



Small businesses. Big plans.
Strategic Banking
Corporation of Ireland

**STRATEGIC BANKING CORPORATION OF IRELAND
(THE "COMPANY" or "SBCI")**

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF THE COMPANY
DULY CONVENED, CONSTITUTED AND HELD AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2
ON 2 JULY 2015**

PRESENT: Conor O’Kelly (Chairperson)
Nick Ashmore
Barbara Cotter
Tom McAleese
Rosheen McGuckian
Ann Nolan
AJ Noonan
Richard Pelly
Eilis Quinlan

IN ATTENDANCE: Jim Deery, Company Secretary
Jane Meehan, NTMA Legal Advisor
Adrian O’Donovan, Deputy Director, NTMA Office of the Chief Executive
Ray Mangan, SBCI Senior Risk and Finance Manager
Suzanne Sweeney, SBCI Head of Lending
Macken McNicholas, SBCI Analyst (items 8 and 9 only)
Brian O’Neill, NTMA Communications Officer (item 11 only)

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all directors entitled to attend the meeting and that a quorum was present. The meeting then proceeded to business.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF LAST MEETING

The minutes of the SBCI Board meeting of 7 May 2015 were agreed and signed. The Chairperson proposed that these and minutes of future SBCI Board meetings would be published on the SBCI website in due course. This was agreed by the Board.

4. UPDATE ON ACTION ITEMS

The Company Secretary briefed the Board on the current status of outstanding actions.

5. AUDIT COMMITTEE REPORT

The Audit Committee Chairperson, Tom McAleese, reported on the Committee meeting held that morning.

5.1 *SBCI Internal Audit*

5.1.1 The Committee Chairperson said that internal audit services were being provided to the SBCI through the NTMA. The NTMA's internal audit function managed by the Head of Internal Audit included an external firm, currently KPMG, appointed to carry out internal audit work reporting to the Head of Internal Audit.

5.1.2 The Board noted that currently KPMG did not have an audit relationship with the current on-lenders (AIB and BoI). If such a relationship were to exist with any SBCI on lender, KPMG should ensure that a separate audit team provided services to the SBCI.

5.1.3 The Board confirmed its approval in principle for the NTMA's internal auditor to perform the internal audit role for the SBCI as resolved at its meeting of 19 September 2014.

5.2 *Audit and Risk Committee and Terms of Reference*

5.2.1 The Audit Committee Chairperson said that the Committee had considered and approved for recommendation to the Board, the extending of the remit of the Audit Committee so that it would constitute an Audit and Risk Committee. The Committee had reviewed the proposed amendments to the draft Audit Committee terms of reference to effect this change and was recommending them to the Board, subject to a number of amendments clarifying the respective roles of the Committee and the SBCI management.

5.2.2 **IT WAS RESOLVED** that:

(a) In accordance with Section 18(d) of the Articles of Association, the remit of the Audit Committee be extended so that it constitutes an Audit and Risk Committee.

(b) In accordance with Section 18(d) of the Articles of Association, the Audit and Risk Committee Terms of Reference, as presented to the Board, be approved subject to the amendments requested by the Audit Committee.

- (c) The membership of the Audit and Risk Committee will comprise the members previously appointed to the Audit Committee and the Chairperson will remain as before.

5.3 *Risk Management Framework and Risk Appetite Statement*

- 5.3.1 The Committee Chairperson informed the Board that the Committee had considered the draft SBCI Risk Management Framework and the draft SBCI Risk Appetite Statement and recommended both documents to the Board for approval subject to a number of amendments to the Risk Management Framework. This would be brought to the Board's October meeting.

5.4 *Reporting of "Relevant Wrongdoing" and Protected Disclosures Policy*

- 5.4.1 The Committee Chairperson informed the Board that the Committee had considered the SBCI Reporting of "Relevant Wrongdoing" and Protected Disclosures Policy and recommended it to the Board for approval.
- 5.4.2 **IT WAS RESOLVED** that the Reporting of "Relevant Wrongdoing" and Protected Disclosures Policy as presented be approved.

6. **CEO DELEGATED AUTHORITY**

IT WAS RESOLVED that

- (a) all authority previously delegated to the Project Director be and is hereby revoked;
- (b) the authority conferred on the Chief Executive Officer pursuant to Article 20(b) of the Articles (to manage and control generally the administration and business of the Company and the staff assigned to it) be and is hereby acknowledged and confirmed, subject to the further acknowledgement that such authority excludes certain matters, such as the matters reserved to the Board referred to in resolution (d) below, matters requiring Ministerial consent, and any powers of the Company to be exercised in general meeting pursuant to the Companies Act 2014, the Strategic Banking Corporation of Ireland Act 2014 and/or the Memorandum and Articles of Association of the Company;
- (c) in addition to the authority conferred on the Chief Executive Officer pursuant to Article 20(b) of the Articles, the powers of the directors, other than those reserved to the Board (and referred to in resolution (d) below), be and are hereby delegated to the Chief Executive Officer (without excluding or limiting the directors' authority to exercise such powers collaterally);
- (d) the matters listed in Appendix 1 be and are hereby confirmed as matters reserved for decision by the Board;

- (e) without excluding or limiting the directors' authority to sign any agreement or document on behalf of the Company in the manner provided for in resolution (f) below, any agreement or document (not expressed to be a deed or to be executed under the seal of the Company) which is approved by:
 - (i) the Chief Executive Officer pursuant to the authority referred to in resolution (b) and/or the authority delegated to him pursuant to resolution (c); or
 - (ii) the Board (or by a Committee of the Board), including any such agreement or document which is, or relates to, a reserved matter referred to in resolution (d),

may be signed on behalf of the Company by (i) the Chief Executive Officer or any member of the senior management team of the Company (a "Senior Manager") to whom the Chief Executive Officer may delegate such signing authority from time to time, and (ii) any other Senior Manager who is nominated for the purpose by the Chief Executive Officer, such signatories acting jointly. The signing authority given pursuant to this resolution (e) supersedes and revokes any previous signing authorities resolved by the Board prior to the appointment of the Chief Executive Officer (the "Revoked Authorities"), without prejudice to the validity, enforceability and due execution of any agreement or document signed pursuant to such Revoked Authorities prior to the date hereof;

- (f) any agreement or document referred to in resolution (e) above may be signed on behalf of the Company by any two directors, or a director and the company secretary.

7. CEO REPORT

The Chief Executive Officer presented his report to the Board. He briefed the Board on the key business and corporate issues since the last Board meeting on 7 May and the immediate key priorities, including (i) the current status of on lending (ii) borrowing and treasury update (iii) marketing and public awareness and (iv) the finance forecast for 2015. The Board discussed the report and noted that, in addition to the current on-lenders, it was important to have both bank on-lenders and non-bank on-lenders in place to provide competition in the SME market.

8. MERRION FLEET ON LENDER CREDIT PROPOSAL

- 8.1 The SBCI Head of Lending presented a credit proposal to provide a €25 million, 7 year loan facility to Merrion Fleet Management Ltd for the purpose of making vehicle operating leases available to SMEs in Ireland to the Board for approval. Approval was also sought to delegate to the CEO the power to negotiate the final facility having consulted with NTMA Legal and Risk as required.
- 8.2 The Board discussed the nature of the market in which Merrion Fleet Management operated given this was the first credit proposal for a non-bank on-lender to be considered by the Board. In this context it stressed the importance of ensuring that credit and risk management governance and processes appropriate to the particular market were in place in such on-lenders as a condition of SBCI investment.

8.3 IT WAS RESOLVED

- (a) That the SBCI enter into an agreement with Merrion Fleet Management Limited (“MFM”), subject to confirmatory due diligence and legal review, to provide MFM with a €25 million, 7 year loan facility (“the Facility”), for the purposes of making vehicle operating leases available to SMEs in Ireland.
- (b) To delegate to the Chief Executive Officer of the SBCI the power to negotiate the final Facility conforming in substance to the terms of the term sheet with such minor and non-substantive variations or changes as he in his absolute discretion deems necessary or appropriate having consulted with NTMA Legal/Risk on the matter as required.

9. FINANCE IRELAND ON LENDER CREDIT PROPOSAL

9.1 The SBCI Head of Lending presented a credit proposal to provide a €51 million, 6 year loan to Finance Ireland Limited for the purposes of making vehicle and office equipment leases available to SMEs in Ireland to the Board for approval. Approval was also sought to delegate to the CEO the power to negotiate the final facility having consulted with NTMA Legal and Risk as required.

9.2 As was the case with the previous proposal, the Board discussed the nature of the market in which Finance Ireland operated and it stressed the importance of ensuring that credit and risk management governance and processes appropriate to the particular market were in place in such on-lenders as a condition of SBCI investment.

9.3 IT WAS RESOLVED

- (a) That the SBCI enter into an agreement with Finance Ireland Limited (“Finance Ireland”), subject to confirmatory due diligence and legal review, to provide Finance Ireland with a €51 million, 6 year loan (“Facility”), for the purpose of making vehicle and office equipment leases available to SMEs in Ireland.
- (b) To delegate to the Chief Executive Officer of the SBCI the power to negotiate the final Facility conforming in substance to the terms of the term sheet with such minor and non-substantive variations or changes as he in his absolute discretion deems necessary or appropriate having consulted with NTMA Legal/Risk on the matter as required.

10. STRATEGIC INITIATIVES

The CEO updated the Board on the Risk Sharing Initiative and the Export Finance Initiative as previously discussed at the Board meeting of 7 May 2015 and contained in the discussion document circulated to the Board on 15 June 2015.

11. SOCIAL MEDIA DEMONSTRATION

The NTMA Communications Officer briefed the Board on social media platforms in use by the SBCI as part of its marketing and public awareness campaign. The Board noted the SBCI social media strategy.

12. A.O.B

The Chairperson said that following an internal organisational restructuring within the NTMA Jim Deery would be assuming, at his request, a new role. As such, he had submitted a letter of resignation as Company Secretary effective from 15 July 2015. The letter of resignation was noted by the Board. The Chairperson proposed that Adrian O'Donovan be appointed as Company Secretary. **IT WAS RESOLVED** that Adrian O'Donovan be appointed as Company Secretary from 15 July 2015.

Conor O'Kelly
Chairperson

1 October 2015