

Message

From: Patrick Magee [patrick.magee@british-business-bank.co.uk]
Sent: 08/03/2020 15:34:06
To: Keith Morgan [Keith.Morgan@british-business-bank.co.uk]; Reinald de Monchy [Reinald.deMonchy@british-business-bank.co.uk]
CC: [REDACTED] NR @british-business-bank.co.uk; Shanika Amarasekara [Shanika.Amarasekara@british-business-bank.co.uk]
Subject: RE: Confidential COVID - 19

Keith,

Reinald and I discussed before and after he spoke to [REDACTED] NR. There are at least 3 issues to work through the detail on here. Reinald and I discussed which informed the discussion with [REDACTED] NR.

1. State Aid – my understanding is aligned to Reinald’s and I don’t think there should be an issue in moving beyond a “lack of security” trigger for EFG
2. Portfolio Cap / Moral Hazard – raising / removing the cap may have implications on incentives for banks and a significant move may be required. So we should be responsive to the policy objective here but we have raised that issue. We should double check the state aid position but I think as long as we stay at 80% we can move.
3. Customer treatment under a new variant – EFG requires other bank policies to be followed such as TCF and affordability. Moving the risk parameters for an EFG Covid 19 scheme would require us to consider those aspects, which I think we should and would do. Thea again noted that.

I understand [REDACTED] NR took those on board and has promised to keep the advice general enough to allow us to work on these and refine before Wednesday. Reinald has reached out to [REDACTED] NR and I have copied Shanika and we will touch base / do more thinking on these before EXCO and we will feed that thinking into any budget text / bank communication thereafter

Regards

Patrick Magee
Chief Commercial Officer

t: [REDACTED] I&S
m: [REDACTED]
e: Patrick.Magee@british-business-bank.co.uk

Personal Assistant: [REDACTED] Name Redacted
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From: Keith Morgan <Keith.Morgan@british-business-bank.co.uk>
Sent: 08 March 2020 14:57
To: Reinald de Monchy <Reinald.deMonchy@british-business-bank.co.uk>; Patrick Magee <patrick.magee@british-business-bank.co.uk>
Cc: [redacted] NR @british-business-bank.co.uk
Subject: Re: Confidential COVID - 19

Thanks Reinald. Let's discuss tomorrow at Exco - I'll let you know timing when we're in the office.

Best regards

Keith

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From: Reinald de Monchy <Reinald.deMonchy@british-business-bank.co.uk>
Sent: Sunday, March 8, 2020 2:45:31 PM
To: Keith Morgan <Keith.Morgan@british-business-bank.co.uk>; Patrick Magee <patrick.magee@british-business-bank.co.uk>
Cc: [redacted] NR @british-business-bank.co.uk
Subject: Confidential COVID - 19

Keith and Patrick,

I spoke with [redacted] NR again and my understanding is that the advice will be:

Have a EFG Covid-19 variant, however that means:

- Do the things discussed below (dropping the premium, increasing or dropping the cap, increasing the coverage from 75 to 80) for all lenders. If we can do it for some lenders only then that is better but she acknowledges that this may not be possible.
- Create a new EFG "Covid-19 variant" which will stretch the credit criteria beyond just security, but will only be open to those lenders meeting objective criteria. These will need to be discussed with the banks, but this would mean lending to borrowers having a more risky PD rating.

I told her that I could not reach our State aid lawyers to check the latter but did not think it would necessarily be a State aid problem as long as it is open to everybody meeting the criteria. I am copying [redacted] NR as she may have a view on this.

[redacted] NR the advice will go out at 15:00 but it would be good if we could discuss even if you see this after that time.

I also suggested making it a temporary change.

Regards,

Reinald

Reinald de Monchy
MD Guarantee & Wholesale Solutions

Direct [redacted] I&S
Mobile
Switchboard [redacted] I&S

From: Keith Morgan <Keith.Morgan@british-business-bank.co.uk>

Sent: 08 March 2020 12:27

To: **NR** <NR@hmtreasury.gov.uk>; Roxburgh, Charles - HMT <Charles.Roxburgh@hmtreasury.gov.uk>

Cc: Fleming, Joshua - HMT <Joshua.Fleming@hmtreasury.gov.uk>; Patrick Magee <patrick.magee@british-business-bank.co.uk>; Reinald de Monchy <Reinald.deMonchy@british-business-bank.co.uk>

Subject: COVID - 19

Hi **NR**

I've left messages for Patrick and Reinald who as you know have responsibility for Guarantees and EFG in particular.

Re COVID-19 response: it's helpful that we have an action plan that we have been discussing as a starting point.

As I said to Charles just now, there is a small set of parameters that can be changed in EFG:

- Removal of the fee, which will be crucial in activating revolving credit facilities RCFs
- Marginal change in loan based risk share (currently 75/25 HMG/bank but could be 80/20 max)
- Change or removal in the portfolio loss cap
- Changes in other policies such as refinancing or eligibility criteria

These can be amended across the whole EFG product suite or for individual variants, eg RCFs, term loan, asset finance, etc.

I'm not sure if the advice you are planning on sending for 3pm will contain this detail but we are available to connect on this of helpful.

I have left messages for Patrick and Reinald.

Regards

Keith

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From: **NR** <NR@hmtreasury.gov.uk>

Sent: Sunday, March 8, 2020 12:17 pm

To: Roxburgh, Charles - HMT; **NR**

Cc: Fleming, Joshua - HMT

Subject: RE: Connecting you

Keith – hello, and adding Josh to the chain. If easiest to discuss by phone, I'm on my mobile – number below.

Best

NR

NR

Head of Enterprise Policy

HM Treasury (2 Orange), 1 Horse Guards Road, London, SW1A 2HQ

I&S

www.gov.uk/hm-treasury

From: Roxburgh, Charles - HMT <Charles.Roxburgh@hmtreasury.gov.uk>
Sent: 08 March 2020 12:16
To: Keith Morgan <Keith.Morgan@british-business-bank.co.uk>
Cc: [redacted] NR <[redacted]@hmtreasury.gov.uk>
Subject: Connecting you

Keith – good to talk just now.

[redacted] NR – helpful discussion with Keith. Read out follows shortly. Keith would like to connect directly – hence this email.

Best regards

Charles

Charles Roxburgh | Second Permanent Secretary



HM Treasury

1 Horse Guards Road, London, SW1A 2HQ

Direct: [redacted] I&S

www.hm-treasury.gov.uk

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