

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
OF THE
STRATEGIC BANKING CORPORATION OF IRELAND
(THE “COMPANY” OR “SBCI”)
DULY CONVENED, CONSTITUTED AND HELD BY VIDEO AND CONFERENCE CALL AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 14.00 PM ON 3 DECEMBER 2020**

Present:

Barbara Cotter, *Chairperson*

Nick Ashmore

Eilis Quinlan

AJ Noonan

Richard Pelly

Conor O’Kelly

Eoin Dorgan

Tom McAleese

(Items 1 – 7 only)

Marguerite McMahon

In Attendance:

Macken McNicholas *Secretary*

Ray Mangan *Head of Risk, Finance & Operations*

Rob Quill *Risk & Finance Manager*

Suzanne Sweeney *Head of Lending (Items 8 – 9 only)*

John Madigan *Head of Marketing (Items 8 – 9 only)*

Deirbhile Brennan *Head of Compliance (Item 12 only)*

Sinead Flanagan *Senior Compliance Officer (Item 12 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 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 Constitution of the Company, there were no material interests declared by members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meetings of 10 September 2020 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of the meeting be approved and that they be signed by the Chairperson when circumstances permitted.

4. AUDIT AND RISK COMMITTEE REPORT

The Chair of the Audit and Risk Committee, Tom McAleese, presented the Audit and Risk Committee Report summarising the Audit and Risk Committee meeting held on 23 November 2020. He noted that the Committee had approved the Internal Audit Plan for 2021, the On-Lender Review Plan for 2021, SBCI Audit and Risk Committee Work Programme 2021, SBCI Data Protection Policy and Data Protection Statement and the Third Party Risk Management Policy. Representatives from the Office of the C&AG had presented the Audit Planning Memorandum in respect of the 2020 audit of the financial statements and discussed their main areas of focus with the Committee. The Committee had also reviewed the Risk Register which is to be considered by the Board at Item 6 of the agenda. It had also reviewed minor changes to its Terms of Reference which is dealt with at item 5 of the agenda. The Committee held a private session with the Head of Compliance which in turn reported no issues to the Board. The Committee also held a private session to discuss its annual self-effectiveness review, the Committee found itself to be operating satisfactorily and found nothing of note to bring to the attention of the Board.

5. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE UPDATE

The Secretary presented minor updates to the Terms of Reference of the Audit and Risk Committee, noting it was reviewed by the Audit and Risk Committee and is being recommended by the Audit and Risk Committee to the Board for approval.

IT WAS RESOLVED that the updated Terms of Reference for the SBCI Audit and Risk Committee, as presented to the Board, be approved.

6. RISK REGISTER FOR NOTING

The Head of Risk, Finance & Operations presented the Risk Register noting he did not propose to amend or add any further risks at this time. He highlighted key and emerging risks and discussed the controls in place to mitigate these risks. The Board discussed these risks and was satisfied with the controls in place. The Board also discussed the emerging potential impact of Cyber Risk and Environmental Social and Governance (ESG) Risk and requested that the team give further consideration to these risks in future Risk Registers. The Board requested that that Risk Register be provided to Board on a bi-annual basis.

7. CREDIT COMMITTEE REPORT

The Chairperson of the Credit Committee, Richard Pelly, presented the Credit Committee Report summarising the meeting of the Credit Committee held on 27 November 2020. He noted the Committee had discussed how different sectors had been affected by the Covid-19 pandemic and had requested that the Risk Team provide the Committee and Board with more information on sectoral exposures going forward. He advised the Board that the Committee, acting within its delegated authority, had approved the Annual Review for **THIS ITEM HAS BEEN PARTIALLY REDACTED** and proposal to amend certain covenants and update projections resulting from impacts of Covid-19 on its business throughout 2020. Furthermore, the Chairperson advised the Board that the Committee had also approved the Annual Review of **THIS ITEM HAS BEEN PARTIALLY REDACTED** and a proposal

to update projections and extend the availability period of its facility agreement allowing Finance Ireland more time to deploy loans under the facility.

8. PRESENTATION FROM HEAD OF MARKETING

The Head of Marketing presented his Report. He detailed some of the key recent works and projects the Marketing and Research Team has undertaken and gave background to each of the members and their individual contribution to the team as a whole. He detailed the challenges faced by the team during the Covid-19 pandemic, their objectives and how they adapted to achieve their goals during the pandemic.

9. PRESENTATION FROM HEAD OF LENDING

The Head of Lending presented her Report. She provided some background on the Lending Team and the projects and successes of current and previous activities in the SME/Credit market. She also gave insight into the SME market, and the demand for credit in response to the Covid-19 pandemic. She noted potential challenges ahead for both SMEs and Finance Providers. She gave details on the response of the Lending Team to the challenges of the Covid-19 pandemic and highlighted the delivery of existing BAU to high standards, in addition to launching and expanding a number of guarantee loan schemes in tighter timeframes due to the unmitigated impacts of Covid-19. The Board discussed the impact of Credit Unions entering the on-lender market and further discussed the broadening of SBCI's on-lender base in general.

10. CEO REPORT

The CEO presented his Report. He provided an update on the COVID-19 Credit Guarantee Scheme, the Future Growth Loan Scheme, the COVID-19 Working Capital Loan Scheme, the EIF Share Purchase, the European Guarantee Fund, other strategic initiatives, staffing and management matters. He further noted good progress on the Customer Hub Project and following receipt of final tenders in December, it is expected a proposal will be put before the Board in early 2021 for the expected cost and timeline for the delivery of this project. He gave an update on the draft report issued following an in-depth Invest EU Pillar Assessment process undertaken by BDO. He noted the strong presence being maintained from a marketing perspective, highlighting a 40% increase in social media followers during 2020 and a continuing effort to develop stakeholder relationships and build on engagement with industry bodies through webinar presentations during the Covid-19 pandemic. The Board discussed developments in climate action and energy efficiency loans and what was being done in a European context. The CEO noted this is a key focus for the SBCI in 2021.

11. BUDGET 2021

The Head of Risk, Finance and Operations presented the draft budget 2021 for approval.

The Board reviewed the 2021 budget and the scenarios prepared by management and underlying assumptions and stress testing. The Board noted a slight increase in projected staffing costs and was

satisfied with this. **THIS ITEM HAS BEEN PARTIALLY REDACTED** The Board also noted the budget for capital expenditure in respect of the Customer Hub Project.

IT WAS RESOLVED that the Budget 2021, as presented to the Board be approved.

12. GOVERNANCE ITEMS

12 a PERSONAL ACCOUNT TRANSACTIONS POLICY

The Head of Compliance presented the Personal Account Transactions Policy to the Board for approval. She noted some minor amendments and a broadening of an exception which provided for inclusion of discretionary transactions as permitted within the EU Market Abuse Regulations. She also noted Close Brothers Group plc would be added to the Restricted Securities List.

IT WAS RESOLVED that the updated Personal Account Transactions Policy, as presented to the Board, be approved.

12 b MONEY LAUNDERING REPORTING OFFICER REPORT

The Senior Compliance Officer presented the SBCI Money Laundering Reporting Officer (“MLRO”) Report to the Board for noting. The Report provided comment on the effectiveness of SBCI’s Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) systems and controls and detailed the processes in place to manage the SBCI’s money laundering/terrorist financing risks. She noted there were no material deficiencies or concerns identified at present.

13. AOB

There being no items under AOB, the Chairperson brought the meeting to a close.

14. PRIVATE SESSION

The Board met in private session. This meeting was minuted separately.

Barbara Cotter, Chairperson

25 February 2021