

CORPORATE BANKING IRELAND 2012

INSIDE:

- The 'go-to' banking products and services identified
- Leading corporate banking provider profiles
- Capital markets opportunities for Irish companies
- How to create a 'cash culture'



Following a tradition dating back to the 1960s, Bank of Ireland continues to support inward investment

Bank of Ireland has been helping foreign investors finance their projects in Ireland since the 1960s and today the bank, through its Inward Investment Team continues to support the efforts of the Government and IDA Ireland in winning new investments across key sectors such as ICT, life sciences, social media and financial services, creating jobs and aiding economic recovery, writes BARRY MCCALL. It benefits from the relationship banking model it created to support international financial services companies setting up in the IFSC since the 1980s

Ireland's economic recovery is supported by our continued ability to attract foreign direct investment and the ongoing growth of key sectors such as ICT, biopharma, and international financial services.

Indeed, according to recent research carried out on behalf of law firm Matheson Ormsby Prentice multinational companies plan to create up to 20,000 new jobs in Ireland over the next three years. The survey of 315 executives with global firms by the *Economist* Intelligence Unit asked about attitudes to investing in Ireland.

The report found that 45 per cent of them either planned to invest in Ireland for the first time or to expand their current operations in Ireland between now and 2016. Tellingly, half of those planning to create new jobs were in financial services while a further quarter were in the technology sector.

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'Bank of Ireland has been front and centre in supporting inward investment into Ireland for many decades going back to the 1960s', says Padraig Rushe, Bank of Ireland Corporate Banking. 'We have been proud to support the efforts of the Government and the IDA in attracting investment during that period. When new companies come to set up in Ireland they create new jobs and that is good for the country and the economy. Of course, that in turn is good for the bank.'

This supporting role has seen Bank of Ireland grow and develop relationships both with the locally based multinationals



Padraig Rushe, director at Bank of Ireland Corporate Banking: 'Bank of Ireland has been front and centre in supporting inward investment into Ireland for many decades going back to the 1960s'

and their parent companies in the US, Europe and throughout the world. 'We have a full branch in Stamford in the US, for example', Rushe adds. 'This allows us to grow and develop relationships with US based parents of companies located here. It allows us to complete the circle in terms of the services we offer those companies.'

The bank's relationship with the multinational sector has changed quite significantly over the years, Rushe explains. 'If you go back to the 1970s the multinational firms who came here would typically build very significant manufacturing plants. A lot of the time these plants were funded by Irish banks. This meant that the Irish banking industry had a critical role to play in bringing investment to Ireland. We don't tend to see such large bricks and mortar investments these days so the nature of our relationship and the services we provide has changed.'

These services are underpinned by the bank's dedicated inward investment team. The team, led by Derek Collins, Bank of Ireland Corporate Banking, has

unparalleled experience of working with multinational companies and has a clear understanding of their needs. 'We are a full service bank with more than 250 branches in every corner of the country and we can provide a seamless, end-to-end banking service from treasury right through to personal banking. It's a more traditional suite of banking services rather than a credit based relationship now. Our customers tell us that the primary reason for banking with us is this full service offering and significant branch network. They also acknowledge the strong relationship we have with international banks that we partner with. When a multinational company comes here they can be confident that we already have a strong relationship with their main international bank', comments Collins.

He believes the global and domestic financial crises have made little difference to Ireland's attractiveness to inward investors. 'In broad terms, from the perspective of a multinational firm Ireland is a politically and financially stable location. Companies have continued to establish a presence in

Ireland since the recession started. They come here for the people, the reducing cost base and other factors. They don't see Ireland and the economy as problems for them in the overall scheme of things. They are looking for a European presence to grow their business and they just get on with it.'

Collins attributes much of this continued success to the work of IDA Ireland over the years. 'The IDA's role in the strong flow of inward investment has to be acknowledged. Their excellent work over the years and focus on delivering new investments in the key sectors of ICT, life sciences, financial services, social media and consumer content has been of enormous importance.'

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Bank of Ireland has also supported IDA Ireland's efforts in the growth and development of the IFSC over the years. 'We set up a relationship banking model at the very start of the IFSC to offer companies establishing there the banking support they needed', Rushe points out. 'They may be financial services companies but they need traditional banking services just as much as companies in any other sector. We also actively support the industry associations and government agencies as part of the ongoing development of the industry in Ireland.'

This support for the growth of the international financial services sector has seen Bank of Ireland play a lead role in the creation of what has become known as the Green IFSC. 'We have always been enthusiastic supporters of the IFSC and the Green IFSC is the latest initiative in terms of growing the sector', he says. 'When we were looking for potential growth areas back in 2009 we found strong anecdotal evidence of a large increase in investment in the broad environmental and sustainable industry sectors. Our view was that this could provide a significant opportunity for the IFSC.'

As chairman of the IFSC Banking & Treasury Group, Rushe established a sub-group from within the IFSC to investigate



Derek Collins and the Bank of Ireland Inward Investment team

this potential. 'Our analysis revealed huge levels of spending projected in the sector. While we had been thinking about millions and billions in terms of the level of investment it turned out to be billions and trillions', he recalls. 'The research we commissioned forecast investment of €2.9 trillion in the EU25 from 2011 to 2020 with €600 billion of this being development capital and the balance being on the exploitation of the technologies once developed.'

The question is how all of this investment will be financed. 'The capital will come from a mix of private equity, venture capital, leasing, investment funds, bonds, project finance bank credit and so on', Rushe notes. This creates an opportunity to develop a new segment of activity across the IFSC via the Green IFSC. The challenge for us will be to convince people that they should come to Ireland rather than anywhere else to carry out this activity. A key enabler will be education and there are now undergraduate and postgraduate courses on green finance being offered by both DCU and UCD.'

He draws a parallel with the aircraft leasing industry in this regard. 'We need to have an additional capability in the area of green finance that other countries don't have', he explains. 'Look at the aircraft leasing sector. Ireland is a world leader in this area because we have the people with the expertise in it. GPA is responsible for that. The late Dr Tony Ryan helped develop a whole generation of people with the required skillsets and a whole industry sector has more or less been founded on that basis. Nobody can claim green expertise yet and there is a very real opportunity to get ahead in that area.'

The Green IFSC is on target in terms of growth and Rushe believes it has a direct role to play in the domestic energy sector as well.

'Ireland's renewable energy resources are among the best in the world and all that is needed is to bridge the gap between those assets and the capital required for their development. That's ultimately what the Green IFSC has the potential to do and Bank of Ireland will be right there at the centre of that.'

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He reiterates his view of the IDA's role in Ireland's continued success as a global investment location. 'The IDA is doing a great job but everyone else has a part to play as well. If the IDA has a company looking at Ireland everyone should help to achieve the goal of getting them to locate here. And once they come it's up to all kinds of businesses including the banks to avail of the business opportunities they will bring; but we've got to get them in first. Bank of Ireland's role in the first instance is to support the Government and the IDA in terms of generating investment and economic growth. After that it's up to us to avail of the banking opportunities presented by this investment.'