

Banking – Themes and Key Lines of Inquiry

THEME	Effectiveness of banks' board governance, client relationships and business models	Effectiveness of banks' credit strategies and risk management	Effectiveness of banks' funding, liquidity strategies and risk management	Impact of the property valuation methodologies on banks' credit risk management	Impact of the remuneration arrangements on banks' risk management	Impact of banks' internal audit processes in supporting effective risk management	Impact of banks' external audit processes in supporting effective risk management
	B1	B2	B3	B4	B5	B6	B7
LINES OF INQUIRY	a. Composition, skills and experience of the board and board subcommittees	a. Appropriateness of property-related lending strategies and risk appetite	a. Appropriateness of funding sources – the mix, maturity profile and cost	a. Adequacy of the valuation policies and assumptions to accurately assess loan security	a. Adequacy of the incentive and remuneration arrangements to promote sound risk governance	a. Effectiveness of internal audit oversight and communication of issues related to governance, property-related lending strategies and risks, and funding and liquidity risks	a. Impact of prevailing accounting standards in recognising risks
	b. Integrity of financial reporting	b. Appropriateness of credit policies, delegated authorities and exception management	b. Analysis of liquidity risks under adverse scenarios	b. Independence of the professional advisors in valuing property assets	b. Impact of shareholder or lending relationships in promoting independent challenge by the board and/or executives	b. Effectiveness of the oversight of the prevailing risk culture	b. Effectiveness of the external audit processes to identify and report to the board and management, any concerns related to significant risk exposures, including property, funding and liquidity
	c. Quality of the business model setting process	c. Analysis of risk concentrations in the base, the adverse economic scenarios and the impact on capital structure	c. Interest rate risk appetite setting and monitoring	c. Adequacy of internal controls over perfection of security and policy exceptions			
	d. Adequacy of board oversight over internal controls to ensure risk is properly identified, managed and monitored		d. Appropriateness of investment of liquid assets in government and/or other securities				
	e. Appropriateness, management and control of Client Relationship activities		e. Capital structure and loss absorption capacity				

Regulatory, Supervisory & Government – Themes and Key Lines of Inquiry

THEME	Effectiveness of the regulatory, supervisory and governmental regime structure	Effectiveness of the supervisory practice (Central Bank, Financial Regulator and Department of Finance)	Clarity and effectiveness of the nexus of institutional roles and relationships	Appropriateness and effective utilisation of the expert advice	Clarity and effectiveness of the Government and Oireachtas oversight and role	Relationship with and oversight by international stakeholders	Effectiveness of the policy and institutional responses post crisis
	R1	R2	R3	R4	R5	R6	R7
LINES OF INQUIRY	a. Appropriateness of the regulatory regime	a. The effectiveness of the use of supervisory powers	a. Awareness and clarity of roles and accountability amongst the regulatory and supervisory institutions of the state	a. Appropriateness of the expert advice sought, quality of analysis of the advice and how effectively this advice was used	a. Effectiveness of the Oireachtas in scrutinising public policy on the banking sector and the economy	a. Adequacy and impact of international organisations' oversight on banking regulation and supervision activity	a. Assessment of what has been done, work-in-progress and what remains outstanding from the recommendations of previous reports
	b. Effectiveness and appropriateness of the supervision policy and powers	b. Nature and effectiveness of the operational implementation of the macro economic and prudential policy	b. Nature and appropriateness of the relationship between the Central Bank (including the Financial Regulator), Department of Finance and the banking institutions	b. Impact of the reliance placed upon information and reporting from statutory auditors of the banks	b. Appropriateness of the advice from the Department of Finance to Government and the use thereof by Government	b. Quality and effectiveness of European policies and regulations	b. Assessment of whether further changes are required
	c. Appropriateness of the macro economic and prudential policy	c. Adequacy of the assessment and communication of both solvency and liquidity risks in the banking institutions and sector	c. Effectiveness of the communication between the Central Bank and the Department of Finance	c. Analysis and consideration of the response to contrarian views (internal and external)	c. Analysis of the key drivers for budget policy		c. Effectiveness of the current regulatory and supervisory structure
	d. Composition, skills, experience and number of resources at the Central Bank, Financial Regulator and Department of Finance				d. Appropriateness of the relationships between Government, the Oireachtas, the banking sector and the property sector		

Crisis Management System & Policy Response – Themes and Key Lines of Inquiry

THEME	Effectiveness of the ECOFIN and Domestic Standing Group (DSG) (Central Bank, Financial Regulator and Department of Finance)	Role and effectiveness of the policy appraisal regime before and during the crisis	Appropriateness and effectiveness of the Department of Finance actions during crisis	Appropriateness and effectiveness of the domestic policy responses	Appropriateness and effectiveness of international Ireland-specific policy responses	Appropriateness and effectiveness of other EU-wide policy responses	Impact of the crisis on bank creditors
	C1	C2	C3	C4	C5	C6	C7
LINES OF INQUIRY	a. Inter-departmental contact and the Memorandum of Understandings with other EU states on the issue of banking	a. Effectiveness of the CBI liquidity group under the Joint Financial Stability Committee	a. Appraisal of the conditions prior to increasing the Deposit Guarantee Scheme	a. Decision to nationalise Anglo in 2009 and a review of the alternatives available and/or considered	a. European Union (EU)/ International Monetary Fund (IMF)/European Central Bank (ECB) programme of assistance	a. Basel III (CRD IV) and the impact on capital and liquidity of Irish banks	a. Options for burden sharing during the period 2008-2013
	b. Formulation and reaction to crisis simulation exercises	b. Role of advisors in analysing the crisis (to include crisis management options)	b. Appropriateness of the bank guarantee decision	b. Establishment, operation and effectiveness of National Asset Management Agency (NAMA)	b. The liquidation of Irish Banking Resolution Company (IBRC), the promissory notes refinancing and the relationships with the ECB	b. Banking Union (Single Supervisory Mechanism, Single Resolution Mechanism, Deposit Guarantee Scheme)	b. Role of the euro zone and international partners in this decision
	c. Role, responsibilities and objectives of the DSG	c. The liquidity versus solvency debate	c. Effectiveness of reviews of banks' loan books and capital adequacy	c. Decision to recapitalise Anglo, Allied Irish Banks (AIB), Bank of Ireland (BoI), Educational Building Society (EBS), Permanent TSB (PTSB) and the alternatives available and/or considered		c. Other – Fiscal Compact Treaty, Sovereign Debt Restructuring Mechanism	
	d. Adequacy of the DSG process, including a consideration of the bank resolution legislation			d. CISA* – effectiveness of the actions to merge AIB and EBS, Anglo and INBS and deposit transfers * <i>Credit Institutions Stabilisation Act (2010)</i>		d. Role and influence of the ECB	
				e. Cost of the crisis and sharing of the impact			