

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 22 APRIL 2021

Present:

Barbara Cotter *Chairperson*

Ian Black

Eilis Quinlan

AJ Noonan

Richard Pelly *(Items 1 – 7 only)*

Conor O’Kelly *(Items 1 – 7 only)*

Eoin Dorgan

Tom McAleese

Marguerite McMahan

In Attendance:

Macken McNicholas *Company Secretary*

Ray Mangan *Head of Risk, Finance & Operations*

Rob Quill *Risk & Finance Manager (Items 1 – 8 only)*

Suzanne Sweeney *Head of Lending (Items 1 – 7 only)*

Laura Kennedy *Senior Lending Analyst (Items 1 – 6 only)*

Deirbhile Brennan *Head of Compliance, FOI and Records Management (Item 12 only)*

Sinead Flanagan *Senior Compliance Manager (Item 12 only)*

Fergal Power *(Item 7 only)*

Daniel O’Leary *(Item 7 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 12 February 2021 and 25 February 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. AUDIT AND RISK COMMITTEE REPORT

The Chairperson of the Audit and Risk Committee, Tom McAleese, provided an update to the Board following the Committee's meeting held on 13 April 2021. He noted that the Committee had reviewed the draft Financial Statements, the Letter of Representation and the Governance and Risk Statements for year-end 2020 and were recommending them to the Board for approval.

The Committee Chairperson noted that the Committee was joined by representatives from the Office of the Comptroller and Auditor General (OCAG) to review the OCAG's audit findings report. The Committee Chairperson noted that the Committee had held a private session with the OCAG representatives without management present and there were no issues arising to report to the Board.

He further noted that representatives from NTMA IT Security and Integrity 360 presented to the Committee a presentation which provided a Cyber Risk update for 2020/2021 and the ICT Cyber Security Strategy for 2021-2023. He noted there was nothing of concern to report to the Board. He noted that the Committee requested an annual update from NTMA IT Security on Cyber Risk going forward.

5. CREDIT COMMITTEE REPORT

The Chairperson of the Credit Committee, Richard Pelly, provided a summary of the Credit Committee meeting held on 19 April 2021, which convened to review an Annual Review and Credit Proposal in respect of **THIS ITEM HAS BEEN PARTIALLY REDACTED**. He noted the Committee had discussed and approved the Annual Review for **THIS ITEM HAS BEEN PARTIALLY REDACTED** and was recommending the Credit Proposal to the Board for approval, which would be presented to the Board at agenda Item 6. He noted that the Credit Committee had also performed the annual review of its Terms of Reference and was not proposing any amendments at this point.

6. THIS ITEM HAS BEEN PARTIALLY REDACTED ANNUAL REVIEW AND CREDIT PROPOSAL

The Head of Lending and the Senior Lending Analyst presented the Annual Review and Credit Proposal for **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Board discussed the proposal noting the recommendation of the Credit Committee. The Board acknowledged the positive impact of the **THIS ITEM HAS BEEN PARTIALLY REDACTED** Facility noting the additional protections contained in the facility agreement. The Board noted it was supportive of the proposal.

IT WAS RESOLVED;

- I. to approve **THIS ITEM HAS BEEN PARTIALLY REDACTED** in the Facility Agreement as more particularly set out in the Credit Proposal;
- II. to delegate to the Interim Chief Executive Officer/Chief Executive Officer and to each of the persons appointed as an attorney of SBCI pursuant to the Power of Attorney dated 25 February 2021, as may be amended and updated by the SBCI Board at a later date, the power to negotiate such scheme and to approve any contract, document, agreement or other binding arrangement, together with any amendments thereto, conforming in substance to the

terms as set out in the Board Paper, with such minor and non-substantive variations as the Interim Chief Executive Officer/Chief Executive Officer in his or her absolute discretion deems necessary or appropriate; and

- III. to authorise the use of the SBCI's seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

7. FINANCIAL STATEMENTS 2020

7.1. Statement on Internal Control

The SBCI Head of Risk, Finance and Operations presented a paper on the review of the effectiveness of the system of internal financial control, noting that the Audit and Risk Committee was satisfied as to the effectiveness of the system.

The Board reviewed the effectiveness of the system of internal control and concluded that it was satisfied as to the effectiveness of the system. On the recommendation of the Audit and Risk Committee;

IT WAS RESOLVED that the Statement on Internal Control for inclusion in the financial statements for the year 31 December 2020, as presented to the Board, be approved.

7.2. Letter of Representation

The Board reviewed the Letter of Representation.

IT WAS RESOLVED that the Letter of Representation, as presented to the Board, be approved.

7.3. Directors Statement under Section 330 Companies Act

The Secretary noted the Directors' Statement, which had been provided to the Board to give assurances with regard to relevant information provided during the year ended 31 December 2020. He noted inclusion of this was required under Section 330 of the Companies Act and a copy of the signed attestations received from management was included in the paper.

The Board noted it was satisfied with the attestations provided and the inclusion of the Directors' Statement in the Financial Statements.

7.4. Financial Statements 2020

The NTMA Finance representatives presented the draft financial statements for the 31 December 2020, noting that C&AG had requested a change to the draft presented to the Audit and Risk Committee, which included an addition to the Statement of Internal Control around the Covid-19 controls implemented by the SBCI. The Board noted that approval was sought subject to C&AG sign off and that any non-material changes or necessary changes for post balance sheet events may be approved by the Chief Executive Officer.

On the recommendation of the Audit and Risk Committee, **IT WAS RESOLVED** that:

- I. the financial statements for the year ended 31 December 2020, together with the Director's Report, as presented to the Board, be approved and signed by any two directors;
- II. the financial statements, Directors' Report and Auditor's Report be submitted to the sole shareholder;

- III. the Company dispense with the requirement to hold the annual general meeting in respect of the year ended 31 December 2020 and pass the appropriate written resolutions in lieu thereof, in accordance with section 175(3) of the Companies Act 2014.

8. ANNUAL REPORT

The Company Secretary presented the draft Annual Report for year-end 31 December 2020. He noted the key updates in the Governance Statement compared to the previous year.

The Board noted the draft Chairperson's Comprehensive Report to the Minister required under Section 2.6 of the revised Code of Practice for the Governance of State Bodies to accompany the Annual Report. Some minor changes to the Annual Report were requested to update certain Board Members biographies. The Company Secretary noted he would update the document accordingly.

IT WAS RESOLVED that the Annual Report, substantially in the form presented to the Board, be approved, subject to any further non-material changes as may be agreed by the Chief Executive Officer.

9. GOVERNANCE ITEMS

9.1 Audit and Risk Committee Reappointments

The Company Secretary presented the paper which proposed the reappointment of Tom McAleese and Eilis Quinlan to the Audit and Risk Committee for a further term of three years effective from 7 May 2021. It was proposed that Tom McAleese will remain Chairperson of the Committee.

IT WAS RESOLVED that:

- I. Eilis Quinlan be reappointed as a member of the Audit and Risk Committee, for a further term of three years, with effect from 7 May 2021, or until she is no longer a member of the Board;
- II. Tom McAleese be reappointed as Chairperson and member of the Audit and Risk Committee, for a further term of three years, with effect from 7 May 2021, or until he is no longer a member of the Board.

10. UPDATED SHAREHOLDER LETTER OF EXPECTATION

The Company Secretary noted that he and the interim Chief Executive Officer had been liaising with representatives in the Department of Finance in respect of updates to the Shareholder's Letter of Expectation required under the Code of Practice for the Governance of State Bodies. He briefed the Board on the key updates to the Letter noting it was now agreed and had been signed off by the Minister. He noted that a copy of the Letter had been appended to the Board paper. The Board noted the updated Shareholder's Letter of Expectation and limited adaptations to the Code.

10.1 Update on Strategy for 2021

The Company Secretary presented an update on the SBCI Strategy Plan for 2021, which was presented to the Board at its meeting of the 25 February 2021. He noted that following Board review of the Strategy Plan for 2021 at the meeting of the 25 February 2021, the Strategy was submitted to the Department of Finance for their comment and review. He noted the Minister had reverted back and was supportive of the updates to the Strategic Plan 2021 as presented.

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

11. UPDATED PAPER ON DELEGATED AUTHORITY

Following a request from the Board as part of its Board Self- Assessment Review 2020, the Company Secretary presented a paper to the Board summarising the Board's Delegated Authority and Matters Reserved for Decision by the Board.

Following review of the Schedule of Reserved Matters for Decision by the SBCI Board, **IT WAS RESOLVED** that the Schedule be updated and approved without any changes.

12. COMPLIANCE ITEMS

12.1 Compliance Refresher Training

The Head of Compliance and Senior Compliance Manager presented to the Board on their personal compliance obligations. The material included, inter alia, confidentiality and the disclosure of interests, as well as obligations arising from Data Protection Law, AML legislation, Market Abuse Legislation and the Personal Account Transactions Policy and Code of Conduct for members of the SBCI Board.

The Board was reminded of the fact that SBCI is a Schedule 2 entity so falls under the supervision of the Central Bank of Ireland for AML purposes only. The Board requested additional information on requirements and obligations of the SBCI as a Schedule 2 entity, which will be presented at its next meeting in June.

Furthermore, following a request from the Board it was agreed that a summary of SBCI's current AML processes on On-Lenders would be provided to the Board later in the year.

13. PRIVATE SESSION

The Board met in private session without management present to discuss the appointment of a new Chief Executive Officer.

14. AOB

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

Barbara Cotter, Chairperson

3 June 2021