



Small businesses. Big plans.
Strategic Banking
Corporation of Ireland

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
OF
STRATEGIC BANKING CORPORATION OF IRELAND (THE “COMPANY” OR “SBCI”)
DULY CONVENED, CONSTITUTED AND HELD AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2
ON 25 FEBRUARY 2016 AT 14:00**

Present:

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

In Attendance:

Adrian O’Donovan	<i>Secretary</i>
Philip Bowler	<i>Money Laundering and Reporting Officer (“MLRO”) (Items 5.1 and 6 only)</i>
Breda Macnamara	<i>Head of Compliance, NTMA (Items 5.1 and 6 only)</i>
Jillian Mahon	<i>Head of Funding and Strategic Initiatives</i>
Damien Mulholland	<i>Assistant Agency Secretary, NTMA</i>
Macken McNicholas	<i>Analyst (Item 8 only)</i>
Philip O’Sullivan	<i>Senior Legal Advisor, NTMA</i>
Suzanne Sweeney	<i>Head of Lending</i>

1. NOTICE AND QUORUM

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

2. DECLARATIONS OF INTEREST

For the purposes of Section 231 of the Companies Act 2014, Section 17 of the Ethics in Public Office Act 1995 and the Articles of Association of the Company, the directors present each declared that they had no interest in the business to be transacted at the meeting

3. MINUTES OF MEETINGS OF 19 NOVEMBER AND 3 DECEMBER AND MATTER ARISING

The Chairperson noted that draft minutes of the meetings of 19 November 2015 and 3 December

2015 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

The Secretary noted there were no matters arising from the minutes other than draft Credit Approval Guidelines which would be considered under Agenda Item 10.

4. AUDIT AND RISK COMMITTEE REPORT

The Committee Chairperson, Tom McAleese, reported on the most recent Committee meeting held on 22 February 2016. He noted that the Committee had reviewed the draft Anti-Fraud Policy and the draft Anti-Money Laundering Policy and was recommending both these policies to the Board. The Committee Chairperson also advised the Board that the Committee had agreed the submission of the draft financial statements to the Comptroller and Auditor General for audit.

5. POLICIES AND PROCEDURES REVIEW

5.1. Anti-Fraud Policy and the Anti-Money Laundering (AML) Policy

The Chief Executive presented the draft Anti-Fraud Policy as recommended by the Audit and Risk Committee to the Board. The Board reviewed the draft Anti-Fraud Policy and requested that management consider the wording in Section 5.1 of the Policy regarding “Destruction, removal, or inappropriate use of SBCI data, records, or equipment” and to amend if necessary. Subject to this, **IT WAS RESOLVED** that the Anti-Fraud Policy as presented to the Board be approved.

The Head of Compliance presented the draft AML Policy as recommended by the Audit and Risk Committee to the Board. The Board reviewed the draft AML Policy. It stressed the importance of ensuring that the AML policies and procedures in place in on-lending institutions were in accordance with best practice and the SBCI staff was fully trained and aware of the SBCI’s responsibilities in this area. **IT WAS RESOLVED** that the Anti-Money Laundering Policy as presented to the Board be approved.

5.2 Other Appointments Procedure

The Secretary noted that management was to revert to the Board during the first quarter of 2016 on the issue of whether any additional procedures should be put in place to underpin the provision in the Board’s Code of Conduct relating to the consideration of the acceptance of third party roles by current and former Board members. A draft procedure in this regard has been circulated with the meeting papers for discussion.

The Board reviewed the draft procedure and made a number of comments. It was agreed that these comments should be considered by management and that the Secretary should revert to the Board on this item at its May meeting.

6. COMPLIANCE AND STATUTORY OBLIGATIONS

The Head of Compliance noted that Section 2.3 of the Code of Practice for the Governance of State Bodies states that a Board should satisfy itself that the statutory obligations applicable to the State Body, i.e. the SBCI, were identified and made known to it. In this regard the NTMA Compliance and Legal Units had prepared a summary of the statutory obligations that applied to the SBCI as circulated with the meeting papers.

The Head of Compliance made a presentation to the Agency on these statutory obligations. She noted that the summary circulated with the meeting papers along with further more detailed information would be made available to the Board on BoardPad for easy reference.

The Head of Compliance also advised that a compliance assurance framework was being developed to assist the Agency in meeting its obligations under Section 2.3 of the Code of Practice for the Governance of State Bodies.

7. CEO REPORT

The CEO presented his report to the Board. He and his management team briefed the Board on the 2016 lending pipeline and transactions approved by the Board currently in due diligence. They confirmed that an on-lender engagement programme was in place and involved meeting with the CEOs and treasury functions of the SBCI's on-lending partners. An update was also provided regarding on-going strategic initiatives and on potential additional funding agreements.

The Board was briefed on product innovations currently being considered, arising out of a number of focus group meetings with SMEs on their lending requirements. It was agreed that as any specific initiatives in this area were developed, they would be discussed in detail with the Board.

It was noted that the planned 2016 marketing campaign would include a regional element to complement the national campaign strategy developed in 2015.

8. ON-LENDER REVIEW PROCEDURE

The Board considered the draft On-Lender Review Procedure which sets out the guidelines to be followed for tracking, monitoring and reviewing the performance of an On-Lender against the approved terms and covenants of its SBCI facility. Under Section 8.5 of the draft procedure the Board was requested to delegate discretion to the CEO/Head of Lending to extend certain covenants where there were non-material breaches.

IT WAS RESOLVED that Section 8.5 of the On-Lender Review Procedure as presented to the Board be approved.

9. STRATEGIC PLAN 2016-2017

The CEO presented the 2016-2017 Strategic Plan for approval noting the inclusion of amendments following the Board Strategy session in December 2015. He added that that the Strategic Plan had been submitted to and acknowledged by the Minister for Finance.

IT WAS RESOLVED THAT the SBCI's Strategic Plan 2016-2017 as presented to the Board be approved.

10. CREDIT APPROVAL GUIDELINES

The CEO presented the draft Credit Approval Guidelines to the Board for its approval. He added that the Guidelines were underpinned by detailed operating procedures. The Board noted that the draft Guidelines had been circulated to members for comment following the December 2015 Board meeting.

IT WAS RESOLVED that the Credit Approval Guidelines as presented to the Board be approved.

11. ANY OTHER BUSINESS

The CEO advised that new statutory requirements under the Freedom of Information Act regarding the publication of information by State bodies on their websites would come into effect on 14 April 2016. The SBCI has been proactive in developing a separate section for its website to address the new publication requirements and that this would come online shortly.

There being no further business the Chairperson brought the meeting to a close.

Conor O'Kelly
Chairperson

19 May 2016