

**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 2.00 PM ON 25 FEBRUARY 2021**

Present:

Barbara Cotter, *Chairperson*

Ian Black

Eilis Quinlan

AJ Noonan

Richard Pelly *(Items 1 – 7 & 9 only)*

Conor O’Kelly

Eoin Dorgan

Tom McAleese *(Items 1 – 13 only)*

Marguerite McMahan

In Attendance:

Macken McNicholas *Company Secretary*

Ray Mangan *Head of Risk, Finance & Operations*

Suzanne Sweeney *Head of Lending (Items 1 – 8 only)*

John Madigan *Head of Marketing (Items 1 - 8 only)*

Seán Farrell *Head of Product Development (Items 1 - 13 only)*

Deirbhile Brennan *Head of Compliance, FOI and Records Management (Item 14 only)*

Sinead Flanagan *Senior Compliance Officer (Item 14 only)*

Gráinne Whelan *Programme Manager (Item 9 only)*

Philip O’Sullivan *Senior Legal Advisor (Item 7.2 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 meeting of 3 December 2020, the private session of 3 December 2020 and meeting of 13 January 2021 were before the Board for approval, which had

been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of these meetings be approved and that they be signed by the Chairperson when circumstances permitted.

4. PRESENTATION FROM HEAD OF RISK FINANCE AND OPERATIONS

The Head of Risk, Finance & Operations presented his Report. He provided a summary of the key functions and projects undertaken by the Risk, Finance & Operations Team. He provided some details on his team members and their individual roles and responsibilities within the team and the SBCI as a whole. He detailed the challenges faced by the team during the Covid-19 pandemic, its objectives and how it has adapted to achieve its goals during the pandemic.

5. PRESENTATION FROM HEAD OF PRODUCT DEVELOPMENT

The Head of Product Development presented his Report. He provided an overview of the Product Development Team members, and the key functions within the team. He outlined the main State, European and domestic market Stakeholders with whom the team have a regular engagement, and detailed the main focus areas for the team for 2021, including the delivery of a guarantee scheme using the European Guarantee Fund and the SBCI's application to the European Commission for Implementing Partner status under Invest EU.

6. COMMITTEE REPORTS

6.1. AUDIT AND RISK COMMITTEE REPORT

The Chair of the Audit and Risk Committee, Tom McAleese, presented his Report summarising the Committee's meeting held on 22 February 2021. He updated the board on key personnel changes within the Internal Audit team. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

He noted that the Committee had reviewed the draft financial statements for the year ending 31 December 2020 which were presented by NTMA Finance. He noted that management had concluded that there was no objective evidence of impairment in respect of the SBCI's loan and guarantee portfolios as at 31 December 2020.

He noted that the Committee had reviewed reports on the Effectiveness of the Internal Audit Function and the Effectiveness of the Risk Function and that it had concluded that both functions were operating effectively.

He noted the Committee had approved the Risk Management Plan 2021 and updates to the Internal Audit Charter. He noted the Committee had also reviewed the SBCI Risk Register, the Annual Compliance Report, the Operational Event Report, the Portfolio Risk Review and the Business Continuity Plan. He noted the Committee had also reviewed updates to the Risk Management Policy and Framework which the Committee is recommending to the Board for approval.

Furthermore, the Chair noted that the Committee held a private session with the SBCI Head of Risk Finance and Operations and there were no issues of concern to bring to the attention of the Board.

6.2. REMUNERATION COMMITTEE REPORT

The Chair of the Remuneration Committee, AJ Noonan, presented an oral update to the Board on the Remuneration Committee meeting held earlier that day. He briefed the Board on the Committee's discussions and noted that there was no performance related payments ("PRP") for 2020 being

proposed. He provided the Board with an update on the recruitment process to secure a permanent CEO.

The Board discussed the PRP proposal. **IT WAS RESOLVED** that there would be no performance related payments issued in respect of 2020.

7. CEO REPORT

The Interim CEO presented his Report. He provided an update on SBCI's key priorities and current workstreams. He provided an update on the COVID-19 Credit Guarantee Scheme, the Future Growth Loan Scheme, the Brexit / COVID-19 Working Capital Loan Scheme and progress made on the new European Guarantee Fund. He also provided details on updates to the SBCI team structure.

7.1. FINANCE REPORT

The Head of Risk, Finance & Operations presented the Finance Report for noting. He summarised the key points of the Report to the Board including a comparison of actual figures for operating losses, income, loan advances, net interest compared to the budgeted figures for 2020. He also updated the Board noting that following the completion of the year-end impairment assessment, there was no objective evidence of impairment that would warrant an impairment charge in the 2020 financial statements.

7.2. ULSTER BANK IRELAND DAC ("Ulster Bank") PAPER

The Head of Lending and Head of Product Development presented a paper detailing the potential impacts to SBCI following Ulster Bank's announcement that they were withdrawing from the market. The Board discussed Ulster Bank's withdrawal requesting that the SBCI Team keep them updated on the process and any consequences for the SBCI loan portfolio. They further noted that as it stands, Ulster Bank should be considered active and open to new customers.

8. UPDATE ON STRATEGY FOR 2021

The Head of Product Development presented a paper to the Board to provide an update on the SBCI strategy plan for 2021. He highlighted key areas of focus for the SBCI in the coming year such as SMEs First, Climate Action, SME Innovation, and developing key stakeholder engagement.

The Company Secretary noted the Strategy update for 2021 would be sent to the Minister of Finance for his review and input, and upon receipt of same would be brought back before the Board for approval.

9. CUSTOMER HUB FOR APPROVAL

The Programme Manager presented the proposal to seek board approval to appoint **THIS ITEM HAS BEEN PARTIALLY REDACTED** as preferred supplier for the development, implementation, support and maintenance of the SBCI Customer Hub and to approve budgetary costs **THIS ITEM HAS BEEN PARTIALLY REDACTED**. She provided a summary of the procurement process and key factors considered. The Board requested that SBCI talk to existing **THIS ITEM HAS BEEN PARTIALLY REDACTED** clients who can provide testimonials prior to entering into a contract.

The Board were supportive of the proposal as presented and:

IT WAS RESOLVED:

- I. to approve **THIS ITEM HAS BEEN PARTIALLY REDACTED** as supplier of services for the development, implementation, deployment, hosting, support and maintenance of the Customer Hub, as more particularly set out in the proposal;
- II. to approve the budgetary sum of **THIS ITEM HAS BEEN PARTIALLY REDACTED** and annual operating costs of **THIS ITEM HAS BEEN PARTIALLY REDACTED** for the associated project costs as more particularly set out in the proposal;
- III. subject to legal review, to enter into an agreement (the "Contract") with **THIS ITEM HAS BEEN PARTIALLY REDACTED** for the provision of the services referred to in paragraph 1 of this resolution;
- IV. to delegate to the Chief Executive Officer and to each of the persons appointed as an attorney of SBCI pursuant to the Power of Attorney approved by the SBCI Board, the power to negotiate and execute the Contract or other documents connected to the Contract, together with any amendments thereto, conforming in substance to the terms as set out in the Proposal, with such minor and non-substantive variations as he/her in his/her absolute discretion deems necessary or appropriate; and
- V. to authorise the use of the SBCI's seal where required the proper execution of any contractual documentation in relation to any of the matters outlined above.

10. UPDATED PAPER ON POWER OF ATTORNEY

The Company Secretary presented a paper to the Board to seek approval for an update to the Power of Attorney which had been approved by the Board on 19 March 2020, which was due to expire on 19 March 2021. He noted that the proposed updated Power of Attorney reflected the departure as Nick Ashmore as Chief Executive Officer and the appointment of Ian Black as Interim Chief Executive Officer. He advised that the new Power of Attorney, would remain in place for a further 12-month period, effective from the 25 February 2021. He noted that the existing Power of Attorney would be revoked.

IT WAS RESOLVED that the Board approve the 2021 Power of Attorney, the Deed of Revocation which revoked the previous 2020 Power of Attorney, and the associated draft minutes of the meeting reflecting the approval.

11. BOARD AND COMMITTEE APPOINTMENTS

The Company Secretary presented a paper which proposed the appointment of Ian Black to the Credit Committee in his capacity as Interim Chief Executive Officer as provided for in the Credit Committee Terms of Reference. His appointment will cease upon his termination as Interim CEO and member of the Board. The paper also proposed the reappointment of Conor O'Kelly as a director of the Board for a further term of two year with effect from 12 March 2021. The paper further appointed Barbara Cotter as a member of the Remuneration Committee for a term of three years with effect from 26 February 2021. The paper also proposed that AJ Noonan be appointed Chairperson of the Remuneration Committee with effect from 26 February 2021.

IT WAS RESOLVED that:

- I. Conor O’Kelly be appointed for a further term of two year as director of the SBCI with effect from 12 March 2021;
- II. Ian Black be appointed a member of the Credit Committee, effective from 26 February 2021, for a period which will cease upon his termination as Interim CEO and member of the Board.
- III. Barbara Cotter be appointed a member of the Remuneration Committee for a period of three years with effect from 26 February 2021, or until she is no longer a member of the Board;
- IV. AJ Noonan be appointed Chairperson of the Remuneration Committee with effect from 26 February 2021.

12. BOARD WORK PROGRAMME

The Company Secretary presented the Board Work Programme for 2021. He noted that the Work Programme was flexible but that it would form a good indication of items to be addressed at each Board meeting for 2021.

13. AML /CFT LETTER ISSUED BY CENTRAL BANK

The Company Secretary presented a copy of a letter on the topic of Anti Money Laundering issued by the Central Bank to all ‘Schedule 2’ registered firms, including SBCI, which was received in late December 2020. He noted that SBCI management were working with NTMA Compliance to perform a detailed analysis of the expectations of the Central Bank, as set out in the letter, against existing systems and controls in place, and any actions required as a result of the letter would be presented to the Board in due course.

14. ANNUAL REVIEW OF THE SCHEDULE OF STATUTORY OBLIGATIONS

The NTMA Head of Compliance and Senior Compliance Officer presented the annual review of statutory obligations applicable to board members of State bodies. They provided the Committee with a summary of the requirements under the Code of Practice for Governance of State Bodies and highlighted the key changes to the Schedule of Statutory Obligations since the last update provided to the Board in February 2020.

15. RISK MANAGEMENT POLICY AND FRAMEWORK

The Head of Risk, Finance & Operations presented the updated Risk Management Policy and Framework to the Board for approval. He noted some minor amendments to take account of certain developments in the SBCI business as set out in the paper.

IT WAS RESOLVED that the updated Risk Management Policy and Framework, as presented to the Board, be approved.

16. AOB

The Chairperson welcomed the Interim Chief Executive Officer, Ian Black, noting it was his first SBCI Board meeting. Furthermore, she noted that the SBCI was due before the Committee of Public Accounts on 9 March 2021 and that he and other Senior Management would be representing the SBCI at the meeting. The Board welcomed Mr Black and wished him well in his role as Interim CEO of the company.

There being no further business the Chairperson brought the meeting to an end.

Barbara Cotter, Chairperson

22 April 2021