Relationship Framework for IBRC and the reasons behind this.

In relation to the sale of the company referred to in the question, it was after representations made by an unsuccessful bidder in the process and subsequent meetings between that party and officials in my Department that my officials met with IBRC and undertook a review of this transaction. Following this review, my officials were made aware that the transaction involving the sale of the company referred to in the question was run by the company referred to in the question along with its advisors. This review raised concerns with the quality of some of the decisions taken in respect of this transaction, including, among others, that a higher bid for the company referred to in the question was received after entering into an exclusivity agreement with the ultimate winning bidder.

In light of concerns stemming from the review of the transaction by officials in my Department, I subsequently met with IBRC's Chairman and CEO to discuss this transaction. The Chairman and CEO confirmed to me that the transaction process and its terms had been

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thoroughly assessed by the IBRC Board and that the transaction was managed in the best manner possible to achieve the best result for the State.

The file notes, minutes and other records regarding the review of this transaction by my officials are currently the subject of Freedom of Information requests and will be released in due course as part of these Freedom of Information requests should the Deciding Officer consider their full release to be appropriate. The Deciding Officer will make the materials released under these Freedom of Information requests available to you upon their release.

QUESTION NO: 97

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **12/03/2015**

To ask the Minister for Finance when the European Commission advised his Department on the necessity to have in place a relationship framework, and operational protocol, to govern interactions between him, as Minister, and the Irish Bank Resolution Corporation; if that advice indicated that a set figure would be advisable to trigger consultation, where a transaction would have an adverse impact on the capital of the Corporation; if so, the reason there was a delay in implementing this advice; if he will make available, copies of all correspondence between his Department and the European Commission, relating to this matter; and if he will make a statement on the matter.

REPLY.

As part of Ireland's third review under the EU/IMF Programme of Financial Support, a report on which was published in September 2011 and is available on the Department of Finance website, there were a number of conditions/actions which Ireland committed to. One of which was to develop a framework to govern the exercise of the State's ownership rights in the banks resulting from the capital injections, including to put in place relationship frameworks with the banks to protect the commercial basis for the banks' operations while under government ownership.

This matter was again discussed during the fourth review under the EU/IMF Programme of Financial Support, the report on which is also available on the Department of Finance website. It was noted in this report that the recently formed banking division in the Department of Finance were "currently developing relationship frameworks with the banks, to ensure that their core businesses will be run on a commercial basis". The fifth review, the report to which was published in March 2012 noted that "The authorities are finalizing relationship frameworks with the covered banks consistent with their commitment that their core business will operate on a commercial basis".

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The relationship framework's were in place with each of the banks under State ownership before the report on the sixth review under the EU/IMF Programme of Financial Support was published in June 2012. Between each of these aforementioned reviews, officials in my Department were progressing the introduction of relationship frameworks with each of the banks through ongoing discussions and negotiation. Each of the Relationship Frameworks were prepared following significant legal and competition law input from the State s legal advisors, which included, among other advice, the inclusion of financial thresholds which would trigger consultation with the Minister for Finance. Before the Relationship Frameworks for each of the banks were introduced, it was required that they be reviewed by the Directorate-General for Competition and the Irish Competition Authority.

On 30 March 2012, Relationship Frameworks were put in place by my Department with each of the banks in which the State acquired an interest in the context of the financial crisis to govern the relationship between the State, as shareholder, and each bank. They were designed to recognise the separation of each bank from the State, to ensure their businesses would be run on a commercial, cost effective and independent basis to ensure the value of the banks as an asset to the State , and to limit the State s intervention to the extent necessary to protect the public interest.

Under the Relationship Frameworks each bank was to remain a separate economic unit with independent power of decision with its board of directors and management team retaining responsibility for determining the bank's strategies and commercial policies and conducting its day-to-day operations.

As the Deputy is aware, IBRC had a Relationship Framework in place from July 2009 pursuant to the Anglo Irish Bank Corporation Act 2009. My officials will review the files surrounding the implementation of this original Relationship Framework for Anglo Irish Bank Corporation and will revert to the Deputy on this matter.

A revised Relationship Framework with IBRC was published on March 30, 2012 in line with the introduction of similar agreements for each of the other banks. That followed considerable interaction with the management and Board of IBRC.

QUESTION NO: 98

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **12/03/2015**

To ask the Minister for Finance relating to the sale of a company by the former Irish Bank Resolution Corporation (details supplied), if his attention was drawn, in advance of the sale, that a portion of the agreed sale price was to be diverted to shareholders of the entity being sold, which resulted in significant sums being accrued to several persons on the board of the entity; if the board of the Corporation similarly were aware of this information; and if he will make a statement on the matter.

REPLY.

I refer to my response to PQ 10704 answered on 11th March 2015 from which I have drawn in responding to this question.

As set out in the reponse to PQ 10704 answered on 11th March 2015, under the then existing relationship framework the bank was not obligated to consult with me before approving the sale of the company referred to by the Deputy.

Upon the receipt of critical representations following the transaction in question, Department of Finance officials inquired about the transaction with IBRC management as part of their regular engagement. Following initial discussions, they agreed with IBRC's Chairman and CEO that they would review the transaction involving the company referred to in the question in greater detail to better understand the decisions taken and the impact these decisions had on the process and the final recovery for the bank.

As part of the review, senior management of IBRC made Department of Finance officials aware of the details of the transaction process and the sale in meetings held between both parties. This review raised concerns with the quality of some of the decisions taken in respect of this transaction, including, among others, that a payment had been paid to the shareholders of the company referred to in the question.

In light of these concerns, I subsequently met with IBRC's Chairman and CEO to discuss concerns regarding this transaction. The Chairman and CEO confirmed to me that the

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transaction process and its terms, including the shareholder payment, had been thoroughly assessed by the IBRC Board and that the transaction was managed in the best manner possible to achieve the best result for the State.

QUESTION NO: 226

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **10/03/2015**

To ask the Minister for Finance further to Parliamentary Question No. 75 of 4 March 2015, if he will indicate if the board, or management, of Irish Bank Resolution Corporation, consulted with him, in advance of the change that took place to the Relationship Framework and Operational Protocol, which governs interactions between himself, as Minister, and the Irish Bank Resolution Corporation; the set of circumstances which led to the introduction of a new framework, and protocol; where the authority to issue it derived from; those who took the decision to do so, and the reason for same; and if he will make a statement on the matter.

REPLY.

As part of the EU/IMF Programme of Financial Support, there were a number of conditions/actions which Ireland committed to, one of which was to develop a framework to govern the exercise of the State's ownership rights in the banks resulting from the capital injections, including to put in place relationship frameworks with the banks to establish the commercial basis for the banks' operations under government ownership. The commitment under paragraph 10 of the Memorandum of Economic and Financial Policies dated 10 February 2012 indicated that the Minister for Finance was "finalizing relationship frameworks with the covered banks."

On this basis, Relationship Frameworks were put in place by my Department with each of the banks in which the State acquired an interest in the context of the financial crisis to govern the relationship between the State, as shareholder, and each bank. They were designed to recognise the separation of each bank from the State, to ensure their businesses would be run on a commercial, cost effective and independent basis designed to ensure the value of the banks as an asset to the State, and limit the State's intervention to the extent necessary to protect the public interest.

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IBRC had a Relationship Framework in place from 2009. A revised Relationship Framework with IBRC was published on March 30, 2012 in line with the introduction of Relationship Frameworks for each of the banks in which the State had acquired an interest in the context of the financial crisis. That followed considerable interaction with the management and Board of IBRC.

QUESTION NO: 75

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **04/03/2015**

To ask the Minister for Finance further to Parliamentary Question No. 30 of 4 February 2015, the reason he stated in his reply that the sale of an entity by Irish Bank Resolution Corporation prior to its liquidation (details supplied), which resulted in a net loss to IBRC of approximately €105 million, did not meet the financial thresholds which trigger mandatory consultation with the State under Paragraph 4 of the Operational Protocol for the Relationship Framework which governed interactions between himself as Minister and IBRC, even though those thresholds clearly state that any adverse impact on the total capital of IBRC of €100m or more should do so; if he will account for the reason no such consultation took place in this instance; if he received any representations regarding this sale from any of the parties involved; if so, if he will provide the dates and names of parties concerned; and if he will make a statement on the matter.

REPLY.

The Relationship Framework and Operational Protocol dated 29th March 2012 between the Minister for Finance and Irish Bank Resolution Corporation (IBRC), referred to in my answer to Parliamentary Question No. 30 of 4th February 2015, came into effect after the sale of the company referred to in the question.

A previous Relationship Framework dated 8th July 2009 was in effect at the time the Board of IBRC approved the sale of the company referred to in the question on 15th March 2012. Under this previous Relationship Framework, the Board were required to engage with the Minister for Finance on certain key issues which included "Any material acquisitions, disposals, investments, realisations or other transactions, other than in the ordinary course of Anglo Irish Bank's banking business."

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It should be noted that this previous Relationship Framework did not include any specific monetary thresholds which would trigger mandatory consultation with the Minister for Finance. It should also be noted, that at that time, the ordinary course of the Bank's business was to conduct an orderly run-down and ultimate liquidation of the Bank. As such, IBRC's efforts, as a secured lender, to maximise the recovery on its loans to the company referred to in the question was considered to be in the ordinary course of business. For that reason, and under the Relationship Framework in place at that time, IBRC were not required to consult with the Minister for Finance on this matter in advance of making a decision.

It should be noted that the Relationship Framework and Operational Protocol put in place on 29th March 2012 contained specific financial thresholds which would, from that date on, trigger mandatory consultation with the Minister for Finance for qualifying transactions.

QUESTION NO: 79

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **26/02/2015**

To ask the Minister for Finance if he will provide a copy of the Relationship Framework, which governed the interactions between his Department and the former management and board of the Irish Bank Resolution Corporation, prior to its liquidation; if he will indicate the precise financial thresholds under the framework, which would have triggered mandatory consultation in advance of a transaction, and / or disposal; if he will provide a list of all instances, where such consultation took place, and the sums involved; and if he will make a statement on the matter.

REPLY.

A copy of the Relationship Framework (including the Operational Protocol), which governed interactions between I, as Minister for Finance, and Irish Bank Resolution Corporation can be found on the Department of Finance website through the below link:

<http://www.finance.gov.ie/sites/default/files/Relationship%20Framework%20incorporating%20Operational%20Protocol.pdf>

Paragraph 4 of the Operational Protocol for the Relationship Framework in respect of Irish Bank Resolution Corporation contains the consent/consultation procedure between the Bank and I, as Minister for Finance.

Paragraph 4 of the Operational Protocol states that, "For the purposes of paragraph 14 of the Relationship Framework, the Bank shall consult with the Minister in accordance with the Consent/Consultation Procedure in respect of any proposed decision or action that is within the Ordinary Course of Business but which:

4.1 is likely to have an adverse impact on total regulatory capital of the Bank of greater than €100 million;

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4.2 is an actual or potential acquisition, investment or disposal (or series of related transactions) and the total purchase price, investment or proceeds individually or in aggregate could exceed €100 million; or

4.3 is a realisation, reorganisation, restructuring or other transaction or event and it is likely to have an adverse impact on the total equity of the Bank of greater than €100 million."

The Relationship Framework outlines the instances in which Irish Bank Resolution Corporation were required to gain consent from me or consult with me, as Minister for Finance, and these instances went beyond individual transactions and/or disposals; they also included consent for board approvals, management appointments and litigation matters. In total, there were 29 instances where the Bank required Ministerial consent or consultation but given customer confidentiality in certain instances and on-going litigation in other instances, I am unable to provide further detail on the individual instances where Ministerial consent or consideration was required.

QUESTION NO: 30

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **ORAL ANSWER** on **04/02/2015**

To ask the Minister for Finance further to Parliamentary Question No. 220 of 16 December 2014, if he will indicate if, notwithstanding the commercial independence of Irish Bank Resolution Corporation at the time, his Department did endeavour to query the reason such a large loss to the State, amount to over €100 million, was permitted to happen in the sale of the company concerned (details supplied); if not, the reason his Department was not concerned that such a large loss had occurred when the clear objective of IBRC was to maximise the return to the State; and if he will make a statement on the matter.

REPLY.

For clarity's sake, the sale of Siteserv occurred prior to the Special Liquidation of IBRC, under the previous board and management of IBRC.

As already indicated to the Deputy in Parliamentary Question No. 220 of 16 December 2014, notwithstanding the State's ownership of the bank at the time, it was a matter for the board and management of IBRC to determine and implement all commercial decisions in their organisation.

As set out in the Relationship Framework, which governed the relationship between the State and IBRC at the time, the State did not intervene in the day to day operations of the bank or its management decisions regarding commercial matters which were a matter for the board and management. For the avoidance of doubt, the Relationship Framework ensured that IBRC continued to operate as an independent operator in the market, albeit on a work-out basis only.

Under the Relationship Framework, IBRC were obliged to consult with the State in respect of any proposed decision that was within the ordinary course of business but which met certain financial thresholds; the sale of Siteserv did not meet these financial thresholds, therefore it was solely a matter for the board and management of IBRC at the time. Notwithstanding this

Parliamentary Questions by Catherine Murphy TD concerning the sale of Siteserv Ltd.

position, my officials did take an active interest in the running of the bank through their interaction with the management of the bank at the time.

I am aware that KPMG Corporate Finance and Davy Corporate Finance were engaged by Siteserv to run a joint sales process to sell Siteserv which was in severe financial difficulties and was unable to service or pay back its loans to IBRC. The sales process was initiated by Siteserv and overseen by a subcommittee of the Siteserv Board. The sales process involved two stages and IBRC was briefed after each stage.

The Board of Siteserv, as advised by KPMG Corporate Finance and Davy Corporate Finance, recommended the successful bid as representing the best return for IBRC. I am advised that the Board of IBRC at that time were satisfied that this was the case.

QUESTION NO: 58

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **17/12/2014**

To ask the Minister for Finance if he will provide an itemised list of all disposals made by the Irish Bank Resolution Corporation prior to the appointment of a special liquidator; the original value of the liability or loan concerned, in each case; the amount realised at disposal; the method the disposal was made through including examinership, receivership, direct sale or other; the date at which the disposal was made; if he will provide the same information in respect of the period IBRC has been in special liquidation; and if he will make a statement on the matter.

REPLY.

With regards to the information requested on those transactions that have taken place both prior and since the appointment of the Special Liquidators, I am advised that this information is considered commercially sensitive and therefore will not be releasing the information.

However, the Special Liquidators prepared a progress report in June of this year which includes details in relation to the sales process concluded by the Special Liquidators up to the date of this report (6th June 2014). The progress report is published on the Department of Finance website (<http://www.finance.gov.ie/news-centre/press-releases/progress-report-update-successful-special-liquidation-ibrc>).

Furthermore, under Section 306 of the Companies Act, the Special Liquidators are required to send to the registrar of companies a statement containing the prescribed particulars about the proceedings in and position of the liquidation of IBRC after 2 years from the date IBRC was put into liquidation (6 February 2013).

QUESTION NO: 220

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)
by Deputy Catherine Murphy
for **WRITTEN ANSWER** on **16/12/2014**

To ask the Minister for Finance if he is satisfied that the Irish Bank Resolution Corporation, in its disposal of a company (details supplied) in March 2012, acted in the best financial interest of the State; if his attention has been drawn to the company being sold to a much lower bid; if so, if he sought a satisfactory answer as to the reason; the reason the company was not put into examinership or receivership; if he has questioned the reason the same legal representatives acted for both the company in question and the purchaser; and if he will make a statement on the matter.

REPLY.

Notwithstanding the State's ownership of the bank at the time, Irish Bank Resolution Corporation operated at an arm's length capacity from the State in relation to commercial issues. It was a matter for the board and management to determine and implement such policy in their organisation. Therefore, commercial decisions in relation to IBRC were solely a decision for the bank. I am aware that KPMG Corporate Finance and Davy Corporate Finance ran a joint sales process to sell Siteserv which was in severe financial difficulties and was unable to service or pay back its loans to IBRC. The sale process was initiated by Siteserv and overseen by a subcommittee of the Siteserv Board. The sale process involved two stages and IBRC was briefed after each stage. The Board of Siteserv, as advised by KPMG Corporate Finance and Davy Corporate Finance, recommended the successful bid as representing the best return for IBRC. I am advised that the Board of the bank at that time were satisfied that this was the case.